

February 12, 2026

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**Rules Bulletin > Request for Comments**

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*Rule Connection:* CIRO Rules

*Division:* Investment Dealer/Mutual Fund Dealer

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## Rule Consolidation Project – Proposed CIRO Rules

### Executive Summary

**Comments Due By: June 12, 2026**

The Canadian Investment Regulatory Organization (**CIRO**) is republishing for further comment our proposed consolidated rules (**Proposed CIRO Rules**).<sup>1</sup> The Proposed CIRO Rules will bring together the two member regulation rule sets currently applicable to Investment Dealers<sup>2</sup> and to Mutual Fund Dealers<sup>3</sup> into one set of member regulation rules applicable to both categories of CIRO Dealer Members.<sup>4</sup>

Note that these consolidated rules, referred to as CIRO Dealer and Consolidated (**DC**) Rules in previous publications, will instead be titled the Canadian Investment Regulatory Organization (**CIRO**) Rules.

The objectives of the Proposed CIRO Rules are to:

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<sup>1</sup> [Rules Bulletin 23-0089](#) published on June 30, 2023, announced the Rule Consolidation Project objectives, principles and roadmap. [Rules Bulletin 23-0147](#), [Rules Bulletin 24-0007](#), [Rules Bulletin 24-0145](#), [Rules Bulletin 24-0293](#) and [Rules Bulletin 25-0080](#) proposed new rules as part of Phase 1, Phase 2, Phase 3, Phase 4 and Phase 5 of the Rule Consolidation Project, respectively.

<sup>2</sup> CIRO Dealer Members that are registered as an Investment Dealer or are registered as both an Investment Dealer and a Mutual Fund Dealer are required to comply with the CIRO Investment and Partially Consolidated (**IDPC**) Rules.

<sup>3</sup> CIRO Dealer Members that are registered as a Mutual Fund Dealer and not registered as both an Investment Dealer and a Mutual Fund Dealer are required to comply with the CIRO Mutual Fund Dealer (**MFD**) Rules.

<sup>4</sup> Where a CIRO Dealer Member is a participant in one or more of the markets overseen by CIRO they also must comply with the CIRO Universal Market Integrity Rules (**UMIR**). UMIR will not be consolidated with other CIRO Rules as part of this project and will continue as a separate CIRO rule set.

- adopt harmonized rules to:
  - minimize regulatory arbitrage between Investment Dealer Members and Mutual Fund Dealer Members
  - ensure like dealer activities will be regulated in a like manner
- where practical and appropriate, adopt less prescriptive, more principles-based rule requirements to facilitate rules that are scalable and proportionate to the different types and sizes of Dealer Members and their respective business models
- improve clarity of the rules applicable to all CIRO Dealer Members, which will be known as the CIRO Rules<sup>5</sup>.

The Proposed CIRO Rules combine the proposals previously published in Phases 1 through 5 of the Rule Consolidation Project alongside further proposed amendments to:

- address comments received,
- in some instances, make material changes to the proposed rule requirements published in previous phases, and
- make non-material changes in formatting and grammar to provide clarity.

#### **How to Submit Comments**

Comments on the Proposed CIRO Rules should be in writing and delivered by June 12, 2026 (**120** days from the publication date of this Bulletin) to:

Member Regulation Policy  
 Canadian Investment Regulatory Organization  
 Suite 2600  
 40 Temperance Street  
 Toronto, Ontario M5H 0B4  
 e-mail: [memberpolicymailbox@ciro.ca](mailto:memberpolicymailbox@ciro.ca)

A copy should also be delivered to the Canadian Securities Administrators (**CSA**):

Trading and Markets  
 Ontario Securities Commission  
 Suite 2200  
 20 Queen Street West Toronto, Ontario M5H 3S8  
 e-mail: [TradingandMarkets@osc.gov.on.ca](mailto:TradingandMarkets@osc.gov.on.ca)

and  
 Market Oversight  
 Alberta Securities Commission  
 Suite 600  
 250-5th Street SW, Calgary, Alberta T2P 0R4

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<sup>5</sup> We proposed, in previous publications, to title the consolidated IDPC and MFD Rules as CIRO Dealer and Consolidated (DC) Rules.

email: [CIRO-Reporting@asc.ca](mailto:CIRO-Reporting@asc.ca)

**Commentators should be aware that a copy of their comment letter will be made publicly available on the CIRO website at [www.ciro.ca](http://www.ciro.ca)**

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## 1. Background

One of the initial CIRO priorities is to consolidate the IDPC Rules and MFD Rules into one set of rules applicable to both Investment Dealers and Mutual Fund Dealers. As noted in the project update dated Dec 3, 2025<sup>6</sup>, the consolidated member regulation rules will be known as the CIRO Rules. We have concluded that renaming the Consolidated DC Rules to the CIRO Rules more clearly and concisely conveys the concept of a consolidated rulebook to our Dealer Members.

The primary objectives of this consolidation work have been:

- to achieve greater rule harmonization to:
  - ensure like dealer activities will be regulated in a like manner,
  - minimize regulatory arbitrage between Investment Dealers and Mutual Fund Dealers,
- where practical and appropriate, adopt less prescriptive, more principles-based rule requirements to facilitate rules that are scalable and proportionate to the different types and sizes of Dealer Members and their respective business models, and
- improve access to and clarity of the rules applicable to all CIRO Dealer Members.

Taking these objectives into consideration, the following decisions have been made relating to the structure and content of the CIRO Rules:

Matter	Decision
Rule organization structure and numbering approach	Use the IDPC Rule organization structure
Rule drafting convention	Standard rule with, where applicable, alternative compliance approaches to accommodate business model differences
Rule drafting style	Plain language
Rule development and implementation approach	The entire set of CIRO Rules will generally be implemented as a whole (albeit with some carve-outs for rules that are immediately effective, and others that are subject to an extended implementation period) with an appropriate transition period. See section 6 below for further details.

The CIRO Rules will include the following series of rules:

Rule Series	Title and Description
1000	<b>Interpretation and Principles Rules</b> – Definitions of common application and rules concerning exemptive powers of CIRO, standards of conduct and managing significant areas of risk.
2000	<b>Dealer Member Organization and Individual Approval Rules</b> – Rules concerning Dealer Member ownership and structure, and approval and proficiency of individuals acting on behalf of the Dealer Member.

<sup>6</sup> Bulletin [25-0331](#) – Rule Consolidation Project Update

3000	<b>Business Conduct and Client Accounts Rules</b> – Rules concerning business conduct (e.g. know-your-client and sales practices), conflicts of interest, client accounts (e.g. account supervision), dealing with clients (e.g. suitability obligations and complaints) and client reporting (e.g. account statements, confirmations and other reports).
4000	<b>Dealer Member Financial and Operational Rules</b> – Rules concerning Dealer Member financial and operational matters.
5000	<b>Dealer Member Margin Rules</b> – Rules concerning margin requirements.
6000	<b>Reserved</b> for future use.
7000	<b>Debt Markets and Inter-Dealer Bond Brokers Rules</b> – Rules concerning debt market trading activities and inter-Dealer bond brokers.
8000	<b>Procedural Rules - Enforcement</b> – Rules concerning procedures related to enforcement investigations, enforcement proceedings, hearing committees, and rules of practice and procedure.
9000	<b>Procedural Rules - Other</b> – Rules concerning procedures related to compliance examinations, regulatory decisions, regulatory review proceedings, board decisions, and alternative dispute resolutions.

## 2. Comments Received

We received comment letters in response to all five Rule Consolidation Project phases and published the summary of comments and our responses as follows:

Phase	Comment letters	
Phase 1	17 comment letters	Summary of comments and responses published on Rules consolidation page on Feb 13, 2025
Phase 2	8 comment letters	Summary of comments and responses published on Rules consolidation page on Feb 13, 2025
Phase 3	13 comment letters	Summary of comments and responses published on Rules consolidation page on Jun 18, 2025
Phase 4	17 comment letters	Summary of comments and responses published on Rules consolidation page on September 29, 2025
Phase 5	22 comment letters	Summary of comments and responses included as Appendix 9 to this Bulletin

We have provided a combined summary of these comments and our updated responses in **Appendix 9**.

## 3. Proposed CIRO Rules

This Bulletin describes the Proposed CIRO Rule provisions where we have made material modifications to the rule requirements proposed in previous phases of the Rule Consolidation Project. Minor changes to the previously proposed requirements are captured in the table of concordance and other supporting appendices.

The following documents have been included as appendices to this Bulletin to provide details of the Proposed CIRO Rules:

- Appendix 1: a clean copy of the Proposed CIRO Rules,
- Appendix 2: a blackline comparison of the Proposed CIRO Rules to the previously published phases of the Rule Consolidation Project,
- Appendix 3: a blackline comparison of the Proposed CIRO Rules to the current IDPC Rules,
- Appendix 4: a clean copy of the Proposed CIRO Form 1,
- Appendix 5: a blackline comparison of the Proposed CIRO Form 1 to the Form 1 proposed in Phase 5,
- Appendix 6: a blackline comparison of the Proposed CIRO Form 1 to the current IDPC Form 1,
- Appendix 7: a table of concordance comparing:
  - the Proposed CIRO Rules to any existing equivalent requirements in the IDPC Rules, MFD Rules, and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*
  - and Proposed CIRO Form 1 to any existing equivalent requirement in IDPC Form 1, and MFD Form 1,
- Appendix 8: an impact analysis of the Proposed CIRO Rules, as well as a summary of impacts by topic of related requirements,
- Appendix 9: a combined summary of public comments (Phases 1-5) and our updated CIRO responses,
- Appendix 10: CIRO Membership Disclosure Policy,
- Appendix 11: Investor Application Form (as required under CIRO Rule section 2107),
- Appendix 12: Cross-Guarantee Agreement Form (as required under CIRO Rule section 2206),
- Appendix 13: Derivatives Disclosure Statement (as required under CIRO Rule section 3251), and
- Appendix 14: Monthly Supervision Report (as required under CIRO Rule section 3947).

In the next sections of this Bulletin, we summarize the key elements of the Proposed CIRO Rules where we have made material modifications to the rule requirements proposed in previous phases of the Rule Consolidation Project.

### **3.1 Material modifications from previous phases of the project**

In this section of the Bulletin, we outline some of the key material modifications to the requirements that were proposed in previous phases of the Rule Consolidation Project. We have considered stakeholders' comments received during the consultations on previous phases and made some changes to our proposals accordingly.

### **3.2 Rule Series 1000 – Interpretation and Principles Rules**

#### **3.2.1 Rule interpretation and application provisions**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 1100:

##### **(a) Delegation and Automation**

To more clearly delineate between the concepts of delegation and automation, we have redrafted this proposal into two separate sections with distinct associated compliance obligations. (*CIRO Rule sections 1104 and 1105*)

### **3.2.2 Definitions of common applications throughout the Rules**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 1200:

#### **(a) Investment product**

In Phase 4 we introduced the term ‘investment product’ to concisely and clearly identify when requirements apply broadly across product categories, rather than to a specific subset of securities, derivatives, or precious metals bullion. The term was originally drafted to include securities, derivatives, precious metals bullion, and other products designated by the CIRO Board. However, public commenters raised concerns over the scope of potential application of the Board approval provision and the lack of clarity regarding other products that may be designated by the CIRO Board.

Based on this feedback, we propose to narrow the definition to include only securities, derivatives and precious metals bullion.

Throughout the Proposed CIRO Rules, we have substituted the defined term ‘security’ with ‘investment product’ in instances where security was previously used to refer broadly to all products. Where a requirement refers to ‘securities, derivatives and precious metals bullion’, we have replaced this phrase with the term ‘investment product’. Where a requirement refers to a specific product type(s), we use the applicable term(s). In certain rule sections, such as those addressing segregation, the rule requirement may also extend to “other like assets”, as expressly stated, to ensure consistent prudential treatment.

In applying this terminology, CIRO does not intend to alter the substantive scope of existing requirements unless expressly indicated. Any further changes to the definition of investment product, such as to include other products, would be considered under a separate project.

#### **(b) Hedger**

We propose an amendment to the definition of “hedger” to provide for sole proprietorships. This is intended to account for individuals operating sole proprietorships and aligns with corresponding Canadian regulatory instruments regarding over-the counter derivatives business conduct.<sup>7</sup>

#### **(c) Executive**

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<sup>7</sup> See National Instrument 93-101 *Derivatives: Business Conduct* and its accompanying companion policy.

In Phase 4, we proposed to modify the definition of “Executive” by clarifying the types of individuals intended to be captured under this category of Approved Person, i.e. senior managers that manage, and/or have authority over, areas of the Dealer Member’s business that involve, and/or have an impact on regulatory requirements. Public commentors raised concern that this amended definition broadened the scope of individuals captured under the current IDPC Rules definition.

We disagree that our initial proposal broadened the scope of individuals captured under the definition, because of the qualifying language set out under Proposed CIRO Rule 1500. However, in response to public comment, for the sake of clarity we propose to redraft the definition of ‘Executive’ to be consistent with the current language used in IDPC Rules 1500 and 3900 (which will be carried forward in Proposed CIRO Rules 1500 and 3900) that set out the responsibilities of Executives.

### **3.2.3 Standards of conduct**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 1400:

#### **(a) Payment of CIRO fees**

We propose adding a rule within the standards of conduct for Dealer Members, that specifically requires Dealer Members to pay the annual membership fee and other fees as established by the Board. While fee requirements for specific transactions or activities are included in various provisions throughout the rules, there is no general provision related to the annual membership fee or the requirement for payment. The new provision also requires the payment be made in accordance with the Dealer fee model since the details of the fee calculation and payment frequency are published separately within the Dealer fee model.  
*(Proposed CIRO Rule section 1407)*

### **3.3 Rule Series 2000 – Dealer Member Organization and Individual Approval Rules**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 2000.

#### **3.3.1 Ownership of a Dealer Member’s Securities and Dealer Member Organization**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rules 2100 and 2200:

#### **(a) Shared office signage**

Pursuant to industry feedback in Phase 3, we propose removing the shared office signage requirement moving forward. We believe removing the requirement further aligns with the project objectives of promoting greater harmonization

between Investment Dealers and Mutual Fund Dealers. (*Proposed CIRO Rule sections 2216 to 2218*)

**(b) Material business change notification**

We propose amending the required notice period under CIRO Rule subsections 2246(1) and (2). We are proposing to update this minimum notice period from 20 days to 30 days regarding changes to Dealer Members or their business activities. This aligns with the 30-day notice period for certain ownership changes under Proposed CIRO Rule subsection 2107(3), as well as the 30-day notice period for section 11.9/11.10 filings under NI 31-103 (acquisition by registered firm, or acquisition of a registered firm). Aligning the notice periods will provide consistency for both Dealer Members as well as for CIRO staff. In addition, extending the notice period from 20 days to 30 days will facilitate increased efficiencies for CIRO staff while adhering to CIRO's service standards related to the processing of material business changes. (*Proposed CIRO Rule subsections 2246(1) and (2)*)

**(c) Long-term debt notification**

We propose to adopt the requirement under MFD Rule 3.2.5 regarding providing notice to CIRO when creditors request accelerated or other payments in addition to the regular schedule regarding contingent and long-term liabilities owed by a Dealer Member. This is relevant information for CIRO regarding the financial status of Dealer Members. (*CIRO Rule section 2248*)

**(d) Membership disclosure policy**

We considered feedback from the Phase 3 consultation to the suggestion of adding a link to the CIRO website on account statements, as well as decal requirements, and have decided to remove these requirements going forward, as we are mindful of the operational and cost implications.

A proposed Membership disclosure policy required to be followed by a Dealer Member under CIRO Rule section 2285 is included in **Appendix 10**.

**(e) Part D of IDPC Rule 2200**

We propose to not adopt Part D of IDPC Rule 2200 in order to align with the post-merger operations of CIRO regional councils.

**(f) Trade names**

We propose adopting a provision similar to MFD Rule 1.1.7(e), requiring that the use of trade names by Dealer Members and Approved Persons be compliant with all applicable laws, including those relating to the registration of trade names. We also propose giving CIRO staff the ability to grant exemptive relief from trade name ownership requirements including, for example, situations whereby a Dealer Member seeks to carry on business under the trade name of an unaffiliated credit union pursuant to a business collaboration. Such exemptions have been granted

by the CIRO Board and we anticipate possible future applications of this type. Allowing CIRO staff the ability to grant such exemptions will promote faster processing of Dealer Members' requests for this type of exemption. (*CIRO Rule section 2281*)

### **3.3.2 Acceptable back office and service arrangements**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 2400:

#### **(a) Service arrangements**

In Phase 5, we proposed codifying service arrangement requirements from Mutual Fund Dealer Rule 1.1.3 and introduced a definition for "service arrangement" in subsection 2402(1). In response to public feedback regarding potential overreach into non-securities and non-derivatives-related business arrangements, we revised the definition to remove references to securities and derivatives and clarified its scope. The updated language distinguishes service arrangements from recognized outsourcing relationships such as clearing, custody, and introducing/carrying broker arrangements.

The revised definition is not intended to interfere with Dealer Members' day-to-day operations or commercial decisions. Rather, it provides a consistent framework for identifying service arrangements that may engage regulatory obligations, such as those outlined in proposed Rule section 2490 and Guidance Note GN-2300-21-003, while preserving flexibility in how Dealers structure and manage their business relationships. (*CIRO Rule section 2402*)

### **3.3.3 Approved Person process, proficiency, continuing education and National Registration Database**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rules 2500 – 2800:

#### **(a) Exception regarding consideration received from employer credit union**

Given the routine relief provided in response to exemption requests received from Dealer Members whose Approved Persons are also employees employed by a credit union, we propose to explicitly allow these Approved Persons to receive consideration from the credit union by which they are also employed, provided certain conditions are met. (*CIRO Rule subsections 2551(7)-(8)*)

#### **(b) Chief Financial Officer requirement**

In Phase 4, we proposed to adopt the IDPC Rule provisions relating to the general requirements for Chief Financial Officers (**CFOs**) across both types of Dealer Members, to ensure a consistent level of financial subject matter expertise across Dealer Members. We explicitly noted that CFOs are not required to be actively engaged in the business of the Dealer Member on a full-time basis. We also

explicitly sought industry feedback on how the CFO requirement could be scaled to better reflect the typical business structure of Mutual Fund Dealers.

Public comments received in response to Phase 4 did not provide any overarching or pervasive threshold across Mutual Fund Dealers that can be crystallized into a rule exception or CIRO Staff exemption from the CFO requirements. Therefore, we have maintained the proposal as-is.

Dealer Members who are nevertheless of the opinion that their business structure does not warrant a CFO can make a request for exemptive relief to CIRO's Board, who has the authority under Proposed CIRO Rule section 1302 to exempt Dealer Members from any CIRO requirement if it is satisfied that doing so is not prejudicial to the interest of the Dealer Member's clients, the public, Dealer Members, or Regulated Persons. If these requests for exemptive relief are made and are successful, CIRO will be in a better position to evaluate if a pervasive threshold for exemptive relief should be included in the CIRO Rules.

**(c) Proficiency related amendments**

Since our publication of Phase 4, the IDPC Proficiency Model Project made extensive changes to the proficiency requirements of Investment Dealer Member Approved Persons. These amendments came into force on January 1, 2026.<sup>8</sup> Among other things, Investment Dealer Member Approved Persons will be required to take CIRO administered exams instead of taking courses provided by third-party providers.

We have included the changes made by the IDPC Proficiency Model Project in our Proposed CIRO Rules for Investment Dealer Member Approved Persons.

In Phase 4, we had proposed:

- to maintain existing proficiency requirements for Investment Dealer Members and Mutual Fund Dealer Member Approved Persons as set out under the IDPC and MFD Rules, and
- where no proficiency requirements for Approved Person categories were provided under the MFD Rules, and the Approved Persons were not subject to registration, to impose proficiency requirements that mirrored those of Investment Dealer Members Approved Persons in the same categories.

We have performed an assessment of whether the new IDPC proficiency requirements under the IDPC Proficiency Model Project would be appropriate for the equivalent Mutual Fund Dealer Member Approved Persons categories, to further harmonize the proficiency requirements across Dealer Members. With the exception of Registered Representatives dealing in mutual funds only, and Chief

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<sup>8</sup> See CIRO Proficiency Model for Approved Persons under the Investment Dealer and Partially Consolidated Rules, published as [Rules Bulletin 25-0110](#) on April 17, 2025.

Compliance Officers (CCOs), we will apply the IDPC Proficiency Model to the corresponding categories of Mutual Fund Dealer Member Approved Persons.

#### **Directors, Executives and Chief Financial Officers**

For Mutual Fund Dealers' Directors, Executives and CFOs, there are no existing specific proficiency requirements prescribed under the MFD Rules or NI 31-103 in respect of certain courses, exams or certifications.

As described above, in Phase 4 we proposed to impose the equivalent IDPC requirements on these categories of Approved Persons at Mutual Fund Dealer Members.

However, given that we have determined the IDPC Rules proficiency requirements as amended by the IDPC Proficiency Model Project to be likewise appropriate for Mutual Fund Dealer Member Directors, Executives and CFOs, we propose to amend our previous proposals from Phase 4, so that ultimately the proficiency requirements under the Proposed CIRO Rules for these specific categories of Approved Persons are harmonized across Dealer Members.

#### **Ultimate Designated Persons**

While Mutual Fund Dealer Ultimate Designated Persons (UDPs) are subject to the general proficiency requirement under NI 31-103, there are no specific proficiency requirements (i.e. educational or experience requirements) that apply under this instrument. As such, in the Phase 4 public consultation we explicitly sought industry feedback on imposing the IDPC Rules' proficiency requirements on UDPs.

The public comments received were generally supportive of imposing the IDPC Rules' proficiency requirements on Mutual Fund Dealer Member UDPs.

Given the feedback received, we now propose to extend the same proficiency requirements for UDPs across both types of Dealer Members. Further, as set out above, this aligns with our proposal that Mutual Fund Dealer Members' Executives be subject to the same proficiency requirements as Investment Dealer Members' Executives under the Proposed CIRO Rules, as the UDP of a Dealer Member is also an Executive and thus they are required to complete the same exam.

#### **Supervisors (formerly referred to as 'Branch Managers')**

Under the MFD Rules, there are proficiency requirements for Branch Managers.

In Phase 4, we proposed to harmonize the title of Branch Managers, and the CIRO Approved Person review process, to align with that of Investment Dealer Members' Supervisor category of Approved Person. However, given the significant differences between the existing proficiency requirements of an Investment Dealer Member's Supervisor and a Mutual Fund Dealer Member's Branch manager, in Phase 4 we proposed to maintain the different existing proficiency requirements for those respective categories.

Having now reviewed the requirements for Investment Dealer Members' Supervisors as amended by the IDPC Proficiency Model Project, we have determined they are appropriate for Supervisors of Mutual Fund Dealer Members. Furthermore, maintaining different proficiency requirements would hamper the mobility of Supervisors if they wish to move between different types of Dealer Members.

Therefore, we have amended our previous proposal and will instead apply the same proficiency requirements on Supervisors across Dealer Members.

#### **Registered Representatives and Investment Representatives dealing only in mutual funds**

At this time, we have assessed that the IDPC proficiency requirements for Registered Representatives who are not restricted to mutual funds, as amended by the IDPC Proficiency Model Project, are not appropriate for Registered Representatives of Mutual Fund Dealers, given that these requirements are product based and therefore require knowledge that is not necessary for an Approved Person in the Registered Representative category at a Mutual Fund Dealer Member.

Furthermore, given that Mutual Fund Dealers' Registered Representatives are subject to substantive proficiency requirements under NI 31-103 (referred to as dealing representatives under that instrument), imposing CRO proficiency requirements would add unnecessary regulatory burden on these Approved Persons and their member firms.

Therefore, we propose to not apply these proficiency requirements to Registered Representatives of Mutual Fund Dealer Members, and to maintain our proposal made in Phase 4 that these Approved Persons meet the proficiency requirements as set out in NI 31-103.

In respect of Registered Representatives dealing in mutual funds only registered at dually registered firms, the current IDPC proficiency requirements impose more restrictive pre-approval requirements than those set out in NI 31-103. In light of our proposal to not impose CRO proficiency requirements on Mutual Fund Dealer Members' Registered Representatives, and the Rule Consolidation Project's objective to ensure that like dealer activities are regulated in a like manner, we are now proposing to apply the same pre-approval proficiency requirements on these Approved Persons as for Registered Representatives of Mutual Fund Dealer Members. For Registered Representatives dealing only in mutual funds who are registered at an Investment Dealer Member, and Investment Representatives dealing only in mutual funds, we propose to amend the corresponding pre-approval proficiency requirements in the same manner.

#### **Chief Compliance Officers**

In Phase 4, we proposed that the proficiency requirements for Executives should not apply to Chief Compliance Officers (CCOs) of a Mutual Fund Dealer Member, as these CCOs are already subject to registration and substantive proficiency requirements under NI 31-103.

While we believe that the IDPC proficiency requirements for CCOs, as amended by the IDPC Proficiency Model Project are appropriate for CCOs of Mutual Fund Dealer Members, we understand that imposing CIRO proficiency requirement would add an duplicative and unnecessary regulatory burden on these individuals and their member firms.

Therefore, we propose to not apply the same requirements for CCOs across Dealer Members at this time.

**(d) Approval process**

Under the current regulatory regime, Approved Persons of a Mutual Fund Dealer Member who are subject to registration requirements under securities legislation are not subject to CIRO's approval process. Instead, these individuals are considered approved persons by virtue of the definition of approved person set out in the MFD Rules.

Upon the consolidation of IIROC with the MFDA, this mechanism of automatic approval was incorporated in the IDPC Rules for Registered Representatives dealing in mutual funds only at a dually registered firm. (*IDPC Rule 2551(1)(iii)*)

In Phase 4, we proposed to maintain that mechanism for both Registered Representatives dealing in mutual funds only at dually registered firms, and for the categories of Mutual Fund Dealer Member Approved Persons that are subject to securities registration under NI 31-103 (specifically, CCOs, UDPs and Registered Representatives).

Given our updated proposals to generally impose the same proficiency requirements across Dealer Member Approved Persons categories, namely:

- to impose proficiency requirements on UDPs of Mutual Fund Dealer Members, and
- to further harmonize proficiency requirements for Registered Representatives and Investment Representatives dealing in mutual funds only with the requirements for Mutual Fund Dealer Members' Registered Representatives,

we now propose to apply CIRO's approval process to all Approved Persons categories.

In order to nevertheless not impose undue regulatory burden on Approved Person categories where the substantive proficiency requirements are still found in NI 31-103 (specifically, Mutual Fund Dealer Member Registered Representatives and CCOs), or on Registered Representatives dealing in mutual funds only registered at dually registered firms, we have drafted these categories' respective

proficiency requirements under the Proposed CIRO Rules in a manner that allows CIRO to approve their application upon their registration.

**(e) Grandfathering proficiency requirements for existing Mutual Fund Dealer Member Approved Persons**

In Phase 4, we requested industry feedback on extended implementation periods of the new proficiency requirements and whether grandfathering of existing Mutual Fund Dealer Members' registrants and Approved Persons would be appropriate. Public commentors were overall supportive of grandfathering of proficiency requirements, and, in absence of grandfathering, on average proposed a 2-year implementation period.

As set out above, in the Proposed CIRO Rules, we propose to harmonize proficiency requirements for all Approved Person categories (except Mutual Fund Dealer Member CCOs and Registered Representatives, and Investment Dealer Investment -or Registered Representatives dealing in mutual funds only) with the IDPC proficiency requirements as amended by the IDPC Proficiency Model Project. The latter project already allows grandfathering for all new proficiency requirements (except the conduct training required by CIRO), provided an Approved Person remains in the same role.

Applying the same rationale to the new proficiency requirements under the Proposed CIRO Rules would be consistent with the public feedback received in Phase 4 of the Rule Consolidation Project.

As such, we generally propose to apply the same transition provisions and the principle of grandfathering for Mutual Fund Dealer Member Approved Persons in the categories of:

- Directors,
- UDPs, and,
- Supervisors (referred to under the MFD Rules as branch managers or alternate branch managers).

In respect of Mutual Fund Dealer Member Directors and UDPs, the grandfathering of proficiency requirements will apply only as long as the Approved Person remains in the same role at the same Dealer Member. In respect of Supervisors, grandfathering of proficiency requirements will apply as long as the Approved Person met the proficiency requirements applicable to branch managers prior to the coming into force of the CIRO Rules and remains in the same role.

We are of the view that this approach will allow us to grandfather in the existing Mutual Fund Dealer Member Approved Persons without presenting operational challenges for those Approved Persons who have already demonstrated their aptitude in their existing role. However, to balance the public interest, investor protection, and ultimately harmonize proficiency requirements across Dealer Members, we cannot support grandfathering these individuals indefinitely through

significant role changes, in particular for these categories of Approved Persons who are currently not subject to any specific proficiency requirements (specifically, Mutual Fund Dealer Member Directors, Executives and UDPs), while their counterparts at Investment Dealer Members are subject to specific proficiency requirements.

In respect of CFOs and Executives, there are currently no requirements for Mutual Fund Dealer Members to have a CFO or Executives (other than CCOs and UDPs) in either the MFD Rules or NI 31-103. Individuals who nevertheless exercise these roles at Mutual Fund Dealer Members are invited to apply for exemptive relief of the proficiency requirements, if they meet the current requirements under the IDPC Rules, or can otherwise demonstrate acceptable alternative experience, and/or successful completion of alternate courses or examinations.

Operationally, it is our intention to minimize the need for existing Approved Persons of Mutual Fund Dealer Members to reapply for Approved Person status under the Proposed CIRO Rules. We will publish more details regarding this process in our final implementation bulletin.

**(f) Continuing Education**

In Phase 5, we indicated that a harmonized approach to the continuing education regime across Dealer Members is currently being pursued in a separate CIRO project. As such, for the purposes of the Phase 5 Proposed DC Rules, we proposed to adopt and maintain the existing separate continuing education regimes as an interim measure.

Phase 1 of the Proposal to harmonize CIRO Continuing Education (CE) Programs was published for comment on December 19, 2024, in [Rules Bulletin 24-0356](#), and has been published for implementation in Rules [Bulletin 26-0005](#).

To ensure that our proposals are aligned with the changes in Bulletin 26-0005, we have reflected those amendments in the Proposed CIRO Rules.

**3.4 Rule Series 3000 – Business Conduct and Client Account Rules**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 3000.

**3.4.1 Conflicts of Interest**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 3100 Part B:

**(a) Identifying conflicts of interest**

We propose an amendment to CIRO Rule clause 3105(1)(ii) to specify that Dealer Members must take reasonable steps to identify conflicts of interest between clients and persons, rather than only Approved Persons, acting on the Dealer Members' behalf. It is important that such conflicts of interest are identified so

that they can be addressed accordingly in the client's best interests. (*CIRO Rule clause 3105(1)(ii)*)

**(b) Prohibition on acting as executor or power of attorney**

Pursuant to public comments received, we acknowledge that the change in language we proposed in Phase 4 regarding "accepting" a position of executor or power of attorney may materially impact existing practices. We now propose to revert to the current language in the IDPC Rules which prohibits individuals from acting in such capacities. (*CIRO Rule section 3110*)

**(c) Exemptions regarding personal financial dealings**

Given the volume of routine exemption requests, we propose giving CIRO staff the ability to grant exemptive relief from the personal financial dealings requirements where the circumstances warrant such relief. (*CIRO Rule sub-clauses 3110(3)*)

**3.4.2 Know-Your-Client and Client Accounts**

The following is a modification to a provision that was proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 3200:

**(a) Order execution only account services**

We propose a modification to the drafting of CIRO Rule sub-clause 3241(3)(i)(c) regarding the required disclosure to order execution only clients that the Investment Dealer Member will not be responsible for making an appropriateness determination. This drafting modification better aligns with CIRO Rule section 3211 regarding account appropriateness and is intended to provide clarification rather than a material change to the requirement. (*CIRO Rule sub-clause 3241(3)(i)(c)*)

**3.4.3 Sales Practice and Client Communications**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rules 3500 and 3600:

**(a) Disclosing payment of interest**

We propose a modification to CIRO Rule subsection 3504(3) requiring Dealer Members to provide disclosure to clients related to interest paid on uninvested cash. We have not included the 60-day advance notice period for interest rate changes, as interest rates are generally variable and change when the Bank of Canada modifies rates, which cannot be predicted 60 days in advance. (*CIRO Rule subsection 3504(3)*)

**(b) Premarketing**

Given historical routine exemptions, we propose giving CIRO staff the ability to grant exemptive relief from certain premarketing requirements in situations where

there would be a significant delay before a preliminary short form prospectus would be filed. (CIRO Rule section 3509)

**(c) Rate of return**

We propose to adopt the requirement under MFD Rule 2.8.3 regarding communications of rates of return, other than in the annual performance report. Although a money-weighted calculation methodology is required for determining the rates of return in the annual performance report, Dealer Members may use an alternative rate of return calculation methodology, such as the time-weighted calculation, in other client communications and reports. As a client safeguard measure, any such communication of a rate of return would have to be accompanied by an annualized rate of return and an explanation of the calculation methodology. (CIRO Rule section 3602)

**3.4.4 Reporting and Handling of Complaints, Internal Investigations and Other Reportable Matters**

The following are material changes to provisions that were proposed in Phase 5 of the Rule Consolidation Project relating to Proposed CIRO Rule Series 3700. We also provide further explanation on matters for which several commenters raised concerns.

**(a) General – Application of Rule 3700 to employees**

We intend to extend the application of Rule 3700 to encompass employees, as proposed in Phase 5. In response to comments received in the Phase 5 consultation suggesting the regulation of employees is outside of CIRO's jurisdiction, we note that the proposed Rule does not purport to extend CIRO's jurisdiction to employees. Rather, the proposal articulates in more detail our general expectations as set out in IDPC Rules sections 1403 and 1404, which require that Dealers have "policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance the Dealer Member, its employees and Approved Persons comply with Corporation requirements and securities laws."

In response to concerns about the effects of expanding the scope of Rule 3700 to employees, we note that it would only apply to employees that are performing *Dealer Member related activities*, which would generally apply only to roles with a direct impact on clients. Further, it only applies where such employees may have engaged in *serious misconduct* while performing such roles. Given that *serious misconduct*, by definition, creates a reasonable risk to clients, former clients, the financial markets or the public interest, we believe it is important that Dealers be aware, and take appropriate actions to deal with such situations. We intend to provide guidance to assist Dealer Member in determining the roles and activities that would be considered to be Dealer Member related activities for the purpose of this Rule.

**(b) Definitions**

**Definition of complaint**

In consideration of the responses to our Phase 5 consultation, we propose not to include “prospective clients” in the definition of *complaint*. Given the difficulty in identifying such individuals, the fact that Dealer Members do not have the same regulatory obligations to these individuals as those arising from the Dealer Member-client relationship, and that complaints from non-clients tend to be infrequent and of a service nature, we believe it is unnecessary for Dealer Members to process such complaints in the same manner as they would when a client is involved. Concerns that complaints from non-clients may reveal serious misconduct are addressed under the reporting obligations in clauses Proposed CIRO Rule clauses 3710(1)(ii) and 3711(2)(i), and pursuant to Dealer Members’ investigation and oversight responsibilities.

We also propose to exempt “actions taken by a Dealer solely to comply with CIRO requirements, securities laws or any applicable laws, or actions taken to comply with government-imposed sanctions” from the definition of complaint.

**Definition of service complaint**

In Phase 5, we proposed to replace the definition of a service complaint with that of a non-reportable complaint. We believed this to be a more precise way of defining what types of complaints were not reportable.

However, public feedback raised concerns that the proposed non-reportable complaint definition was too broad and introduced uncertainty. Therefore, we propose to revert to the term service complaint.

The proposed definition of a service complaint is similar to the definitions currently in the MFD Rules and the IDPC Rules and focuses on complaints that are founded on customer service issues that do not involve regulatory non-compliance. In order to provide additional clarity, we intend to publish guidance that will address examples and factors to consider in determining whether something is a service complaint.

**Definition of serious misconduct**

We redrafted the definition to clarify that all activities and circumstances listed as (a) – (o) are considered serious misconduct and are not subject to the qualification of ‘material harm.’

Commenters noted that a standalone clause in the definition of serious misconduct proposed in Phase 5, which included any material non-compliance with regulatory requirements related to Dealer Member related activities, created an overly broad obligation which could lead to over-reporting of matters that would not present a material risk to clients or the capital markets.

In response to this feedback, we propose to instead add a qualifying statement to the provision, which narrows its application to any activity that creates a reasonable risk of material harm to a client, former client or the public interest. As a result, this narrows the scope of the proposed clause to capture matters of material regulatory concern.

**(c) Reporting to the Dealer Member – employees**

In response to feedback received in Phase 5, we propose to make several changes to Proposed CIRO Rule subsection 3710(2).

We propose to narrow the requirement for employees engaged in Dealer member related activities to report the “denial, cancellation, suspension or addition of terms and conditions to a registration or license by any regulatory or SRO, professional licensing, credentialing or registration body”. In order to confine the reporting to relevant matters, the specified circumstances will only require reporting when they arise as a result of *serious misconduct*, as defined under the Proposed CIRO Rules. (CIRO Rule subclause 3710(2)(iv)(c))

We intend to retain the previously proposed provision that employees engaged in Dealer Member related activities must report to the Dealer Member circumstances of a declaration of bankruptcy, suspension of payments of debts generally or the making of an arrangement with creditors or making an assignment or being deemed insolvent. Given that the provision only applies to a subset of employees with close interaction with clients, we believe these circumstances represent a material risk for which Dealers should be aware. (CIRO Rule subclause 3710(2)(iv)(d))

Given the above, we propose to remove the previously proposed requirement requiring employees engaged in Dealer Member related activity to report outstanding garnishments. We anticipate that circumstances of concern would be caught pursuant to subclause 3710(2)(iv)(d).

**(d) Dealer Member reporting to CIRO**

We intend to retain the provision requiring Dealers to report substantial compensation paid to a client in furtherance of a settlement. We have elected not to set specific thresholds for reporting, as the determination of what is substantial will vary depending on the client and the circumstances, including client AUM, sophistication, risk profile, and the nature of issue at hand. To assist Dealer Members in making an appropriate determination of what may be considered substantial, we intend to develop related guidance that discusses relevant key factors and considerations. (Proposed CIRO Rule clause 3711(1)(iii))

**(e) Reporting cybersecurity incidents**

In order to avoid potential confusion between the reporting requirements of Proposed CIRO Rule sections 3712 and 4716, we are proposing a carve out for cybersecurity incidents (as defined in the CIRO Rules) from the reporting

requirements for significant business disruptions under CRO Rule section 4716. This serves to make clear that the reporting requirements for cybersecurity incidents fall under Proposed CRO Rule section 3712. For greater clarity, the definition of cybersecurity incident has been moved to the general definitions at Proposed CRO Rule 1200.

We also propose to amend the initial reporting timeline for cybersecurity incidents to “as soon as possible” but no later than within three calendar days. This proposal better aligns the cybersecurity reporting requirements with the reporting requirements relating to significant business disruptions while also emphasizing the importance of immediately addressing the potential risks and impacts that cybersecurity incidents may pose. (*CRO Rule sections 3712 and 4716*)

**(f) Reporting material privacy breaches**

We propose to retain the provision that requires a Dealer to report any material breach of client information that would require reporting under applicable privacy legislation. (*CRO Rule subsection 3712(2)*)

Privacy breaches are not only of concern to privacy regulators. It is important that CRO be advised of material privacy breaches as they could have a significant effect on the Dealer Member, its clients, and the industry, particularly if there is an underlying systemic issue (e.g., related to a third-party supplier servicing the industry). A pattern of privacy breaches may also inform the risk profile of the Dealer Member.

In order to minimize the regulatory burden for Dealer Members in respect of this provision, we have aligned the standards for reporting triggers and documentation to CRO to be consistent with the applicable privacy regulation.

**(g) Requirement to commence an internal investigation**

We propose to remove the phrase “which includes an internal compliance review” from the provisions requiring an internal investigation. Commenters indicated that this additional wording was not required, as such a review would be a normal part of an investigation. Additionally, given that the term is undefined, it introduces uncertainty. (*CRO Rule section 3720*)

**(h) Restrictions on Settlements and Confidentiality Agreements**

We propose to amend the wording of this provision to clarify that the provision barring Dealer Members from entering into any form of agreement which imposes confidentiality or similar restrictions on a client (previously referred to in the IDPC Rules as a “release”), also applies to Approved Persons. This language also intentionally clarifies that the requirement that it applies to all such agreements or understandings, not only those formally described as a release. This amendment is necessary as certain Dealer Members and Approved Persons have sought to undertake the prohibited activity by characterizing the agreement as something other than a “release”. (*CRO Rule subsection 3731(1)*)

**(i) Client complaints – Retail clients – Service complaints**

We have proposed language which clarifies that service complaints are not subject to the comprehensive complaint handling process set out in sections 3755-3758. Although service complaints require a response, including a written response if the complaint is in written form, they are not subject to the more robust procedures applicable to complaints alleging serious misconduct. (*CIRO Rule subsection 3750(2)*)

**(j) Response to client complaints - Timing of substantive response**

We propose to retain the proposed requirement that Dealer Members provide a substantive response to a client complaint within 90 days.

We acknowledge that Autorité des marchés financiers has adopted a 60-day (+ 30-day flex period) timeline to provide a substantive response to a complaint, for entities under their jurisdiction.<sup>9</sup> However, as we noted in the Phase 5 Bulletin, the balance of the CSA members recommend a 90-day period as per NI 31-103 Companion Policy, which reflects general industry practice and regulatory expectations outside of Québec. (*CIRO Rule subsection 3756(4)*)

**(k) Response to client complaints - Timing of Internal Dispute Resolution Services final response**

We intend to retain the proposed provision providing for an additional 30 days for a Dealer to provide a final response to a client complaint where the client consents to participate in a Dealer Member's internal dispute resolution process (IDRS). Given that clients are given the option of participating in the process and would be informed of the extended timeline for a final response, we believe it is appropriate to permit additional time for that process to take place. However, the time allocated must account for the fact that the Dealer Member has already undertaken steps to investigate the complaint, and that the IDRS will not require such time to undertake the investigation. As such, the time limit for the combined processes must not exceed 120 days.

We have amended the provision to clarify that the IDRS process may exceed 30 days where the substantive response letter is issued prior to the 90-day deadline, as long as the entire process does not exceed 120 days.

Consistent with our proposed complaint handling standards, this will ensure that complaints involving an IDRS are resolved more expeditiously. (*CIRO Rule subsection 3756(5)*)

**(l) Approved ombudsman service**

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<sup>9</sup> See the [Règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier](#).

In Phase 5, we proposed the term *approved ombudsman service*<sup>10</sup>. We now propose to amend Rule 9500 to reflect the introduction of this defined term and replace the undefined term “ombudsman”. This does not have an impact on the obligations in the Rule. (*CIRO Rule 9500*)

### **3.4.5 Recordkeeping and client reporting**

The following are material changes, or non-material changes we wish to highlight, to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 3800:

#### **(a) Account statements – Mutual Fund Dealers**

We have revised subsection 3851(2) to clarify that the monthly reporting exemption is maintained for a client’s non-margin account at a Mutual Fund Dealer, regardless of whether such dealer offers margin services or not. (*Proposed CIRO Rule section 3851*)

#### **(b) Account statements/reports – total market value**

We have withdrawn our initial proposal to include in the client statements/reports the total market value of cash and investment products at the beginning, in addition to the value at the end, of the reporting period (clauses 3851(4)(vi) and 3852(2)(v)). While there is added convenience in having both values in the same statements/reports, as opposed to having to refer to the previous statement, and many Dealers already report both values, we agree with the commenters that the operational costs of mandating the enhanced disclosure outweighs the benefits. (*Proposed CIRO Rule sections 3851 and 3852*)

#### **(c) Trade confirmation**

We have withdrawn our initial proposal to replace the concept “trade confirmation” with “transaction confirmation”, to avoid broader interpretations than intended. However, we have revised proposed subsection 3855(1) to remove outdated language and specify the type of transactions, beyond buy and sell, for which a trade confirmation must be produced, consistent with current regulatory requirements and industry practices. (*Proposed CIRO Rule section 3855*)

#### **(d) Trade confirmation – managed account disclosure**

We continue to believe that not mandating the disclosure of connected/related issuer in account statements, strikes the right balance in consideration of the Dealer obligation to provide such disclosure in a trade confirmation as well as in the instances prescribed by the conflicts of interest provisions, specifically CIRO Rule section 3108. However, we have revised sub-paragraph 3855(3)(i)(c)(I)(B), to ensure there is no drafting gap when it comes to the Dealer responsibility for

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<sup>10</sup> Approved ombudsman service - “an ombudsman service approved by the Board in accordance with subsection 9503(1)”.

providing such disclosure in account statements, in lieu of trade confirmation, with regards to clients managed accounts. (*Proposed CIRO Rule section 3855*)

**(e) Trade confirmation - Automatic plan transactions**

We have revised clause 3855(3)(vi) to provide that the trade confirmation exception for automatic plan transactions applies to transactions in securities of issuers generally, rather than specific issuers. While such plans are more commonly associated with mutual funds, scholarship plans and educational plans or trusts, we believe the exception should be equally available for securities of other issuers, provided the transaction meets the definition of an automatic plan transaction and the criteria for the exception. Additionally, we have also revised the definition of “automatic plan transaction” to specify that it pertains to transactions in securities, rather than the broader category of investment products. (*Proposed CIRO Rule sections 3802 and 3855*)

**(f) Delivery of documents to clients**

We are proposing to remove from clause 3857(2)(i), the prescriptive requirement for a Dealer to title their outside holding report “Report on client positions held outside of the Dealer Member”. Our rules offer operational flexibility for dealers to continue using the term “client name” in their documentation to clients, such as is the practice with Mutual Fund Dealers, provided this is done in a way that does not mislead the client about who holds or controls their property and the applicable investor protection coverage, in compliance with our requirements. (*Proposed CIRO Rule section 3857*)

**(g) Electronic delivery**

We have further refined our electronic delivery proposal to incorporate the following principles:

- a dealer must provide the documentation required under Rule 3800 to clients electronically, in accordance with applicable laws, unless the client requests paper delivery; and
- for the non-digital client, the requested paper delivery must be provided at no cost.

Guidance will follow to clarify these requirements, including our expectations around client notification and choice (such as at account opening for new clients, whereas for existing clients sufficiently in advance of the switch), as well as the criteria for identifying non-digital clients, such as seniors, individuals with disabilities or those without internet access. (*Proposed CIRO Rule section 3857*)

**(h) Exempt market dealers and scholarship plan dealers**

After further consideration we have withdrawn our initial proposal, in the proposed section 3860, to specify the additional client reporting responsibility under NI 31-103 for those Mutual Fund Dealers, who are also registered as

exempt market dealers or scholarship plan dealers. We consider the selective incorporation of this specific provision into our rules unnecessary, given the broader *Dealer Member* responsibility, beyond client reporting requirements, for compliance with the provisions of NI 31-103 applicable to their business model.

### **3.4.6 Supervision**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 3900:

#### **(a) *Supervision of automated tasks and activities***

We have maintained the proposal under CIRO Rule clause 3907(7)(ii) requiring Dealer Members to ensure that relevant Supervisors understand how automated tasks and activities work. In our view, it is appropriate that the Supervisor has an understanding of how the system that automates the process works.

### **3.5 Rule Series 4000 – Dealer Member Financial and Operational Rules**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 4000.

#### **3.5.1 Client free credit capital charge**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 4300:

#### **(a) *Client free credit segregation deficiencies under allowable use model***

In Phase 5, for Dealer Members that use client free credit balances in their operations, we proposed shortening the correction period for client free credit segregation deficiencies from five business days to one business day and introducing a capital charge for unresolved deficiencies. However, following public feedback, we are not proceeding with these changes. Commenters expressed concerns about the operational and capital impacts on Investment Dealers operating under the allowable use model, which differs significantly from full cash segregation. For Mutual Fund Dealers under the full cash segregation model, the existing MFD Rule correction timeline and applicable capital charges related to client cash segregation were adopted in the Proposed CIRO Rules in Phase 5. (*Proposed CIRO Rule section 4386*)

Although we have not observed issues with the current framework for resolving free credit segregation deficiencies, we recognize the importance of ensuring that requirements reflect evolving settlement practices and operational realities. Maintaining the existing five-business-day correction period allows us to preserve stability while continuing to evaluate the broader implications of any changes. We will revisit correction timelines and potential capital implications for both securities and free credit cash segregation deficiencies as part of a future project.

### **3.6 Rule Series 5000 – Dealer Member Margin Rules**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 5000.

### **3.6.1 Canadian bank acceptances and banker acceptance futures contract**

Canadian bankers' acceptances and Canadian bankers' acceptance futures contracts (BAX) have been discontinued, due to the elimination of the Canadian Dollar Offered Rate (CDOR). Consequently, we removed references to these instruments from subsections 5130(3) and 5222(1). We have repealed section 5622, which governs margin offsets between Canadian bankers' acceptances and BAX, and revised the related margin offset summary tables to reflect these updates.

### **3.6.2 Exchange-traded option writing in a non-margin account**

We amended clause 5710(1)(ii) to apply to any account that is fully collateralized, not just registered accounts. The previous reference to registered accounts was removed and replaced with a clear requirement that the account must be fully funded with cash or the underlying security. This allows prudent strategies, such as covered calls and cash-secured puts, in cash or registered accounts, provided margin lending is not used.

The revised language simplifies the rule and clarifies that Dealer Members may only facilitate these trades when obligations are fully covered. A derivatives trading agreement must be in place, outlining the rights and obligations related to exchange-traded options.

This amendment reflects dealer feedback, improves clarity and supports broader access to prudent, non-leveraged strategies while maintaining appropriate safeguards. (*Proposed CIRO Rule section 5710*)

## **3.7 Rule Series 7000 – Debt markets and Inter-Dealer Bond Brokers**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 7000.

### **3.7.1 Rule 7200 Transaction Reporting for Debt Securities**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule 7200:

#### **(a) *Extend debt trade reporting requirement to Mutual Fund Dealers for trades in repurchase and reverse repurchase agreements***

In Phase 2, we elected not to extend debt reporting requirements to Mutual Fund Dealers, until obtaining further feedback and consultation. Based on our review, it has been determined that a separate project would be most appropriate to determine whether full debt trade reporting obligations should be extended to Mutual Fund Dealers.

In the interim, we are proposing to extend the requirement to report trading in repurchase agreements and reverse repurchase agreements to Mutual Fund Dealers who engage in such transactions.

This is consistent with Phase 5 of the Rule Consolidation project, where these transactions were not restricted to Investment Dealers because we believe these requirements should apply to any Dealer Member that may engage in repurchase agreement or reverse repurchase agreement trading. However, as per existing reporting exceptions, reporting will only apply if the Mutual Fund Dealer, or one of their affiliates, is a Government Securities Distributor. Based on this condition, we anticipate minimal impact to Mutual Fund Dealers. (*Proposed CIRO Rule section 7203*)

### **3.8 Rule Series 8000 – Procedural Rules - Enforcement**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 8000.

#### **3.8.1 Procedural Rules**

##### **(a) Temporary orders**

We propose updated language in CIRO Rule section 8211 to clarify that a temporary order under CIRO Rule subsection 8211(1) takes effect immediately and that the hearing panel can extend such a temporary order. (*CIRO Rule section 8211*)

##### **(b) Hearing records for review and public access**

We propose a clarification to the drafting of CIRO Rule sections 8431 and 8432 to clearly refer to the intended purpose of protecting sensitive personal information from the public hearing record. Such information would continue to be made available to the relevant securities regulatory authority in cases where they review a CIRO hearing panel decision.

The proposed modifications do not impact on the provision's operation but, rather, serve to clarify its purpose regarding omitting sensitive personal information from the public record of a proceeding. (*CIRO Rule sections 8431 and 8432*)

### **3.9 Rule Series 9000 – Procedural Rules - Other**

The following are material changes to provisions that were proposed in previous phases of the Rule Consolidation Project relating to Proposed CIRO Rule Series 9000.

#### **3.9.1 CIRO procedures for regulatory decisions and Board Decisions (CIRO Rules 9200, 9300 and 9400)**

In Phase 4, we proposed to adopt the existing IDPC Rules 9200-9400 and apply them across both types of Dealer Members, with amendments to:

- streamline the decision process for regulatory decisions,

- allow the availability of an opportunity to be heard by the CIRO Board, in all situations that may occur in the Board’s review of a Membership application.

We now propose to further amend these Rules to make the procedures, opportunity to be heard and review applicable to both CIRO Staff exemptions and Board exemptions, and to reformat these Rules in a clearer manner given the proposed amendments.

**(a) Other exemptions**

As set out in IDPC Rule 1300, the Board has authority to exempt Dealer Members, Approved Persons and Regulated Persons from any CIRO requirement, provided that the exemption isn’t prejudicial to the interests of Dealer Members’ clients, the public, Dealer Members or Regulated Persons.

Throughout the Proposed CIRO Rules, certain sections explicitly detail some of the exemptions that CIRO Staff are authorized to grant from specific requirements. These exemptions typically address situations where a significant number of Board exemptions were either filed or anticipated, and enhance procedural efficiency to grant exemptions in these routine matters. In addition, proficiency exemptions are subject to detailed process captured under Rules 9200-9400. To provide greater clarity in the Proposed CIRO Rules, we propose to:

- explicitly state CIRO’s ability to grant exemptions in Proposed CIRO Rule 1303, and
- make explicit that the procedural rules, rights of opportunity to be heard and right of review that are applicable to the exemptions included in IDPC Rule 9200, apply, by proposing CIRO Rule 9208.

This approach is consistent with the procedural requirements already set out in IDPC Rules 9200-9400 and which we have also proposed to carry forward in the Proposed CIRO Rules.

**(b) Reformatting procedural rules for greater clarity**

The existing IDPC Rules format the procedural rules under the 9000 series in the following manner: Rule 9200 set out the authority of CIRO regarding regulatory decisions and Board decisions on Membership, as well as the administrative rights of applicants. Rule 9300 included the procedural rules applicable to review of regulatory decisions by a Hearing Panel. Rule 9400 contained the procedural rules regarding the opportunities to be heard by Senior Decision Makers (Part A) and the Board (Part B).

Having reviewed the formatting and numbering of the IDPC Rules, we are of the opinion that Rules 9200-9400 would be more intuitively organized according to the relevant decision-making body for each respective process. In our view, this makes it clearer to readers which rule is subject to which process and decision-making authority, respectively.

Therefore, we propose to make the following changes to the formatting of the below requirements:

- **Rule 9200:** Procedural rules applicable to CIRO Staff’s decision-making authority, i.e., regulatory decisions, the rights of applicants regarding regulatory decisions, and procedures applicable to opportunities to be heard before CIRO Senior Decision Makers,
- **Rule 9300:** Procedural rules applicable to a Hearing Panel format, such as the review of regulatory decisions and decisions made under CIRO Rule section 4136,
- **Rule 9400:** Procedural rules applicable to CIRO’s Board decisions, such as on Membership Applications or Board exemptions, as well as the rights of applicants and opportunities to be heard by the Board.

### 3.10 CIRO Form 1

#### 3.10.1 CIRO Form 1

The following are modifications to provisions proposed in previous phases of the Rule Consolidation Project concerning the Proposed CIRO Form 1:

##### **(a) Consolidation of similar schedules**

In Phase 5, we had proposed separate Mutual Fund Dealer Members and Investment Dealer Members schedules within the CIRO Form 1 for reporting certain activities that may differ between the dealer types. To reduce redundancy in the CIRO Form 1, we propose consolidating the following schedules and certificates, as the differences between them are minimal:

- Certificate of Ultimate Designated Person and Chief Financial Officer
- Analysis of brokers’ and dealers’ trading balances

As a result, we removed the separate schedule for the Analysis of brokers’ and dealers’ trading balances - Mutual Fund Dealer (previously Schedule 6 in Phase 5) and subsequent schedules were renumbered as appropriate.

##### **(b) Removal of the free credit reporting line on Schedule 4**

Currently the free credit cash balance reported on Schedule 4 - *Analysis of clients' trading accounts – Investment Dealer Members* is a duplication of the balance reported in Statement F - *Statement of Free Credit Segregation Amount*. Also, the structure of Schedule 4 may create confusion for Dealer Members when reporting credit balances for different client and account types, when clients have both free and non-free credit cash within the same account. To improve clarity, we propose limiting Schedule 4 to client balances by client and account type and removing the reporting lines for free credit cash balances. The free credit cash balance would continue to be reported on Statement F – *Statement of Free Credit*

*Segregation Amount.* This change would also streamline reporting for Mutual Fund Dealers that choose to use client free credit balances.

**(c) Codification of existing guidance on the auditor’s segregation report**

On October 14, 2021, CIRO published a guidance note related to the auditor’s segregation report ([GN-2400-21-003](#)), now titled the agreed-upon procedures report. The guidance note clarified that auditors are not required to perform special compliance procedures regarding security segregation during a year-end audit of an introducing broker, since this testing would be conducted by the auditors of the carrying broker. We propose codifying this guidance in Form 1 by adding a new “Notes and Instructions” section to Form 1 Part II– Agreed-upon procedures reports.

**(d) Revisions to certain notes and instructions**

The notes and instructions in certain schedules have been updated to align with the Proposed CIRO Rules and changes as outlined in section 3.5.1 of this bulletin. The notes and instructions for Statement B, Statement F and Schedule 4 have been updated to reflect the change in reporting of free credit cash balances and the revisions related to the capital charge for free credit cash segregation deficiencies.

The notes and instructions for Schedule 11 – Insurance (previously numbered as Schedule 12 in Phase 5) have been amended to align with the Proposed CIRO Rules, which now require notification to CIRO rather than an exemption request, for Dealer Members that do not maintain mail insurance.

**(e) Treatment of diversified investment products for securities concentration testing**

As part of Phase 5, we introduced the term “diversified investment product” to support broader application of the look-through option for assessing concentration exposure across a wider range of mutual funds and ETFs. Public commenters expressed concerns with the complexity of the look-through option and indicated strong support for excluding diversified investment products from securities concentration testing.

To further align regulatory obligations with the risk profile of these investment products, we are proposing to exclude mutual funds and ETFs that meet the proposed definition of diversified investment products from securities concentration testing.

We have also clarified within the notes and instructions to proposed Schedules 9A and 10A (previously numbered as Schedules 10A and 11A in Phase 5) the following additional exclusions already outlined in [GN-FORM1-24-001](#):

- Mutual funds and ETFs that meet the definition of money market funds under NI 81-102, and

- High-interest savings account (HISA) funds insured by the Canada Deposit Insurance Corporation (CDIC).

We believe these exclusions will benefit Dealer Members and help mitigate the impact of introducing the securities concentration test schedule for Mutual Fund Dealer Members. While the proposed diversified investment product exclusion is intended to reduce regulatory burden for Dealer Members transacting in inherently diversified products, Dealer Members will be expected to exercise appropriate due diligence in determining whether the mutual funds and ETFs they hold in inventory or offer for margin lending meet the proposed definition. This may include reviewing fund documentation such as prospectuses and fund fact sheets, and evaluating the fund's structure, holdings, and investment strategy.

We plan to update GN-FORM1-24-001 to provide additional guidance to Dealer Members on assessing whether a fund meets the proposed definition of a diversified investment product.

**(f) Quarterly Reporting of Schedule 18 – Assets Under Administration Information**

In Phase 5, Schedule 18 (previously numbered as Schedule 19 in Phase 5) was introduced for Dealer Members to report details of the assets under administration, with the initial proposal requiring monthly reporting. In response to feedback received from commenters and through stakeholder consultations, we now propose a quarterly reporting frequency for this schedule. This revision is intended to reduce the operational burden on Dealer Members while ensuring comparable information related to assets under administration is provided for CIRO assessments.

### **3.11 Parallel rule amendment projects**

During our development and publication of the phases of the Rule Consolidation Project, other separate policy projects have also been published and continue to move through the policy process in parallel to the Proposed CIRO Rules. The following explains our approach for including parallel projects in the Proposed CIRO Rules:

#### **3.11.1 Approved parallel projects**

The following approved rule amendments have been inserted in the Proposed CIRO Rules.

- Investment Dealer Proficiency Model: published in Bulletin [25-0110](#)
- Enhanced Cost Reporting: published in Bulletin [25-0176](#)
- Continuing Education Programs: published in Bulletin [25-0005](#)

The amendments related to the Investment Dealer Proficiency Model and Enhanced Cost Reporting are currently effective in the IDPC Rules, so the amendments do not show as changes in the blackline to current IDPC Rules (Appendix 3). The Continuing Education Programs amendments are approved but not yet effective in the IDPC

Rules, so the amendments show as grey text in the blackline to current IDPC Rules (Appendix 3) to indicate these amendments are not Proposed CIRO Rule amendments.

The Enhanced Cost Reporting amendments were previously shown in grey boxes within the phased publications, so the amendments do not show as blacklines to the prior Phases (Appendix 2). The amendments related to Continuing Education Programs and Investment Dealer Proficiency Model were not included in prior Phases, so the amendments show as grey text in the blackline to the prior Phases (Appendix 2) to indicate these amendments are not new Proposed CIRO Rule amendments.

### **3.11.2 Ongoing parallel projects**

The following projects are continuing through the policy process in parallel to the Rule Consolidation Project.

- Fully paid securities lending and financing arrangements: published in Bulletin [25-0277](#)
- Modernization of requirements for account transfers and bulk account movements: published in Bulletin [25-0199](#)
- Mandatory close-out requirements: published in Bulletin [25-0001](#)

These projects are shown in grey boxes within the Proposed CIRO Rules to indicate that they have been proposed but are still awaiting approval. If these projects are approved after the publication of the Proposed CIRO Rules for comment, the amendments will be included in the final version of approved CIRO Rules. Where appropriate, we made minor changes to these proposed amendments in the grey box to show how the amendments would be adopted in the CIRO Rules.

## **4. Alternatives to rule consolidation considered**

We did not consider any alternatives to rule consolidation, such as maintaining separate rules for Investment Dealers and Mutual Fund Dealers as, based on the feedback provided in response to *CSA Position Paper 25-404, New Self Regulatory Organization Framework*, we determined that there is general cross-stakeholder support for rule consolidation.

## **5. Impacts of the Proposed CIRO Rules**

A detailed assessment of the impact of the Proposed CIRO Rules has been prepared and is included as Appendix 8.

We have assessed the impact of the changes being introduced as part of the consolidated Proposed CIRO Rules as having a net-positive impact overall.

### **5.1 Dealer Member Impacts**

We believe the consolidated Proposed CIRO Rules would have a mixture of positive and negative impacts on Dealer Members, given that we have proposed rules that may require operational changes while other proposed rules may reduce regulatory burden.

For example, the Proposed CIRO Rules may result in impacts that present an additional burden on Dealer Members due to:

- additional proficiency requirements for Approved Persons of Mutual Fund Dealer Members, such as the requirement for a CFO,
- additional approvals required for Mutual Fund Dealer Members for certain business changes and shared office premises,
- increased financial solvency standards and risk measures for Mutual Fund Dealer Members,
- enhanced disclosure and client reporting requirements,
- extended application of the reporting, internal investigation and complaint handling and conflict of interest rules to include employees, and
- increased maximum fine a hearing panel can impose per offence.

The Proposed CIRO Rules may result in positive impacts due to:

- reduced capital implication for certain custody risks, inventory positions and client debit balances for Mutual Fund Dealer Members,
- expanded account offering and services (margin accounts and free credit usage) for Mutual Fund Dealer Members that comply with higher financial standards and requirements associated with these activities,
- principal-based requirements for business conduct that allow Dealer Members flexibility in achieving regulatory obligations,
- clarifying applicable requirements when using automation or delegation and providing flexibility to Dealer Members in respect of these activities.

## **5.2 Investor Impacts**

We believe the consolidated Proposed CIRO Rules would have strong positive impacts on investors. For example, the Proposed CIRO Rules:

- impose consistent financial solvency measures on Dealer Members that reduces the likelihood of Dealer Member insolvency,
- expand the ability for clients to open margin accounts at Mutual Fund Dealer Members that choose to offer the service,
- harmonize Membership disclosure requirements to clients, including maintaining the requirement to include the CIRO logo on account statements,
- streamline CIRO's approval process and proficiency standards across Dealer Members, ensuring all clients are serviced by Approved Persons who are subject to consistent training and experience,
- impose more comprehensive requirements relating to business conduct,
- impose more comprehensive and consistent internal investigation and complaint handling requirements,
- impose consistent and uniform client reporting practices,

- prohibit Dealers from hiring individuals who are subject to a ban or suspension that could be relevant to client-facing responsibilities.

### **5.3 CIRO Impacts**

We believe the consolidated Proposed CIRO Rules would have strong positive impacts on CIRO although, similar to Dealer Members, CIRO may have short-term transitional impacts to update systems, policies and procedures. For example, the Proposed CIRO Rules:

- create consistencies and efficiencies for back-end processes by harmonizing, and ultimately streamlining, the distinct processes under the separate IDPC Rules and MFD Rules,
- introduce additional efficiencies and reduce administrative burdens by expanding flexibility of certain exemptions and eliminating non-material review processes.

### **5.4 Regional Impacts**

Mutual Fund Dealers in Quebec that are currently subject to NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* may have additional impacts due to the differences between NI 31-103 and the Proposed CIRO Rules. We have included references to NI 31-103 in the table of concordance to assist these Dealers with identifying these impacts. No other regional effects have been identified.

### **5.5 Overall Impact Analysis of the Rule Consolidation Project**

In developing our revised proposals for this publication, we considered consultation feedback regarding the impact of our proposals on industry participants. In revising our proposals from Phases 1 to 5 of the Rule Consolidation Project, we carefully considered wherever our proposals to harmonize the applicable regulatory standard impact certain Dealer Members in a way that results in a higher regulatory standard or significant operational impact. In many examples of such impacts, we have consequently modified our previous proposals to reflect the project principles of scalability and ‘right-sizing’ regulatory requirements.

As such, we emphasize that wherever our proposals in this publication result in these significant operational impacts or elevated harmonized regulatory standard, we believe that the appropriate regulatory standard has been applied to ensure that our mandate in the interest to other kinds of industry participants, such as investors, are also fairly reflected. Ultimately, we concluded that any temporary and ongoing negative impacts were outweighed by strong positive impacts of the Proposed CIRO Rules on all industry stakeholders.

Lastly, while there may be some negative impacts to Mutual Fund Dealer Members, and in more limited instances to Investment Dealer Members, many of these impacts are short-term, as they relate to requirements to develop new policies, procedures and internal systems. Once developed, the existence of harmonized industry infrastructure and regulatory expectations will be net positive for the industry as a whole.

## 6. Implementation

We propose an implementation period of 18 months for the CIRO Rules, except for sections noted in 6.1 and 6.2 below.

Commenters requested a range of implementation periods for various requirements. We propose to establish a timeline that accommodates the various impact areas, minimizing the need for multiple staggered implementation dates that could lead to confusion. We believe 18 months is sufficient for Dealer Members and other stakeholders to make appropriate operational and procedural adjustments to comply with CIRO Rules. This timeline is intended to provide adequate time for transition without significantly delaying implementation. Also, the implementation period of 18 months aligns with the transition period for Quebec Mutual Fund Dealers as proposed by the AMF. Aligning these transition periods allows the CIRO Rules to become effective for all impacted dealers at the same time.

All existing MFD Rules and IDPC Rules would be repealed as of the implementation date.

We understand Mutual Fund Dealer Members need additional time for their auditors and certain Approved Persons to meet proficiency requirements, so we have proposed an extended transition period as described in 6.2 below. As explained in the Phase 5 Bulletin (25-0080), we have also proposed including adjustments to the calculation risk adjusted capital within the CIRO Form 1 which allows a transition period for adoption of certain components of the RAC calculation for Mutual Fund Dealer Members.

### 6.1 Immediate implementation for certain requirements

We propose an immediate implementation of the procedural enforcement rules in Series 8000 upon approval. We believe immediate implementation of these rules is appropriate given the following rationale. There are numerous material inconsistencies between the IDPC Rules and the MFD Rules regarding procedural enforcement requirements. For example, these two sets of rules provide different requirements for the following topics:

- The MFD Rules do not require reasons for a settlement agreement whereas IDPC Rules do
- The MFD Rules have a limitation period of 5 years whereas the IDPC Rules have a limitation period of 6 years
- The IDPC Rules provide for additional sanctions not reflected in the MFD Rules (such as a permanent bar to CIRO approval or employment in any capacity) and a broad category of “any other sanction determined to be appropriate”
- The MFD Rules do not explicitly provide for temporary and protective orders and instead provide for applications in exceptional circumstances, whereas IDPC Rules do
- The MFD Rules allow for one-, two- or three-member hearing panels, whereas the IDPC Rules only allow for one- or three-member hearing panels
- MFD Rules require a witness to testify under oath or affirmation while the IDPC Rules do not

We believe there is significant benefit to aligning the enforcement procedural rules as soon as possible. Firstly, and most importantly, Dealer Members and Approved Persons should be

subject to one set of consistent procedural enforcement rules, as this ensures consistent treatment of every person who enters the disciplinary process. For example, there are some Approved Persons and Dealer Members who are currently subject to two different procedural rules. In this instance, a Notice of Hearing has reference to two different sets of procedural rules. This is unduly confusing and burdensome for Dealer Members, Hearing Panels, and Approved Persons alike.

Secondly, the proposed procedural enforcement framework will be more efficient for Dealer Members, CIRO, investors, and Hearing Panels alike once streamlined across proceedings. This allows resources expended on enforcement procedures to be used more efficiently than toggling between two distinct processes, which is a significant undertaking for Hearing Panel participants.

Lastly, we do not expect any significant operational impacts or costs to Dealer Members despite immediate implementation of the procedural enforcement rules. While Mutual Fund Dealer Members may want to update their policies and procedures to reflect these changes for reference, all of the operational impacts effected by these new rules are borne by CIRO. As such, unlike other proposed rule series where Dealer Members are required to make operational changes and thus require a deferred implementation period, we do not see a need to defer the implementation of these procedural rules.

## **6.2 Extended implementation for Mutual Fund Dealer Members' CFOs and auditors, and other proficiency related transitional measures**

Since there is currently no requirement that a Mutual Fund Dealer Member must have a CFO, nor any specific proficiency requirements set out under the MFD Rules nor NI 31-103 for these CFOs, we recognize that Mutual Fund Dealer Members may need additional time to hire appropriate individuals who meet the proficiency requirements and apply for them to be Approved Persons, pursuant to the Proposed CIRO Rules. Therefore, we propose that Mutual Fund Dealer Members must have a qualified CFO within a 2-year implementation period from the publication of the approved CIRO Rules.

Regarding the proficiency requirements, under Proposed CIRO Rule 2600, we propose that the same proficiency requirements apply to Approved Persons across Dealer Members (except for certain carve-outs, as detailed in section 3.3.3 c) of this Bulletin). Existing Approved Persons of Mutual Fund Dealer Members will be grandfathered from new proficiency requirements, except from the requirement to complete conduct training. Mutual Fund Dealer Members' Approved Persons subject to this requirement will have a 2-year period from the publication of the approved CIRO Rules to complete this requirement. (*CIRO Rule subsections 2625 (3) and (4) and subsection 2604(2)*)

As well, individuals enrolled in prescribed courses prior to the coming into force of the CIRO Rules will be allowed to satisfy the proficiency requirements in the MFD Rules, provided they complete the exams and apply for approval within a 2-year period from the publication of the approved CIRO Rules. (*CIRO Rule subsection 2629(2)*)

We propose to adopt the IDPC Rule provisions relating to the approval of panel auditors, to ensure a consistent level of financial subject matter expertise across Dealer Member auditors given the specialized knowledge required to audit the CIRO Form 1. We acknowledge commenters' feedback supporting an extended transition period for Mutual Fund Dealer auditors to meet the panel auditor requirements. We understand auditors may need additional time to attend the required course and enhance their expertise. We propose that Mutual Fund Dealer Members have an approved panel auditor within 2 years of the publication of the approved CIRO Rules.

## 7. Questions

While comment is requested on all aspects of the Proposed CIRO Rules, comment is also specifically requested on the following question:

### Question #1 – Implementation approach

Are there any additional rules that should be considered for extended implementation?

### Question #2 – Proficiency for Mutual Fund Dealer Member Supervisors

As set out in section 3.3.3 of this bulletin, we have assessed the Supervisor proficiency requirements under the Proficiency Model to also be appropriate for Supervisors of Mutual Fund Dealer Members. We reiterate that the exam(s) are based on competencies that will be carried under the Proposed CIRO Rules and are not intended to be product-specific. Materials are available for Dealer Members' review [here](#).

Do commenters agree or disagree that these exam(s) are appropriate to assess the proficiency of Supervisors of Mutual Fund Dealer Members? If so, which materials/topics specifically do not appear to be appropriate?

### Question #3 – Feedback regarding impact of new or amended requirements for Mutual Fund Dealer Members

We recognize that Mutual Fund Dealer Members may require material changes to their governance, operations, policies and procedures and resourcing requirements under the Proposed CIRO Rules. We have proposed what we believe are substantial mitigation factors in helping Mutual Fund Dealer Members to ingest these changes, including but not limited to extended transition periods, grandfathering and other approaches to reduce the impacts to Mutual Fund Dealer Members.

Further, in many cases, we have outlined in our proposals where Mutual Fund Dealer Members' existing business or compliance framework meets the spirit of the more principle-based Proposed CIRO Rules. In such cases, we expect that updates will need to be made to policies and procedures, but not result in extensive operational changes.

With this in mind, are there any key impacts to Mutual Fund Dealer Members that we have not considered and which would prohibit such Dealer Members from being in a position to comply with the requirements by the coming-into-force date (and applicable transition period deadlines)? If so, what are these impacts? We are particularly interested in understanding operational impacts and/or impacts that could be cost-prohibitive to implement in the proposed timeframe.

#### Question #4 – Overall feedback

Now that we have consolidated all five previous publication phases, and revised our proposals according to stakeholder feedback, do you have any overall feedback on the Proposed CIRO Rules?

Are there any requirements in which you believe the interests of Dealer Members, the capital markets, and the public interest have not been fairly balanced?

## 8. Policy Development Process

### 8.1 Regulatory Purpose

We took the public interest into consideration when developing the Proposed CIRO Rules. We believe the Proposed CIRO Rules achieve their intended objective of ensuring that like dealer activities will be regulated in a like manner while minimizing regulatory arbitrage between Investment Dealers and Mutual Fund Dealers.

We also believe the Proposed CIRO Rules will foster public confidence in capital markets by ensuring all CIRO Dealer Members will be held to standards of conduct that foster fair, equitable and ethical business standards and practices.

### 8.2 Regulatory Process

The Board of Directors of CIRO (**Board**) has determined the Proposed CIRO Rules to be in the public interest and on January 21, 2026, approved them for public comment.

The Proposed CIRO Rules combine feedback received throughout Phases 1 through 5 of the Rule Consolidation Project, alongside input gathered during consultations on the Proposed CIRO Rules. We consulted with a broad range of stakeholders to ensure the rules reflect industry realities, investor protection priorities, and operational feasibility.

Specifically, we engaged with the following CIRO stakeholders on this matter:

- Investor Advisory Panel (IAP),
- Conduct, Compliance and Legal Advisory Section (CCLS),
- Financial and Operations Advisory Section (FOAS),
- National and Regional Councils,

Panel Auditor's Committee,

Form 1 Consultation Group including Mutual Fund Dealer Member and Investment Dealer Member representatives,

Hearing Committees,

Ad-hoc committee comprised of Mutual Fund Dealer Members.

### 8.3 CIRO advisory committee feedback

The overall feedback received in the consultation process relating to Phases 1-5 were outlined in those respective publications.

In respect of this publication, our proposals and consultations (which focused on any material changes to the proposals we suggested in previous phases and any net-new changes being proposed for the first time) we received the following feedback:

- **Positive feedback:**
  - **Reporting and Handling of Complaints, Internal Investigations and Other Reportable Matters (Rule 3800)** – Some members of the CCLS sub-committees expressed support for the revised scope of the definition of serious misconduct, which has been narrowed since our earlier proposal in Phase 5, given that this definition informs the reporting, investigations, and complaint handling triggers (Proposed CIRO Rule 3702). They also supported our proposal to provide guidance that would clarify a 7-year limitation period on complaints filed by former clients, which aligns with general record retention periods, which will be articulated in Guidance.
- **Negative feedback:**
  - **Shared Office Premises** - An IAP member expressed concern that the proposed removal of the shared office signage requirement (IDPC Rule section 2217) may lead to client confusion. We acknowledge this concern and expect that potential confusion concerns will be addressed by Dealer Members through various disclosure means and clear client communication.
  - **Reporting and Handling of Complaints, Internal Investigations and Other Reportable Matters (Rule 3700)** – IAP members reiterated their view that CIRO should reduce the mandated time in which Dealer Members must provide a substantive response to complainants from 90 to 60 days, to align with recently enacted AMF regulation (Proposed CIRO Rule 3756). However, we believe that our proposal strikes the appropriate balance between clients' interests and providing adequate time for Dealer Members to thoroughly investigate and address a complaint.
  - **Proficiency requirements of individuals currently exercising the role of branch managers at Mutual Fund Dealer Members registered in Québec (Rule 2600)** – A CCLS subcommittee member raised concern regarding the grandfathering for individuals who currently act in the role of branch managers in the absence of a requirement to have branch managers under the current regulatory framework in

Québec. As described above, we intend to allow for grandfathering under similar conditions as set out in Proposed CIRO Rule subsection 2625(3), and to provide for further measures to minimize additional regulatory burden where these requirements are not met. We will publish more details regarding this process in implementation bulletin for this project.

- **Electronic delivery of client documentation (Rule 3800)** – FOAS committee members generally recognize the benefits of electronic delivery; however, some raised that the choice of delivery format should be left to Dealer Members and their client rather than mandated in the rules. They also raised concerns about challenges associated with transitioning to the default electronic delivery model, including system and operational enhancements, client resistance and communication barriers, and inconsistencies with other legislation. While we acknowledge these concerns, we believe they are primarily short-term and transitional in nature. To support Dealer Members during implementation, CIRO plans to issue guidance related to transitioning clients to facilitate a smooth transition to default electronic delivery.
- **Enforcement procedural rules (Rule 8000)** – Some Hearing Committees expressed a preference for the MFD Rules' current requirement for witnesses to testify under oath or affirmation. We acknowledge their concern but reiterate that the Proposed CIRO Rules reflect the current IDPC Rule, which is in line with administrative law principles and legislation. The Proposed CIRO Rules provide Hearing Panels with the required latitude to require oaths or affirmation, where warranted.

## 9. Appendices

[Appendix 1](#) - Proposed CIRO Rules (clean)

[Appendix 2](#) - Proposed CIRO Rules blackline to previous published phases

[Appendix 3](#) - Proposed CIRO Rules blackline to the current IDPC Rules

[Appendix 4](#) - Proposed CIRO Form 1 (clean)

[Appendix 5](#) - Proposed CIRO Form 1 blackline to Phase 5 Form 1

[Appendix 6](#) - Proposed CIRO Form 1 to the current IDPC Form 1

[Appendix 7](#) - Proposed CIRO Rules Table of Concordance

[Appendix 8](#) - Proposed CIRO Rules Impact Analysis

[Appendix 9](#) - Combined Summary of Comment Letters (Phases 1-5) and updated CIRO Responses

[Appendix 10](#) - CIRO Membership Disclosure Policy (as required under CIRO Rule section 2285)

[Appendix 11](#) - Investor Application Form (as required under CIRO Rule section 2107)

[Appendix 12](#) - Cross-Guarantee Agreement Form (as required under CIRO Rule section 2206)

[Appendix 13](#) - Derivatives Disclosure Statement (as required under CIRO Rule section 3251)

[Appendix 14](#) - Monthly Supervision Report (as required under CIRO Rule section 3947)