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Canadian Investment
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de réglementation
des investissements

[September 29, 2025]

*These responses represent CIRO's view **at the time of publication**. Note that these responses will be confirmed and/or updated (as applicable) in final form alongside the republication of the entire set of Proposed DC Rules for comment.*

Comments Received in response to Rule Consolidation Phase 4 Bulletin

On October 17, 2024, CIRO issued Rules Bulletin 24-0293 requesting comments on Phase 4 of its Rule Consolidation Project rule proposals. We received 17 comment letters from the following commenters:

- Aligned Capital Partners Inc. (**ACPI**)
- Association of Canadian Compliance Professionals (**ACCP**)
- Canada Life (**Canada Life**)
- Canadian Advocacy Council of CFA Societies Canada (**CAC**)
- Canadian Bankers Association (**CBA**)
- Canadian Independent Finance and Innovation Counsel (**CIFIC**)
- Desjardins (**Desjardins**)
- Federation of Independent Dealers (**FID**)
- Groupe financier PEAK (**PEAK**)
- Investia Financial Services Inc., and iA Private Wealth Inc. (**iA Wealth**)
- The Investment Funds Institute of Canada (**IFIC**)
- Investors Group Inc. (**IGWM**)
- Investment Industry Association of Canada (**IIAC**)
- Kenmar Associates (**Kenmar**)
- MICA Capital (**MICA**)
- Primerica Client Services Inc. (**Primerica**)
- Tradex Management Inc. (**Tradex**)



These comments are publicly available on CIRI’s [website](#). We have summarized these comments and provided our responses in the table below.

Summary of Comment		CIRI Response
General Comments		
1.	Many commenters supported the overall objectives of the Rule Consolidation Project to harmonize regulations and minimize regulatory arbitrage between investment dealers and mutual fund dealers. (ACCP, FID, Primerica, IGWM, Canada Life)	We thank commenters for providing their support for CIRI’s stated objectives with respect to the Rule Consolidation Project.
2.	A few commenters appreciated the 90-day consultation period. (IFIC, IGWM) However, some commenters would like at least 90-day comment periods for all future CIRI consultations. (ACCP, IFIC, MICA, Primerica) One commenter said that the consultation period should reflect the volume of material published and should take into consideration the number of other projects. (IIAC)	We acknowledge the comment. In serving member and industry needs, CIRI aims to balance providing ample time for members and industry participants to develop meaningful comments, while ensuring that consultation periods are efficient and timely. We will continue to consider the appropriateness of a given comment period on an ongoing basis.
3.	Two commenters submitted that CIRI has not fully considered the impact of its amendments upon mutual fund dealers, citing examples such as the effect of changes that will require updating policies, procedures, training, disclosures, which will incur extra time, resources and costs. (Primerica, ACCP)	We acknowledge that these changes, like all regulatory amendments, will require time and resources. However, we remind commenters that updating these kinds of documentation as a response to regulatory changes is part of the normal course of business as a registered firm. The scale of our rating system for impact analysis (which ranges



Summary of Comment		CIRO Response
		from ‘major’ to ‘minor’ impacts) generally characterize amendments that will not require large-scale operational or technological changes as ‘minor.’
Additional account types and services we are proposing to allow mutual fund dealers to offer		
4.	Several commenters supported the expanded account types and services that CIRO is proposing to allow mutual fund dealers to offer – specifically, allowing mutual fund dealers to offer margin accounts, and to use client free credit cash balances withing their operations. (ACCP, FID, iA Wealth, IGWM)	We acknowledge the commenters’ desire to move forward with these potential proposals. Details regarding the proposed regimes have now been set out in Phase 5 of our Rule Consolidation Project (Bulletin 25-0080) .
5.	One commenter submitted that mutual fund dealers should not be able to open margin accounts until a CFO can oversee margin requirement calculations. (CIFIC)	A CFO will be required for mutual fund dealers, that offer margin accounts.
6.	With respect to proposing to allow mutual fund dealers to provide margin services, one commenter believes that the mutual fund dealer requirements (which were more prescriptive when assessing suitability of leverage) would be more appropriate for margin, given it is a high risk/high investor impact strategy. (Kenmar)	<p>We believe the proposed leverage-related suitability requirements are sufficiently prescriptive in that they require that Dealer Members have adequate policies and procedures in place:</p> <ul style="list-style-type: none"> • to assess the appropriateness of the retail client’s use of leverage strategies, • to set out the approval process for the use of leverage strategies, and • to detect and prevent leverage strategies that are unsuitable. <p>We propose to retain the approach in the IDPC Rules, which is to provide extensive</p>



Summary of Comment		CIRO Response
		and detailed suggestions as to how Dealers can comply with the Rules, in guidance.
7.	<p>One commenter believes there is an opportunity for mutual fund dealers to access managed solutions without compromising investor protection through CIRO members that operate unified managed accounts and separately managed accounts, subject to the existing regulatory obligations and proficiency requirements. (ACPI)</p> <p>One commenter strongly encouraged the CSA and CIRO to level the playing field by permitting mutual fund dealers the ability to offer discretionary and managed accounts as part of the Rule Consolidation Project, rather than a separate project. They asked for transparency as to the expected timeframe for completion. (IGWM)</p> <p>Some commenters expressed that mutual fund dealers should be able to offer OEO accounts. (ACCP, FID)</p>	<p>We acknowledge the commenters' desire to move forward with these potential offerings for mutual fund dealers.</p> <p>As discussed within CIRO Bulletin 24-0293, proposals to permit the offering of discretionary accounts, managed accounts or order execution only accounts may be considered as part of a separate policy project in consultation with the CSA.</p>
8.	<p>One commenter indicated that prior to opening an OEO account, the dealer must provide a written disclosure to the client including, among other things, a statement confirming that the dealer will not "provide any recommendations to the client." Proposed DC Rule 3241(3)(i)(a) does not account for, and is inconsistent with, the ongoing public consultation on the provision of non-tailored advice in the OEO channel. The commenter suggested defining the term "recommendation." (IIAC)</p>	<p>The public consultation regarding Non-tailored Advice in the Order Execution Only Channel (the summary page for this consultation is available here) is currently in the consultation phase. As set out in the Administrative Bulletin 24-0367, the consultation anticipates publishing proposals for revisions to Guidance Note 3400-21-003 Guidance on order execution only account services and activities ("Guidance Note re OEO Accounts").</p> <p>At this time, the consultation does not contemplate any changes to the definition of an Order-Execution Only</p>



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		<p>Account. An Order-Execution Only Account is defined in IDPC Rule clause 1201(2) as an account in which “...the Dealer Member provides no recommendation to purchase, sell, hold or exchange any security, including any class of security or security of a class of issuer, or transact in any derivative.” As set out in Phase 1 of the Rule Consolidation Project, we have proposed adopting this definition in the proposed DC Rule subclause 1201(2). As such, proposed DC Rule 3241(1)(i)(a) is not inconsistent with the publication set out above.</p> <p>Lastly, note that the meaning of “recommendation” is already defined in the Guidance Note re OEO Accounts.</p>
Delegation and automation		
9.	<p>Several commenters agreed with CIRO’s approach to delegation and automation. (ACCP, MICA, iA Wealth, FID, CIFIC, IGWM)</p> <p>However, two commenters stated that while Supervisors may comprehend the principles behind an automated task, they may not possess the expertise to replicate the intricate technological functions that underpin it. (CIFIC, CBA)</p>	<p>Our consultations generally indicated that Dealer Members who deploy automated solutions to discharge their regulatory obligations either develop such solutions internally or engage a third-party provider. In either case, the individual for whom the Dealer Member automates tasks or activities must understand how the automated solution is operating and ensure its proper performance (i.e., in a</p>



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		<p>way that is compliant with the applicable regulations, and escalate issues (regulatory, technological or otherwise), in an appropriate and timely manner, subject to the applicable requirements).</p> <p>Regardless of delegation and/or the use of automation, the responsibility for the outcome of the automated solution always lies with the regulated individual (e.g., the Dealer Member and/or its Approved Persons, as applicable according to any particular Rule).</p> <p>This requirement ensures that while the technical design (such as the specific algorithms or coding) may be handled by the firm’s technology team, the individuals for whom the Dealer Member automates tasks and activities remain responsible for understanding the system’s overall functionality. Such oversight is crucial for effective risk management and sustaining regulatory compliance.</p>
10.	<p>One commenter stated that the proposed provision relating to automation is unnecessary and contrary to CIRO’s principle that securities regulation should be technology neutral.</p> <p>They also believe proposed DC Rule subsection 3907(7) imposes a new set of obligations on Dealer Members related to automation that should be struck. (IIAC)</p>	<p>The proposed amendments to IDPC Rule section 1103 do not alter the technology-neutral nature of the proposed DC Rules.</p> <p>In response to requests for clarity regarding the use of technology to manage regulatory processes, the</p>



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		proposed amendments formally recognize the ability to use automation in the performance of functions that the Dealer Member has delegated. In proposing these amendments, we have applied the same requirements which would apply irrespective of whether the task is delegated to a natural person or an automated process.
11.	<p>One commenter encouraged CIRO to continue to consider the impact of artificial intelligence and automation and provide proactive guidelines to Dealer Members which could inform CIRO audits and future rule amendments. (IGWM)</p> <p>Another commenter encouraged CIRO to provide early guidance on the extent to which Dealer Members will have new opportunities to automate particular functions. They also recommended creating an Automation Task Force. (CBA)</p>	The appropriate use of artificial intelligence is a matter that impacts, and may present material changes to, the entire investment industry. Rules and guidance regarding the appropriate use of artificial intelligence must be developed and adopted in a manner that is consistent across regulators and registrant categories. We expect to participate in projects regarding artificial intelligence in the future.
Approved Person regime, proficiency requirements, and managing significant areas of risk		
12.	<p>Several commenters agreed with the rationale to only extend the existing CIRO approval process to apply to Approved Persons of mutual fund dealers where those categories are not subject to an underlying securities legislation registration requirement. (FID, ACCP, IGWM)</p> <p>One commenter supported the introduction of proficiency and general requirements for mutual fund dealers but recommends taking into consideration</p>	<p>We acknowledge commenters' general support for a harmonized, but not unduly burdensome (with respect to registration), Approved Person regime across Dealer Members.</p> <p>Proficiency under the Rule Consolidation Project contemplates harmonization as</p>



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	the complexity of a Dealer Member’s products to ensure proficiency is aligned with the approved products and dealer risk categorization. (iA Wealth)	between the IDPC Rule and MFD Rule regimes. The extent to which proficiency requirements may be determined according to product offerings or dealer risk categories is outside of the scope of Phase 4, and any consideration of this matter would be part of a separate project.
13.	Several commenters proposed that Approved Person titles should align with the legislation categories, including “dealing representative.” (ACCP, FID)	We acknowledge the comment and are reviewing this feedback.
14.	<p>Several commenters agreed with the proposed harmonization of the Branch Manager title into the Supervisor title and the harmonization of those proficiency requirements. (ACCP, FID, IGWM, CIFIC)</p> <p>One commenter stated that CIRO must review applicants for Supervisors for mutual fund dealers in the same way that is currently required for their counterparts at an ID. (CIFIC) One commenter recommended grandfathering proficiency and CIRO approval process for all existing Supervisors of mutual fund dealers. (Primerica)</p> <p>Two commenters stated that CIRO should not charge additional fees to review each of these new applications. (ACCP, FID)</p> <p>Another commenter suggested that CIRO allow for a bulk transfer or expedited review to facilitate these registrations, as these individuals represent existing Supervisors within an MFD that have already been reviewed by a previous regulator. (IGWM)</p> <p>One commenter noted the burden on mutual fund dealers if all collateral materials, forms and policies are required to be updated simply to account for the change in an Approved Person’s title from Branch Manager to Supervisor. They strongly recommended that CIRO allow for these updates to occur in the normal course</p>	We acknowledge commenters’ general support for the harmonization of the Branch Manager title into the Supervisor title and the harmonization of those proficiency requirements. We thank commenters for their various perspectives regarding how best to implement the harmonization of CIRO’s Approved Person regime across Supervisors of investment dealers and mutual fund dealers. The proposed implementation and operationalization of the proposed DC Rules will be communicated when we republish the entire Rulebook for comment.



Summary of Comment		CIRO Response
	(i.e., at the next cycle for the delivery or update of such materials) rather than within a prescribed time period. (IGWM)	
15.	Several commenters supported applying the CFO requirement, including proficiency requirement, across all Dealer Members. (CIFIC, iA Wealth, CAC) However, some commenters emphasized the need to only impose the CFO requirement on mutual fund dealers where particular needs of the firm (e.g. operational, certain product offerings, complexity of the corporate structure), require it. (ACCP, CBA, IFIC)	We acknowledge the comments. We are reviewing this feedback and will address the application of the CFO requirement to mutual fund dealers in greater detail when we republish the entire Rulebook for comment.
16.	<p>Commenters agreed with the proposed introduction of the Executive category for individuals at mutual fund dealers that have authority over areas of the Dealer Member’s business that involves regulatory requirements. (ACCP, CIFIC, FID, iA Wealth)</p> <p>One commenter agreed that Ultimate Designated Person and Chief Compliance Officers should be named members of upper management. (MICA)</p> <p>One commenter recommended that the proposed definition of Executive be amended to include a materiality threshold. (IIAC)</p> <p>One commenter wanted to confirm whether the intention of proposed DC Rule sub-clause 2503(1)(i)(b) is to account for scenarios where an Executive may not be actively engaged in the operations of the Dealer Member, but occupies a position equivalent to an Executive or Director for the entire organization’s activities, including those of the Dealer Member. (Desjardins)</p>	<p>We acknowledge the comments.</p> <p>Proposed DC Rule sub-clause 2503(1)(i)(b) is intended to account for various scenarios or business models, including the scenario described.</p> <p>We agree that Executives should include individuals whose role materially relates to matters regulated by the Corporation. We will consider this feedback further and review our proposed definition of Executive accordingly when we republish the entire Rulebook for comment.</p>
17.	<p>Several commenters supported the introduction of a CIRO approval process and/or corresponding proficiencies for Directors. (FID, iA Wealth, IGWM, Tradex)</p> <p>One commenter opposed additional requirements for Directors of mutual fund dealers than what is required today by legislation. (ACCP)</p>	<p>We acknowledge the general support of applying the CIRO approval process and/or proficiencies to Directors.</p> <p>We acknowledge that the proposals present ‘additional’ requirements from</p>



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		<p>what is required by legislation for Directors of mutual fund dealers today. However, we note that the CIRO approval process and proficiencies are already required for Directors of investment dealers today. One of the primary objectives of the Rule Harmonization Project is regulating similar activities in a like manner. The comments reflect support for elevating the standard that applies to all Dealer Members to that which is laid out in the IDPC Rules today, rather than adopting the standard in the MFD Rules. The proposed extended implementation timelines and/or grandfathering to address any time and resourcing concerns regarding these proposed additional requirements for Directors of mutual fund dealers will be communicated when we republish the entire Rulebook for comment.</p>
18.	Two commenters agreed with the proposed amendment to facilitate the use of NRD by mutual fund dealers (ACCP, FID)	We acknowledge the comment.
Dealing with Clients – Conflicts of Interest		
19.	Two commenters agreed with the conflicts-of-interest policies being added to the mutual fund dealer’s policies and procedures. (ACCP, FID)	We acknowledge the comment.



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20.	<p>Three commenters supported the personal financial dealing provisions. (CIFIC, FID, ACCP, iA Wealth)</p> <p>Several commenters requested carve-outs for employees. (FID, IGWM, ACCP, ACPI, CBA, IFIC)</p> <p>Additionally, some commenters believe the Dealer Member should have some discretion to approve these cases on a case-by-case basis. (CIFIC)</p> <p>See the response to question 6 below for more comments on this topic.</p>	<p>In our rules, CIRO has identified areas of personal financial dealings that generally represent more obvious and higher risk conflicts of interest. While there may be circumstances where it is appropriate to exercise discretion, we believe having a rule of general application, and allowing for exemptive relief strikes an appropriate balance between regulatory certainty, and recognition of cases requiring relief.</p>
21.	<p>One commenter stated that the restrictions under proposed DC Rule clause 3110(2)(ii) are not reasonable. They believe since the account agreement is between the client and the Member, the resolution of the complaint is the sole responsibility of the Dealer Member. (Kenmar)</p>	<p>This provision of the proposed DC Rules reflects the fact that the responsibility for settlements ultimately resides with the Dealer Member, as all agreements made without Dealer Member's consent are prohibited personal financial dealings.</p>
Know-your-client and client accounts		
22.	<p>Several commenters agreed with most of the proposals set out under the Know-your-client and client accounts section of the Bulletin. (ACCP, CIFIC, MICA, IGWM, iA Wealth, FID)</p>	<p>We acknowledge the comments.</p>
23.	<p>One commenter recommended that CIRO adopt:</p> <ul style="list-style-type: none"> • A global portfolio approach, concentrating efforts on situations where risk rational change has a significant impact on the global risk profile of the client; • A revision of the CSA methodology in National Instrument 81-102 to better distinguish circumstantial fluctuations; 	<p>The objective of the Rule Consolidation Project is to develop a consistent CIRO rule set, generally based on existing regulation, so that like activities are regulated in a like manner. As noted, the proposed DC Rules take a principle-based approach, similar to what is currently</p>



Summary of Comment		CIRO Response
	<ul style="list-style-type: none"> • A principle-based approach allowing mutual fund dealers the flexibility to adopt their suitability processes; and • Adjust suitability criteria to position them as objectives not to be exceeded, rather than restrictive guidelines. (PEAK) 	<p>taken by the IDPC Rules. The approach to suitability is consistent with this approach, and will apply to both mutual fund dealers and investment dealers.</p> <p>The existing regulatory approach to suitability that is applicable to investment dealers is harmonized across the IDPC Rules and National Instrument 31-103. Material changes to existing approaches, including those that may require discussion with the CSA in respect of their instruments, could be considered in future projects if there is significant industry appetite and support.</p>
24.	<p>One commenter raised that DC Rule 3209(5) purports to impose obligations on certain Dealer Members with respect to their conduct as exempt market dealers. The commentator asserted that this rule is not found in the IDPC Rules, the MFD Rules, or NI 31-103, and that CIRO does not have jurisdiction over the conduct of exempt market dealers. (IIAC)</p>	<p>This provision, which currently exists as Mutual Fund Dealer Rule clause 2.2.4(f)(i), is consistent with Mutual Fund Dealer obligations in subclause 13.2(4.1)(b) of NI 31-103, which takes into account the fact that certain mutual fund dealers are also registered as Exempt Market Dealers.</p>
25.	<p>One commenter stated that the proposed change to adopt the MFD Rule to advise clients regarding unsuitable investments in a client account is unnecessary given the existing suitability provisions in the IDPC Rules and the changes that were made to NI 31-103 during the recent Client Focused Reforms. They were concerned that the proposed changes do not reflect current practices during the Dealer</p>	<p>This provision addresses a gap in the IDPC Rules, in respect of situations occurring after a suitability determination has been made, such as the transfer-in of investment products. We believe this</p>



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<p>Member's onboarding process, changes to risk ratings and unsolicited orders (such as, Dealer Members do not contact clients directly regarding suitability, which is the advisor's role). (iA Wealth)</p> <p>One commenter suggested clarifying that this requirement does not apply to OEO Dealers (CIFIC).</p>	<p>provision adds clarity in respect of such circumstances.</p> <p>The reference to 'Dealer Member' rather than 'advisor' is consistent with the language in the Rule referring to the Dealer Member rather than the specific advisor in terms of who bears the responsibility for the function. However, it should also be noted that proposed DC Rule subsection 3406(1) indicates that compliance with the suitability requirements are primarily the responsibility of the <i>Registered Representative, Portfolio Manager or Associate Portfolio Manager</i> assigned to the client account.</p> <p>Proposed DC Rule subsection 3404(1) sets out the suitability requirements that do and do not apply to OEO dealers. We noted in the course of our review that a revision is required in subsection 3404(1) to refer to clause 3402(8)(i), rather than 3402(3)(i), to continue to require OEO dealers to assess whether it is suitable for the <i>retail client</i> to continue having an account with the <i>Dealer Member</i>. We will provide this revision when we republish the entire Rulebook for comment.</p>



Summary of Comment		CIRO Response
Communications with the public		
26.	<p>A few commenters supported the proposal to adopt the IDPC approach towards review and approval of advertisements, sales communications, and client communications. (CIFIC, ACCP, Desjardins, FID)</p> <p>However, CIFIC does not believe that the additional requirement of an image such as a photograph, sketch, logo or graph, conveying a misleading impression is necessary as it is already included in the non-misleading advertisements and communication requirements that investment dealers comply with.</p>	<p>We acknowledge the comments.</p> <p>The increased specificity in clause 3602(1)(ii) is derived from the Mutual Fund Dealer Rule 2.8.2(a), and we believe it provides additional clarity, without imposing new burdens on our Dealer Members.</p>
27.	<p>One commenter stated the updated rule should include all forms of modern advisements, sales communications, and client communications, including social media. (Kenmar)</p>	<p>We believe the definitions of advertisement and client communication, as proposed in Phase 1 of the Rule Consolidation Project, includes all forms of communication of regulatory concern.</p>
Supervision		
28.	<p>Several commenters agreed with the proposal. (ACCP, CIFIC, IGWM, iA Wealth, FID, IGWM).</p> <p>However, two commenters suggested replacing the word “understands” to “has been provided with the necessary information to understand” or “has been fully informed” in proposed DC Rule 3907(7)(ii). (FID, ACCP)</p>	<p>We note that in order to be able to appropriately supervise an activity, it is appropriate that the Supervisor has an understanding of how the system that automates the process works. In order to ensure that the outcome of the automated task is consistent with expectations, the Supervisor must be fully informed of, and consequently is responsible for understanding, the key processes and functioning of such system.</p>



Summary of Comment		CIRO Response
29.	<p>One commenter requested for clarity on the application of the monthly supervision report for newly registered Approved Persons in cases where client accounts are serviced by a team of mutual fund dealing representatives. (CBA)</p>	<p>If the mutual fund dealing team servicing an account includes a newly registered Approved Person, the monthly supervision report should be conducted accordingly on the basis that the newly registered person may be the individual dealing with client issues at any point in time. As indicated in the Phase 4 Rules Bulletin 24-0293, we will discuss appropriate compliance elements in accompanying guidance.</p>
Guidance		
30.	<p>A few commenters requested for clarity regarding CIRO guidance that will be used when rule consolidation is complete. (IFIC, ACCP)</p> <p>Two commenters suggested leaving MFD Staff Notices in place until they are replaced with consolidated guidance, and that the final DC Rules should not come into force until conforming consolidated guidance is finalized after public consultation. (ACCP, Primerica)</p> <p>One commenter stated that the guidance should be published for comment before the rules are final. (CBA)</p>	<p>As with the harmonization of IDPC Rules and MFD Rules, the goal of harmonizing IIROC Guidance Notes (GN), and MFDA Staff Notices (MSN) is to develop principle-based guidance that, to the extent possible, applies to both investment dealers and mutual fund dealers, in a manner that maintains investor protection, adequately addresses identified regulatory objectives, avoids the imposition of unnecessary regulatory burden, and provides all CIRO members with an opportunity to more closely align their compliance frameworks with their particular business model.</p>



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		<p>Existing MFDA MSNs will remain effective until harmonized guidance instruments have been adopted in final form.</p> <p>We will carefully consider all stakeholder input received in respect of this matter, including submissions regarding the publication of guidance instruments for public comment.</p>
Question #1 - Definition and application of “investment product”		
31.	<p>Many commenters generally supported, or have stated that they do not oppose, the proposed definition. (ACCP, PEAK, CIFIC, IFIC, MICA, iA Wealth, FID, Primerica, CAC)</p>	<p>We acknowledge commenters’ general support for this proposed definition.</p>
32.	<p>Some commenters indicated that any future changes to the definition should be subject to consultation and CSA approval. (PEAK, IFIC, CBA, Primerica)</p>	<p>We agree with this suggestion and will amend the proposed definition of “investment product” to remove the provision that includes products approved by the Board within the scope of the defined term.</p>
33.	<p>Some commenters expressed concern with non-securities products potentially falling under the definition, as well as the scope of potential application of the Board approval provision. (Canada Life, CBA, IIAC)</p> <p>One commenter stated that investment products beyond securities and derivatives are outside CIRO’s jurisdiction. (IIAC)</p>	<p>Please see the response directly above.</p> <p>We will remove the provision that includes products approved by the Board within the scope of the defined term.</p>
Question #2 – Applying CFO requirements to mutual fund dealers		
34.	<p>Some commenters were generally supportive of applying CFO requirements to mutual fund dealers. (CAC, iA Wealth, CIFIC)</p>	<p>We acknowledge the comments.</p>



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	<p>Some commenters submitted that a flexible approach is advisable, such as limiting the CFO requirement to mutual fund dealers whose business model and/or products and services offerings warrants it. Some also noted recruitment challenges. (ACCP, PEAK, IFIC, CBA, Primerica, FID)</p> <p>Several commenters supported the flexibility of mutual fund dealers to retain a CFO on a part-time basis, where appropriate, to mitigate resourcing challenges (Primerica, CIFIC).</p> <p>One commenter submitted that recruitment scarcity is not likely and should not be an issue that prevents this initiative from proceeding. (CAC).</p>	<p>We are reviewing this varied feedback and will address the application of the CFO requirement to mutual fund dealers in greater detail when we publish the entire Rulebook for public comment.</p>
35.	<p>Many commenters advocated for sufficiently extended transition periods and the grandfathering of existing experienced individuals. (ACCP, PEAK, IFIC, MICA, Canada Life, iA Wealth, CBA, Primerica)</p>	<p>We acknowledge the comments.</p> <p>We are reviewing this varied feedback and will address the application of the CFO requirement to mutual fund dealers in greater detail when we publish the entire Rulebook for public comment.</p>
Question #3 – Proficiency requirements and the Approved person regime for UDP of mutual fund dealers		
36.	<p>Many commenters supported uniform UDP requirements. (PEAK, Desjardins, CIFIC, IFIC, iA Wealth, CAC)</p>	<p>We acknowledge the comments.</p>
37.	<p>Many commenters advocated for sufficiently extended transition periods and/or the grandfathering of existing, experienced UDPs of mutual fund dealers. (PEAK, Desjardins, IFIC, MICA, iA Wealth, CBA, Primerica, CAC, IGWM)</p> <p>Other commenters stated that an exemption for existing UDPs is not necessary or not appropriate, as it could undermine investor protection. (Desjardins, CIFIC)</p>	<p>We acknowledge the widespread support for extended transition periods existing UDPs of mutual fund dealers.</p> <p>We are reviewing the varied feedback regarding sufficiently extended transition periods and/or the grandfathering of existing UDPs of mutual fund dealers, and will address the implementation of these</p>



Summary of Comment		CIRO Response
		proposals when we republish the entire Rulebook for public comment.
38.	One commenter mentioned that the implementation of any new proficiency requirements for mutual fund dealers should be deferred until the new proficiency model is finalized. (CBA)	<p>The scope of the Rule Consolidation Project is intended to regulate like activities in a like manner, and to harmonize as between the existing standards in the IDPC Rules and MFD Rules. As such, the scope of this project allows us to deliver harmonized proficiency rules that apply to both investment dealers and mutual fund dealers.</p> <p>However, this does not prevent a separate, dedicated project relating to the proficiency model for mutual fund dealers, specifically. If any such project is finalized before the Rule Consolidation Project is published for implementation, then those proposed rules would be included in the final rules of the Rule Consolidation Project.</p>
Question #4 – Implementation for existing (unregistered) Approved Persons of Mutual Fund Dealer Members		
39.	Many commenters supported harmonizing the proficiency requirements for Directors across investment dealers and mutual fund dealers, but recommended grandfathering existing Directors of mutual fund dealers. (FID, ACCP, PEAK, IFIC, MICA, Tradex, Canada Life, IGWM, iA Wealth, CBA, CAC)	<p>We acknowledge the widespread support for grandfathering existing Directors of mutual fund dealers.</p> <p>We are reviewing the varied feedback regarding grandfathering existing Directors of mutual fund dealers, and will</p>



Summary of Comment		CIRO Response
	<p>Some commenters explicitly recommended against grandfathering in this regard, citing concerns for investor protection. (Desjardins, CIFIC)</p> <p>One commenter did not support grandfathering for Directors who are permitted individuals under National Instrument 33-109, but are not registered under another Approved Person category under securities laws. (CAC)</p>	<p>address the implementation of these proposals when we publish the entire Rulebook for public comment.</p>
40.	<p>Several commenters supported sufficiently extended transition periods. (Desjardins, iA Wealth, CAC)</p>	<p>We acknowledge the support for extended transition periods regarding existing Directors of mutual fund dealers.</p>
41.	<p>One commenter mentioned that the implementation of any new proficiency requirements for mutual fund dealers should be deferred until the new proficiency model, which is being developed as between CIRO and the CSA, is finalized. (CBA)</p>	<p>See our response to items #37-#38 above.</p>
<p>Question #5 – Transition period for Approved Person categories where new requirements are introduced or existing requirements have been materially changed</p>		
42.	<p>Commenters were generally supportive of an extended implementation period. (iA Wealth, IGWM, CBA)</p> <p>Suggestions included a year (IFIC), 18 to 24 months (Desjardins, Canada Life), 2 years (Canada Life, IGWM, MICA), 2-3 years (CBA), at least 3 years (Primerica), 3-5 years (Tradex), and 5 years (PEAK, FID).</p> <p>One commenter only supported extended transition periods (of perhaps 1 year) for existing UDPs, but none of the other categories of Approved Persons. (CAC)</p>	<p>We acknowledge the widespread support for extended transition periods for categories of Approved Persons where new requirements are introduced or existing requirements have been materially changed. We are considering this varied feedback with respect to what those periods should be.</p> <p>We will provide clarity regarding timelines for implementation and transition periods when we publish the entire Rulebook for public comment.</p>



Summary of Comment		CIRO Response
Question #6 – Prohibition on accepting certain positions of control or authority over client affairs		
43.	<p>Several commenters indicated support for the prohibition, provided that sufficient exemptions are available. (Desjardins, CIFIC, iA Wealth, CAC)</p> <p>One commenter suggested that independent Directors, who serve no business or client-facing function and are separate from the business, should not be caught by the prohibition. (CAC)</p>	<p>We acknowledge the support for the prohibition. We will continue to review exemption requests pursuant to the existing processes, to accommodate circumstances where it is reasonable to provide exemptive relief.</p>
44.	<p>Several commenters argued that the prohibition should not extend to employees. (IFIC, MICA, CBA, Primerica, IGWM)</p> <p>One commenter stated that CIRO does not have any direct jurisdiction over the conduct of non-registered “employees”. (IIAC)</p>	<p>CIRO has jurisdiction over Dealer Members, including the policies and procedures that they have in place to govern the conduct of employees. Dealer Members that do not appropriately enforce their policies and procedures would consequently fail to meet their regulatory obligations.</p>
45.	<p>One commenter believes this conflict should be limited to employees in advisory roles and should not include unregistered employees who may have little direct contact with clients. (Canada Life)</p> <p>One commenter warned of difficulty in monitoring all employee business activities, noting that not all employees have access to client specific information. (ACCP).</p> <p>Another advised that a definition should be provided regarding what is an employee for the purposes of the proposed prohibition given possible organizational complexity. (PEAK)</p> <p>Another sought clarification for dealers setting up an affiliate to provide trust services which could entail executives who do not have client interactions but are subject to business conduct rules that are intended to protect clients. (CIFIC)</p>	<p>We acknowledge that the addition of “employees” to the individuals subject to the personal financial dealings requirements will be new to mutual fund dealers. This requirement has been long established for investment dealers and has been built into their policies and procedures.</p> <p>We intend to provide additional clarification in respect of the scope of the Rule in our guidance.</p>



Summary of Comment		CIRO Response
46.	<p>One commenter indicated that an individual does not “accept” the position of executor or attorney until they act in such a capacity. There is no requirement that any individual so designated must acknowledge the appointment prior to beginning to act in that capacity. As such, no conflicts arise until, and only if, the individual so designated does ultimately act. (ACPI)</p>	<p>We acknowledge that the proposed change from “accepting” a position of executor or power of attorney may materially impact the existing investment dealer practices. We will revert to the current language in the IDPC Rules which prohibits individuals from acting in such capacities.</p>
Question #7 – Prohibition on being named as beneficiary		
47.	<p>Several commenters supported the proposal, though some stipulate that it should be subject to a sufficiently detailed carve-out for family members. (ACCP, IIAC, Desjardins, CIFIC, CAC, iA Wealth, Kenmar)</p> <p>One commenter suggested that independent Directors, who serve no business or client-facing function and are separate from the business, should not be caught by the prohibition. (CAC)</p>	<p>We have included a detailed list of immediate family members and others that are exempted from the proposed DC Rule in clause 3110(2)(vi).</p>
48.	<p>Several commenters expressed concern that this impedes a client’s liberty to dispose of their property as desired, should not extend to employees, and/or argue that guidance, or a case-by-case assessment, is preferable to an overarching restriction. (PEAK, CIFIC, IFIC, MICA, Canada Life, IGWM, CBA, Primerica, ACPI)</p> <p>One commenter advised that this should be a separate project, and it goes beyond rule consolidation. (PEAK)</p>	<p>We believe this is an area that presents a significant risk of material conflict. As such, we have identified appropriate carve-outs within the proposed Rule, and exceptional circumstances can be addressed through applications for exemptions.</p>