

March 19, 2026

**26-0057**

Rules Bulletin > Implementation Bulletin

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Rule Connection: MFD Rules

*Division:* Mutual Fund Dealer

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**Disgorgement – Amendments to the Mutual Fund Dealer Rules****Executive Summary**

The Canadian Investment Regulatory Organization (CIRO) is amending section 7.4.1 of the Mutual Fund Dealer (MFD) Rules to specifically provide for disgorgement, in order for the MFD Rules to conform with the Investment Dealer and Partially Consolidated (IDPC) Rules (the “Amendments”).

The Amendments will be effective April 1, 2026, as indicated in section 4 of this bulletin.

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## 1. Background

The Amendments are necessary for CIRO to implement its Disgorgement Distribution Proposal.

On February 1, 2023, CIRO (under its previous name, New SRO) published for public comment a proposal to distribute funds disgorged and collected through CIRO disciplinary proceedings to harmed investors, in order to offset some of their losses (the [Disgorgement Distribution Proposal](#))<sup>1</sup>.

On October 21, 2024, CIRO republished the unamended Disgorgement Distribution Proposal with an impact assessment, added clarifications and further details in its responses to the public comments, and included an updated list of consultation questions<sup>2</sup>. One question specifically addressed the application of the Disgorgement Distribution Proposal to clients of all CIRO Dealer Members, i.e., the clients of all investment dealers, mutual fund dealers and dual-registered dealers regulated by CIRO. All commenters who responded to this question agreed that the Disgorgement Distribution Proposal should apply to all CIRO Dealer Members, as it would show CIRO's commitment to protecting investors regardless of where they invest, and would strengthen public confidence in the regulatory system. One commenters called for the expedited implementation of this specific point.

In light of these comments, CIRO decided to implement its Disgorgement Distribution Proposal on April 1, 2026, rather than awaiting the finalization and implementation of the proposed CIRO Rules.

To clarify the application of the Disgorgement Distribution Proposal to encompass Mutual Fund Dealer Members and their Approved Persons, CIRO proceeded with the publication for comment of the Amendments on August 21, 2025, in [Rules Bulletin 25-0218](#).

## 2. Comments received

We received 11 comment letters in response to Bulletin 25-0218. We provide a summary of these comments and our response in Appendix C.

## 3. The Amendments

The Amendments harmonize the drafting across the separate rule sets that apply to Investment Dealer Members and Mutual Fund Dealer Members by replicating the same provision that currently exists in IDPC Rules sections 8209 and 8210 and mirroring that drafting in sections 7.4.1.1(b) and 7.1.1.2(b) of the MFD Rules. As a result, the Amendments to the MFD Rules clarify that CIRO hearing panels can order disgorgement under both rule sets.

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<sup>1</sup> *Proposal on Distributing Funds Disgorged and Collected through New SRO Disciplinary Proceedings to Harmed Investors*, published on February 1, 2023, as [Notice 23-0010](#).

<sup>2</sup> *Distributing Funds Disgorged and Collected through CIRO Disciplinary Proceedings to Harmed Investors (Phase II)*, published on October 21, 2024 as [Notice 24-0290](#).

#### **4. Implementation**

The Amendments will be effective on April 1<sup>st</sup>, 2026.

#### **5. Appendices**

[Appendix A](#) – Proposed Amendments to MFD Rules (clean)

[Appendix B](#) – Proposed Amendments to MFD Rules (blacklined)

[Appendix C](#) – Summary of and Responses to public comments received