



Member of Canadian Investment Regulatory Organization

June 25, 2025

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Member Regulation Policy
Canadian Investment Regulatory Organization
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Toronto, Ontario M5H 0B4

Trading and Markets
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2

Re: CIRO's Rule Consolidation Project - Phase 5 Proposed Dealer and Consolidated (DC) Rules (25-0080) issued on March 27, 2025

We appreciate the opportunity to comment on Phase 5 of CIRO's Rule Consolidation Project. We have comments regarding three separate proposed DC Rules.

Proposed DC Rules Section 3700 – Reporting and Handling of Complaints, Internal Investigations and Other Reportable Matters

We do not support the inclusion of new rules extending reporting requirements to employees of Dealer Members in the present Rule Consolidation Project. The proposed rule would involve updating numerous internal procedures, continuing education for employees, updating employment contracts, and other administrative changes. A change of this scale has broader consequences for the administrative operations of Dealer Members and merits a separate and extensive consultation process with Dealer Members. We would also request greater clarity on



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the purpose and benefits of such rules, as it is not clear how the industry would be improved particularly by proposed rule 3710 (2)(iv).

Proposed DC Rules Section 3851 – Client Account Statements

Regarding the proposed requirement to show the total market value of cash and securities of an account at the beginning of the reporting period, we suggest that Dealer Members be permitted to request an exemption for the same reasons Dealer Members are permitted to request an exemption from the total cost reporting rules.

Proposed DC Rules Section 3857 – Delivery of Documents to Clients

While we understand and support the underlying intent to align the industry with evolving global practices and the growing prominence of electronic communications, we have concerns regarding the application of the proposed rule as it is written. The benefits of setting a rule-enforced default of electronic delivery do not outweigh the potential operational challenges that Dealer Members may face. In our opinion, the transition to electronic delivery should and will occur naturally as ever more clients request the change themselves, and as each Dealer Member decides that a default of electronic delivery would make the most business sense considering the evolving preference of their client base. In other words, the transition to widespread electronic delivery will occur as client preferences naturally evolve without a rule forcing the transition.

As the proposed rule is currently written, it prioritizes one delivery method over another, instead of prioritizing effective communication with clients and client consent to a method of delivery. Dealer member firms may have hundreds or thousands of clients who have never requested a switch to electronic delivery; in fact, these clients have already consented to paper delivery. The costs and time associated with contacting every single client to set up electronic delivery, unless they request paper delivery, creates a burden that does not necessarily improve the effectiveness of the communication with clients nor put the client's interest first.

We respectfully suggest that Dealer Members be permitted to determine their own default method of delivery while receiving client consent to either the firm-chosen default or the other method. Given the option, many firms would likely choose to make the electronic delivery of documents their default, as electronic delivery is unquestionably becoming the preference of many clients. In our view, our suggestion would allow for CIRO's intended goal of transitioning to an electronic delivery default naturally while prioritizing client consent, as each firm's business models will reflect the evolving preferences of clients. In this way, CIRO's objective of



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transitioning to mostly electronic delivery would be met without a rule that could cause operational difficulties.

Should CIRO continue with the current proposed rule, we suggest that the rule should only apply to new clients as of the date that the new rules come into force. Alternatively, a transition period to allow Dealer Members time to contact each of our clients would be helpful.

We thank you for your excellent work in consolidating the two rulesets, and your consideration and attention to Dealer Members' comments on Phase 5 of the Consolidation Project

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André Zanga, FCPA
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A handwritten signature in black ink, appearing to read "Leonardo Lucia". The signature is more angular and less cursive than the one above, with a horizontal line underneath it.

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