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*Rule Connection:* IDPC Rules

*Division:* Investment Dealer

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## Amendments related to fully paid securities lending and financing arrangements

### Executive Summary

The Canadian Securities Administrators (**CSA**) have approved amendments to the Investment Dealer and Partially Consolidated (**IDPC**) Rules and IDPC Form 1 (**Form 1**) relating to fully paid securities lending (**FPL**) and financing arrangements (the **Amendments**).

The Amendments enhance the rule framework regarding retail fully paid lending, resolve overlaps and inconsistencies in the existing financing arrangements rules and ensure regulatory alignment.

Concurrent with the Amendments, we are publishing guidance on fully paid securities lending (**Guidance**) and FPL securities eligibility criteria applicable on Dealer Member FPL activity (**FPL securities eligibility criteria**).

The Amendments, the Guidance and the FPL securities eligibility criteria were originally published for comment in CIRO Rules Bulletin [24-0067](#), followed by their republication for comment in CIRO Rules Bulletin [25-0277](#). They will be effective on April 27, 2026.

## 1. Background

For years Dealer Member (**Dealer**) fully paid lending activity<sup>1</sup> has operated under a regulatory framework based on rule exemptions, and related terms and conditions, issued by CIRO's Board of Directors. This framework was outlined and published for transparency in GN-4600-22-001.

CIRO committed to codifying into rules those requirements and safeguards that have proven effective, preserve investor protection and eliminate the need for ongoing Board exemptions. The Amendments do so by adopting a proportional framework that prioritizes investor protection in retail fully paid lending, while allowing greater flexibility for institutional fully paid lending in line with traditional lending. They also clarify and streamline requirements governing financing arrangements by addressing existing drafting overlaps and inconsistencies.

The Amendments are the result of two consecutive public consultations:

- CIRO Rules Bulletin [24-0067](#), published February 15, 2024, presenting the initial proposed amendments and guidance, which received six (6) comments letters in response<sup>2</sup>; and
- CIRO Rules Bulletin [25-0277](#), published October 16, 2025, incorporating revisions to the initial proposed amendments for enhanced clarity, responses to comments received, and alignment with tax legislation regarding the permissibility of FPL within registered accounts.

## 2. Comments received

We received three (3) comment letters in response to Bulletin [25-0277](#). No further revisions to our proposal were needed as a result of these comments. We provide a summary of these comments and our response in **Appendix G**.

## 3. The Amendments

The Amendments<sup>3</sup> consist of:

- enhanced requirements set out in Part B.2. of Rule 4600, along with corresponding amendments to the Statements and Schedules in Form 1, with applicability on Dealer Members who borrow fully paid or excess margin securities from retail clients, or institutional clients opting to be treated as retail clients for lending purposes;
- amendments to certain definitions and provisions pertaining to financing arrangements in Rule 1200, Rule 4600 and Rule 5800, for improved rule clarity and consistency; and
- consequential amendments to other provisions in the IDPC Rules and Form 1, indirectly impacted by the above amendments, to ensure rule alignment.

The Amendments do not bring forward an existing restriction that limits retail fully paid securities lending to non-registered accounts only. For the reasons outlined Bulletin 25-0277, CIRO has deferred the question of FPL permissibility within registered accounts to tax authorities and their interpretation

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<sup>1</sup> Fully paid securities lending refers to Dealer practice of borrowing client's fully paid or excess margin securities.

<sup>2</sup> A summary of these comments letters and our response can be found in Bulletin [25-0277](#), Appendix J.

<sup>3</sup> Please refer to Bulletin [24-0067](#) and [25-0277](#) for a detailed discussion of the Amendments, including their rationale and impact.

and applicability of the tax legislation. Dealers who choose to offer FPL within registered account are reminded that they remain fully responsible for compliance not only with CIRO rules, including those around standards of conduct and proper risk management, but also with all applicable laws, such as tax and trust law, and any contractual obligations with trustees and registered plan holders. They also must be able to demonstrate such compliance both at the point of offering FPL within registered accounts, and throughout the life of the service.

Amendments to the IDPC Rules, along with a blackline comparison to the current rules, are included in **Appendices A** and **B**, respectively. Amendments to Form 1, along with a blackline comparison to the current Form 1, are included in **Appendices C** and **D**, respectively.

#### **4. Guidance**

Concurrent with this bulletin, we are publishing the adopted Guidance Note [GN-4600-26-001](#) Guidance on fully paid securities lending. The Guidance clarifies our expectations regarding Dealer Member compliance with our rules when offering fully paid lending under Part B.2. of Rule 4600. A copy of the Guidance is included in **Appendix E**.

The Guidance, once in effect, replaces existing guidance [GN-4600-22-001](#).

#### **5. FPL securities eligibility criteria**

Concurrent with this bulletin, we are also publishing the adopted FPL securities eligibility criteria. These are restrictions on FPL activity, set out by CIRO in compliance with IDPC Rule section 4628 and published on CIRO's website [Supporting Resources page](#). A copy of the FPL securities eligibility criteria is included in **Appendix F**.

#### **6. Implementation**

The Amendments, the Guidance and the FPL securities eligibility criteria will be effective on April 27, 2026. As of that date all FPL exemptions previously granted by CIRO's Board of Directors will become void, and Dealer Members' FPL programs will be required to comply with the amended CIRO Rules.

#### **7. Appendices**

[Appendix A](#) - Amendments to IDPC Rules (Clean copy)

[Appendix B](#) - Amendments to IDPC Rules (Blackline comparison to current rules)

[Appendix C](#) - Amendments to Form 1 (Clean copy)

[Appendix D](#) - Amendments to Form 1 (Blackline comparison to current Form 1 provisions)

[Appendix E](#) - Guidance on fully paid securities lending

[Appendix F](#) - Fully paid lending securities eligibility criteria

[Appendix G](#) - Summary of public comments