

June 25, 2025

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Re: Rule Consolidation Project – Phase 5

We are pleased to provide comments on behalf of IG Wealth Management (“IGWM”) in response to the Canadian Investment Regulatory Organization’s (“CIRO”) request for comments on the Rule Consolidation Project – Phase 5 (the “Proposed DC Rules”).

Our Company

IG Wealth Management is a diversified financial services company and one of Canada’s largest managers and distributors of mutual funds, including the exclusive distributor of its own products. We carry out our distribution activities through our subsidiaries Investors Group Securities Inc. (“IGSI”), our investment dealer, and Investors Group Financial Services Inc. (“IGFS”), our mutual fund dealer, both of which are members of CIRO. We are committed to comprehensive personal financial planning delivered through long-term client and advisor relationships. The company provides advice and services through a network of advisors located across Canada to over one million clients. We currently have approximately 3,300 advisors registered with CIRO, located across 52 regional offices spanning all provinces throughout Canada. IG Wealth Management has over \$141.5 billion in assets under advisement as of March 31, 2025. We are part of IGM Financial Inc., which is a member of the Power Corporation of Canada group of companies.

As approved by CIRO, effective July 1, 2025, IGFS and IGSI will merge into a single entity that will be named IG Wealth Management Inc. IG Wealth Management Inc. will be a dual registered dealer and operate as an investment dealer with a dedicated mutual fund division.

General Comments on the Proposed DC Rules

As stated in our previous responses to the Rule Consolidation Project (Proposed DC Rules)¹, IG Wealth Management continues to support CIRO's efforts toward rule consolidation. We strongly believe that CIRO's efforts will increase efficiencies and create positive change for investors. In particular, we support regulating like activities in a like manner, and regulation that will adapt to evolving business models to meet the changing needs of investors. While we see many benefits for all stakeholders in the Proposed DC Rules, we have also identified some topics that we strongly believe requires additional consideration. For ease of reference, we have compiled our key comments from Phases 1-4 of the Proposed DC Rules in Appendix "A".

We have chosen to highlight a few of these topics, before commenting on the Proposed DC Rules:

Managed Accounts

IG Wealth Management remains disappointed with CIRO's decision not to proceed with allowing mutual fund dealers the ability to offer managed accounts, as outlined in the Proposed DC Rules section on "Decisions on significant differences with potential material impact to stakeholders". We remain very supportive of the democratization of products and services for mutual fund dealers and their clients and believe these account types can be in the best interests of clients. Today, regulatory relief enables a similar outcome for clients of mutual fund dealers by offering asset manager discretionary managed portfolios². The same policy rationale would apply to managed accounts, which can be introduced for products consistent with a mutual fund advisors' license. We look forward to the opportunity to comment on a more fulsome consultation on this topic in the near term.

Dual Registered Dealers

None of the Proposed DC Rules to date have referenced the potential impact of the Rule Consolidation Project on dual registered dealers. Where a dual registered dealer has received regulatory relief to continue to comply with MFD Rules in its mutual fund division, and under the Proposed DC Rules there will remain a distinction between the requirements, we adamantly believe these dealers must be permitted to continue to rely on existing relief and apply the rule applicable for a mutual fund dealer. For example, the cadence of account statements differs between the IDPC and MFD Rules and the Proposed DC Rules would maintain those differences. We submit a dual registered dealer that received regulatory relief by CIRO should be allowed to continue to provide statements in its mutual fund division, in the same cadence as the rules specify for a mutual fund dealer. Dual registered dealers are an output of the creation of CIRO, which has as an objective to enhance efficiencies and effect positive change for investors. The Proposed DC Rules, in our view, must not disadvantage such dealers by leaving it unclear or worse, by revoking reliance on recently granted regulatory relief in the absence of a change in the underlying policy rational that led CIRO to grant such relief.

General Comments on the Proposed DC Rules

In addition to our comments on the specific Consultation Questions outlined below, we would like to highlight the following key comments with respect to Phase 5 of the Proposed DC Rules:

¹ See responses: December 18, 2023 ("Phase 1"), March 11, 2024 ("Phase 2"), July 17, 2024 ("Phase 3"), and February 4, 2025 ("Phase 4").

² See relief granted by the CSA in 2020 [Investors Group Financial Services Inc. and Investors Group Securities Inc. | OSC](#)

Client Complaints

We strongly encourage CIRO to remove references to employees in the Proposed DC Rules 3710 and 3711 as we do not believe it is appropriate to include employees who are not registrants or Approved Persons in these reporting requirements.

Every Dealer Member already has sufficient obligations to oversee employees, in addition to employment laws and HR policies that that apply to conduct matters. In addition, many Dealer Member employees have no access to client information whatsoever, or capital market systems, nor are these employees' client facing. Given this, for the Dealer Member to have reporting obligations to CIRO with respect to an employee's financial solvency for example, is entirely inappropriate in our view and it is further not clear what investor protection policy would be realized. Further, we believe the Proposed DC Rules would be administratively burdensome to operationalize and monitor for larger Dealers Members. For the reasons outlined, we strongly encourage CIRO to reconsider this approach. We expressed similar concerns in our response to Phase 4, with respect to the proposed expansion of personal financial dealing obligations to employees.

We support the proposed principled approach for how Dealers are to conduct internal investigations, as opposed to incorporating the more prescriptive approach from the MFD Rules. It was noted that guidance will be provided, and we would encourage CIRO not to indirectly impose requirements through guidance and continue to provide flexibility.

Client Reporting

We enthusiastically support electronic delivery of client statements, trade confirmations and other required reports as the default format for client communications, however, we believe such requirements should reflect limitations imposed by other securities or applicable laws, such as NI 11-201 and recorded client preference.

Privacy Incident Reporting

In order to avoid duplicative reporting and uncertainty in the reporting standard, CIRO should revise Rule 3712(2) to require reporting only when the Dealer Member is required to report to a privacy commission under applicable provincial privacy legislation. CIRO should not introduce a new standard for when privacy reporting is required that differs from provincial requirements. Further, Dealer Members should be able to report via Comset, unless the privacy report is already included in other CIRO reporting, such as cyber security reporting.

Continuing Education

We agree with the approach CIRO has taken to maintain the current IDPC and MFD rules for continuing education, given the extensive consultation process that is still underway.

Consultation Questions Responses

Question 1 – Definition of “complaint”

The proposed definition of “complaint” includes current and former clients. Should “prospective clients” also be included, as they are in the current MFD Rules? Do “prospective clients” generate a significant number of substantive complaints that present a material regulatory concern, rather than just service issue?

We support CIRO's proposed definition of complaint for the Proposed DC Rules. We believe current and former clients are the appropriate parties through which formal CIRO complaint process should be engaged.

With respect to former clients, we recommend civil litigation statute of limitation periods apply for Dealer Members having an obligation to open a formal complaint process. Of note, record retention periods and privacy law best practices would have Dealer Members destroy confidential information upon the expiry of record retention periods.

Question 2 – Definition of “serious misconduct”

Does the proposed definition of “serious misconduct” cover the appropriate elements that should be reported, investigated, and dealt with in respect of complaints?

Should the definition encompass conduct that harms the Dealer, even where that harm *does not* pose a reasonable risk of material harm to clients or the capital markets, nor result in material non-compliance with applicable laws?

In general, we believe the proposed definition of “serious misconduct” is appropriate. One exception is item (ii) of DC Rule 3702(1), which would require reporting in instances where there is “non-compliance with any applicable laws that are applicable to the Dealer Member related activities”. In our view, this is overly broad and will be challenging for Dealer Members to ascertain what non-securities related laws or regulations may be applicable and lead to over or underreporting. Accordingly, we recommend this section be deleted.

Additionally, we do not believe that the definition of “serious misconduct” should be expanded to include conduct that harms the Dealer but does not pose reasonable risk of material harm to clients or the capital markets, nor result in material non-compliance with applicable laws. It is our view that the limited time and resources of CIRO should be focused on investor protection and broader capital market risk matters.

We found the Comparison Table in Appendix 6 of the Proposed DC Rules to be helpful, and we encourage CIRO to incorporate it as guidance or in a future bulletin to assist Dealer Members in understanding the scope of the requirements.

Question 3 - Definition of “non-reportable complaints”

Is the definition of “non-reportable complaints” appropriate to minimize reporting where there is no material risk of harm to clients or the capital markets, or instances of non-compliance, while still ensuring that material complaints are addressed?

We believe the definition of “non-reportable complaints” in Proposed DC Rule 3702 is vague and will cause uncertainty amongst Dealer Members. The new definition of “Non-Reportable complaints” does not explicitly exclude service complaints, and now it is not clear if there may be instances where a client complaint related to service levels could be reportable.

The current IDPC Rule 3703(2) is, in our view, much clearer, noting that all client complaints except service complaints are reportable. We strongly encourage CIRO to revise the definition to include a carve out for service complaints.

Question 4 - Time limit to provide a substantive response letter

Is the 90-day time limit to provide a substantive response letter to a complainant appropriate?

IG Wealth Management strongly supports maintaining the 90-day time limit in order to facilitate providing a substantive response letter to a complainant. We understand the desire for a prompt response and resolution for clients, however we strongly believe that this needs to be balanced against providing Dealer Members sufficient time to meaningfully investigate a complaint and compose a substantive response letter. This time-limit better allows complaints to be appropriately addressed without the need for follow up letters to address matters that the time-limit did not permit to be fully examined.

In this rare instance, we do not support harmonization with the Autorité des marchés financiers (“AMF”) rules which have a 60-day time limit. The AMF requirements will have only gone into effect as of July 1, 2025, and it is still not clear if the reduced timeline will be achievable. On this topic, we strongly encourage CIRO to align with the CSA’s 90-day time limit guidance set out in Section 13.15 of CP 31-103.

Question 5 - Time limit applicable to internal dispute resolution

No comment.

Question 6 – Client Reporting

Do you agree with our assessment of the areas where the proposed harmonization is consistent with current requirements and Dealer practices?

We generally support CIRO’s client reporting proposals and appreciate the effort to clarify Dealer Members’ reporting obligations.

Question 7 - Use of free credit client cash

Is it appropriate to extend the ability to use free credit client cash to level 3 mutual fund dealers in addition to level 4 mutual fund dealers?

No comment.

Question 8 - Transition period for Form 1 capital formula and provider of capital charge

Is the phased approach we propose, for mutual fund dealers to adopt the new DC Rules Form 1 capital formula and the provider of capital concentration charge, an appropriate approach and transition period?

We fully support the proposed phased approach outlined in the Proposed DC Rules. IG Wealth Management appreciates CIRO’s recognition of the significant negative financial impact that the proposed formula changes can have on some mutual fund dealers. We believe it is important to allow those impacted Dealer Members with sufficient time to modify their accounting practices and reduce the financial impact of moving to the IDPC Form 1 capital formula. CIRO did not identify any investor protection concerns with respect to this proposal, and we believe it is important to further highlight that there will be no change to risk relating to client assets during this phased in approach.

Question 9 - Transition period for mutual fund dealers’ auditor approval

Should the proposed requirements for approval of mutual fund dealers’ auditors as panel auditors be subject to an extended transition period beyond the general effective date for the DC Rules, and if so, what is an appropriate extended transition period?

While this proposal does not directly impact IG Wealth Management, we support an extended transition period for mutual fund dealers who have to transition to new auditors.

Question 10 - Form 1 schedules

Where we have proposed separate schedules for mutual fund dealers and investment dealers in the new DC Rules Form 1 (e.g. client trading accounts, broker trading accounts, FX margin, concentration etc.), are these separate schedules appropriate or should we consider one combined schedule for both mutual fund dealers and investment dealers?

We believe a combined schedule is preferable that denotes what sections are applicable to the Dealer Member type.

Question 11 - Concentration for diversified investment products

The current concentration schedule allows Dealers to look through to underlying securities where the concentrated product is a broad based index. Does the proposed change allowing this approach on a broader basis to diversified investment products such as mutual funds that have a basket of underlying investment products (not including derivatives) provide sufficient operational flexibility to Dealers in managing potential concentration exposures? Or, should we consider excluding these types of fund products from concentration testing based on their risk profile?

We support providing Dealer Members this optionality.

Question 12 - Transition period for counterparty margin

To what extent is it appropriate to apply a phase-in approach for mutual dealers to adopt the counterparty margin requirements for acceptable counterparties and regulated entities? What is an appropriate extended transition period?

No comment.

Question 13 – Rule Consolidation Project

Considering all the phases of this project, are the proposed DC Rules aligned with the objectives of the project? To what extent have the proposed DC Rules introduced excessive regulatory burden?

In general, the proposed DC Rules are aligned with the objectives of this project. Rule harmonization is a significant undertaking and there is a balance required between harmonization and preventing imposing new regulatory burdens on dealers where rule differences can achieve the same positive investor protection outcomes.

As noted above, however, we have identified some important aspects of the Proposed DC Rules that we strongly believe requires additional consideration in order to not disproportionately cause regulatory burden to mutual fund and dual registrant dealers. For ease of reference, Appendix A sets out our comments from the previous Phases of the Rule Consolidation Project. While we support the objective of rule harmonization, we adamantly believe there are instances where differences are appropriate. We urge CIRO to consider the comments we have raised in this letter, and the issues we identified in Phases 1-4, set out in Appendix A

Conclusion

Thank you for the opportunity to provide comments on the Proposed DC Rules. In addition, we appreciate that CIRO has incorporated industry feedback into this process and will be releasing the complete set of the Proposed DC Rules for review. It is crucial for firms to have the opportunity to review the complete set of Proposed DC Rules to better understand the overall changes and implementation timeframe needed. We believe additional time is warranted for responses to this re-publication and recommend a timeline of at least 120 days.

We would be pleased to engage further with you on this important initiative. Please feel free to contact Adrian Walrath at Adrian.walrath@ig.ca or me if you wish to discuss our feedback further or require additional information.

Yours truly,
IG WEALTH MANAGEMENT

A handwritten signature in blue ink that reads "R. Goldberg". The signature is fluid and cursive, with the first letter of each word being capitalized and larger than the others.

Rhonda Goldberg
Executive Vice President, General Counsel
IGM Financial Inc.

Appendix "A"

IG Wealth Management would like to highlight some key comments from our Phase 1-4 responses to the Proposed DC Rules. Some comments are specific to our firm, others are observations on behalf of other mutual fund dealers. We believe it is important to ensure that rule harmonization does not unnecessarily increase the regulatory burden on mutual fund dealers and we strongly encourage CIRO to consider this input moving forward.

Phase 1

Delegation - We believe that CIRO should generally permit the use of delegation, subject to specific prohibited exceptions itemized in the rules.

Exemptive Relief - We support CIRO's proposal to permit the CIRO Board to grant group exemptive relief. In addition, we believe that CIRO Staff should have powers delegated to them to be able to grant certain exemptive relief.

Phase 2

Best Execution – We note that the extension of best execution rules to ETFs may require system enhancements for mutual fund dealers and that an appropriate implementation period will need to be provided.

Debt Securities - We support CIRO's decision not to extend transaction reporting for debt securities to mutual fund dealers at this time. We continue believe more extensive consultation on the potential impact is required.

Phase 3

Cross-Guarantees – While we support the requirement for dealer members to execute cross-guarantees amongst related companies, we strongly believe that cross-guarantees should be explicitly limited to downstream related companies that are involved in decision making related to each other's business and affairs. As currently drafted, the cross-guarantee requirement may extend to instances when there are affiliated public companies that have a common controlling shareholder but are not involved in decision-making related to the dealer member subsidiaries of the other public company.

In addition, we continue to strongly recommend that CIRO revisit the 20% common ownership threshold of the cross-guarantee requirement. In our view, the current threshold is too low to appropriately capture instances when the same shareholder has a sufficient ownership position to influence or be involved in decision-making at multiple dealer members. Instead, the threshold of 20% can act as a disincentive to a dealer member or its significant shareholder making investments in another dealer member, which can impede a dealer member's ability to raise capital and/or make significant investments.

Arbitration Program – We continue to advocate for additional consultation before mandating the use of CIRO's arbitration program for all Dealer Members. The effectiveness of the program should be considered, and its role in comparison to OBSI's function.

Phase 4

Proficiency – With respect to changes to MFD requirements, we encourage CRO to consider a broad definition of relevant experience when considering proficiency to ensure the Proposed DC Rules do not unnecessarily reduce the availability of qualified executives to serve in the financial industry. We also encouraged CRO to permit grandfathering of existing MFD Directors into the Approved Person regime.

Registration Approvals – We encourage CRO to support the transition through bulk relief or expedited review of MFD Supervisors and the importance of ensuring it has adequate staff and resources in place for the increased registration requirements introduced by the Proposed DC Rules. We seek further transparency on the expected reviews and response times through the publication of service standards, as any delays can significantly impact Dealer Members' operations and client servicing.

Personal Financial Dealings - We strongly encourage CRO to re-evaluate the prohibition on all Dealer Member employees - including those who are not Approved Persons or in a client facing role - from accepting positions such as power of attorney, trustee, or executor, or having control over a client's affairs, as well as receiving bequests from a client's estate if they are not immediate family members. A blanket prohibition for all employees of a Dealer Member is far too broad and impractical, and it does not in our view enhance investor protection. We believe that only Approved Persons and employees with direct relationships and influence over clients should be subject to this prohibition.