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**Contact:**

Member Regulation Policy

e-mail: [memberpolicymailbox@ciro.ca](mailto:memberpolicymailbox@ciro.ca)

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## **Housekeeping amendments to the general notes and definitions to MFDR Form 1 and IDPC Form 1 related to derecognition of financial liabilities**

### **Executive Summary**

The Canadian Investment Regulatory Organization (**CIRO**) is amending the general notes and definitions in both the Mutual Fund Dealer Rules (**MFDR**) Form 1 and the Investment Dealer and Partially Consolidated (**IDPC**) Form 1 to address the Dealer Members' accounting options for the derecognition of financial liabilities (the **Housekeeping Amendments**).

The objective of the Housekeeping Amendments is to provide Dealer Members with flexibility by allowing them to either continue applying their existing accounting policies or adopt the new International Financial Reporting Standards (**IFRS**) for derecognition of financial liabilities. This optional approach addresses the operational challenges of applying the new IFRS standards to Form 1 reporting, while recognizing that financial reporting will align over time as payment methods are modernized.

The Housekeeping Amendments will become effective April 27, 2026.

## 1. The Housekeeping Amendments

The purpose of the Housekeeping Amendments is to provide Dealer Members with the flexibility to either continue applying existing accounting standards or adopt the IFRS Amendments for derecognition of financial liabilities. Specifically, the Housekeeping Amendments will permit a Dealer Member to select one of the following approaches:

- continue to report financial liabilities in accordance with its existing accounting policies, or
- apply the IFRS Amendments for derecognition of financial liabilities.

Under this optional accounting approach:

- Dealer Members that process large volumes of cheques or have operational burdens to adopting IFRS 9 may continue their existing accounting practises without significant operational burdens,
- Dealer Members that adopt the IFRS Amendments for public reporting purposes, may align their financial reporting for both regulatory and public reporting, and
- as payment methods modernize the differences in financial reporting between the two options will decrease, so any inconsistencies in reporting between Dealer Members will diminish over time.

### 1.1 Background

On May 30, 2024, the International Accounting Standards Board (**IASB**) issued amendments to IFRS related to the classification and measurement of financial instruments under IFRS 9 (**IFRS Amendments**). The IFRS Amendments are effective for reporting periods on or after January 1, 2026.

Prior to the IFRS Amendments, IFRS 9 did not explicitly specify whether an entity is required to apply trade date accounting or settlement date accounting when recognising or derecognising a financial asset or a financial liability. The IFRS Amendments clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer. Under these IFRS Amendments financial liabilities must be derecognized on settlement date.

Under current accounting practice, when a cheque or electronic fund transfer (**EFT**) is issued in payment of a financial liability, the Dealer Member's accounting entries would reduce the Dealer Member's cash balance and related financial liability (i.e. derecognize the financial liability). Under the IFRS Amendments, the reduction in the cash balance and related financial liability is not recorded until the cheque/EFT has cleared the banking system and can no longer be cancelled or recalled. Although the IFRS Amendments allow certain exceptions for electronic payments (such as EFTs), delays in electronic payment settlement could also defer derecognition of a financial liability. For Dealer Members that issue high volumes of cheques, the IFRS Amendments require significant changes to systems and accounting processes.

## **1.2 Housekeeping Amendments to general notes and definitions**

The Housekeeping Amendments to the general notes and definitions to MFDR Form 1 and IDPC Form 1 include:

- adding 'derecognition of financial liabilities' to the list of prescribed IFRS departures under note 2 which allows the Dealer Member to derecognize financial liabilities, including those settled through an electronic payment system, at the reporting date for payments that have been initiated but not yet settled
- clarifying that a Dealer Member may, as an alternative, choose to report financial liabilities in accordance with IFRS 9 requirements.

The full text of the Housekeeping Amendments is provided in **Appendix 1**, with blackline versions included in **Appendix 2**.

## **3. Classification of the Housekeeping Amendments**

We classified the Housekeeping Amendments as “housekeeping” because they:

- are reasonably necessary to address the changes to IFRS 9 accounting standards within the IDPC Form 1 and MFDR Form 1, and
- have no material impact on investors, issuers, registrants, CIRO, the Canadian Investor Protection Fund (CIPF) or the Canadian capital markets generally.

Specifically, the Housekeeping Amendments ensure that Form 1 reporting remains grounded in IFRS principles while accommodating the practical limitations of how financial transactions are processed in the Canadian securities industry.

The Housekeeping Amendments do not involve a Rule that CIRO, its Dealer Members or Approved Persons must comply with in order to be exempted from a requirement of securities legislation.

## **4. Approval and Implementation**

On March 18, 2026, CIRO's Board of Directors approved the Housekeeping Amendments.

The Housekeeping Amendments will become effective April 27, 2026.

## **5. Supporting documents**

[Appendix 1](#) – Clean copy of the Housekeeping Amendments in MFDR Form 1 and IDPC Form 1

[Appendix 2](#) – Blackline copy of the Housekeeping Amendments to MFDR Form 1 and IDPC Form 1