Appendix J - Summary of public comments

Summary of Comments Received in Response to the Proposed Rule Amendments — Fully paid securities lending and financing arrangements

On February 15, 2024, CIRO issued Rules Bulletin 24-0067 requesting comments on the proposed amendments to the Investment Dealer and Partially Consolidated (**IDPC**) Rules and IDPC Form 1 (**Form 1**) relating to fully paid securities lending and financing arrangements (**Proposed Amendments**) and the revised Guidance on Fully Paid Securities Lending (**Guidance**). We received six (6) comment letters from the following commenters:

- The Canadian Securities Lending Association (CASLA)
- The Canadian Independent Finance and Innovation Counsel (CIFIC)
- Interactive Brokers Canada Inc. (IBC)
- The Investment Industry Association of Canada (IIAC), now the Canadian Forum for Financial Markets (CFFiM)
- National Bank Financial Inc. (NBF)
- Wealthsimple Investments Inc. (WSII)

Copies of these letters are publicly available on **CIRO's website**:

The following table summarizes these comments and our response:

	Summary of Comments	CIRO response
General Comments		
1.	Overall, the commenters encourage CIRO to take this opportunity to enhance the flexibility of fully paid lending (**FPL**) programs in Canada and level the opportunities for retail investors with those of institutional investors. According to the commenters, this would increase the ability of these programs to meet the market demand and expand opportunities and benefits for participating retail investors, such as maximizing their returns. In addition, commenters highlight the need for alignment with the parallel regulatory regimes on securities lending, such as Guideline B-4[1] and NI 81-102,[2] to mitigate the regulatory burden and accidental non-compliance. They also identified areas where, based on their experience, they believe the operational complexity and burden to comply with the requirements is not justified by its benefits, as discussed in more detail below.	The enhancements and flexibility suggested by commenters are generally used for traditional institutional borrowing/lending. We believe a more conservative approach is appropriate for fully paid lending where retail clients are the primary counterparties, and the borrowing Dealer Members (**Dealers**) have custody of the client securities.
Securities loan agreement [proposed rule section 4622 and guidance section 2.3]		
2.	Several commenters expressed concerns with the proposal for the client's right to impose restrictions on the products	The right for the client to impose restrictions on the Dealer borrowing from their account, such as the maximum total dollar value of securities they are willing to lend, is an

[1] Guideline B-4 *Securities Lending* (Guideline B-4) issued by the Office of the Superintendent of Financial Institutions Canada (OSFI).
[2] National Instrument 81-102 *Investment Funds* (NI 81-102) issued by the Canadian Securities Administrators (the CSA)].

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	Dealers can lend under the FPL Program, consistent with their risk tolerance. [IIAC, CIFIC, NBF] One commenter argued that these restrictions, if adopted, would pose operational complexity and added costs for Dealers running these programs. Dealers would have to enhance their monitoring system and compliance infrastructure and promptly terminate loans that exceed client restrictions, risking regulatory repercussions and legal liability. [CIFIC] Commenters advocate that client's risk tolerance in securities lending should be addressed within the broader context of overall client risk assessment and Dealer suitability obligation (where applicable), rather than as a standalone item. One commenter proposes the alternative of requiring clients to identify securities they wish to exclude from securities lending, rather than assigning threshold percentages, as a simpler and more efficient method. [NBF] Another commenter suggested that order execution only accounts should be exempt from such obligation, consistent with the suitability exemptions. [IIAC]	existing requirement of the current fully paid lending arrangements [see GN-4600-22-001[3], section 3.1.5). We do not believe codifying this requirement will add additional costs to existing arrangements. While some clients are comfortable with relying on their adviser or making their entire portfolio available for lending, others may prefer to have more control over their counterparty exposure and restrict how much of their portfolio can be lent out. We codified the client's basic right to impose lending restrictions without interfering with the contractual discretion between the Dealer and the client on how to exercise and operationalize such a right, either at account opening or at a later stage of their relationship. We do not believe client lending via an order execution only account should be treated any differently.
Disclosures [proposed rule section 4623 and guidance section 2.4]		
3.	Two commenters noted that the risk disclosures to investors should be meaningful and strike the right balance between	The guidance, by its nature, is generic and provides a comprehensive discussion of benefits and risks broadly

[3] CIRO Guidance on fully paid securities lending programs (**GN-4600-22-001**), which outlines current CIRO's terms and conditions on approved programs.

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	comprehensive disclosure and actual risks of FPL. They argued it is counterproductive to list all potential risks without distinguishing between material and speculative ones. While they acknowledge the importance of informing retail investors about potential risks, over-disclosure can lead to excessive investor caution and potentially overshadow firms' risk management efforts. [IIAC, NBF] As such the commenters recommend aligning the risk disclosure in the Draft Guidance with the actual risks of FPL, focusing on material risks and adopting a more neutral language. Drafting recommendations include: • removing references to the market integrity risk, conflicts of interest risk and the lack of legal certainty in the application of the *Bankruptcy and Insolvency Act* (BIA), and • reflecting a more balanced stance towards the relationship between securities lending and short selling, as well as the market impact of the latter.	recognized in Canada as associated with fully paid lending. We maintain neutrality by not omitting or prioritizing risks based on their probability of materializing, considering that this depends on many factors, including market conditions, Dealer fully paid lending models or the adequacy of Dealer risks management. Therefore, the guidance should be interpreted as such, with the Dealer ultimately having the responsibility for providing adequate and meaningful risk disclosure to the client. In other words, a Dealer has flexibility in drafting the disclosure document to highlight the most significant risks as long as a reasonable client would clearly understand the implications and the risks of lending their securities. We disagree with the drafting recommendations, to remove the references to potential risks from the guidance, which in our view would compromise the integrity and neutrality of the guidance if we are to omit discussing such significant risks. However, we have made some drafting adjustments to the guidance to add more clarity to our expectations of what constitutes adequate disclosure.
Collateral [proposed section 4624 and guidance section 2.5]		
Non-cash collateral eligibility [proposed subsection 4624(2)]		
4.	Several commenters recommend that CIRO recognizes Dealer's right to provide high-quality non-cash collateral	Our proposal codifies existing policy, whereby staff will pay closer attention to Dealer non-cash collateral arrangement

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	(e.g. high-grade government bonds or Canada, provincial, or US sovereign government-guaranteed products) to secure the client's loan by way of permissive rules rather than by way of exemptive relief. According to the commenters this would be consistent with collateral eligibility under Guideline B-4 and NI 81-102. [CASLA, IIAC, NBF]	models, such as review and approve each such arrangement where appropriate on a case-by-case basis, before being offered to the client. This is in consideration that non-cash collateral arrangements can take various forms, are deemed riskier when compared to cash collateral arrangements and it is the retail client who is ultimately exposed to such risks, especially in the event of Dealer insolvency. This process should not be confused with the exemption process. The review and approval of a Dealer collateral arrangement is carried out by staff as part of the Dealer application for offering fully paid lending, consistent with CIRO's rules, established practices and the criteria set out in the proposed section 4624.
Prescribed minimum cash collateral requirements [proposed clause 4624(3)(i)]		
5.	Two commenters disagree with the proposed increase of the minimum required cash collateral value from 100% to 102% of the borrowed securities. Current industry standards require a minimum of 100% cash collateral for transactions between dealers and financial institutions. Dealers would have to fund an additional 2% collateral increase from their own cash positions, whereas clients would be negatively impacted by a decrease in demand for client loans and therefore client revenues. [IIAC, WSII]	During prepublication consultations with our dealer members, it was noted that the existing collateral requirement, which mandates 100% of the over-collateralization collected from street borrowers to be passed on to the client, was challenging for Dealers to comply with. Fully paid lending programs can be structured so that there is no direct link between the securities lent by the client and those borrowed by a street borrower. Additionally, the Dealer would have to convert any non-cash collateral received from the street borrower into cash collateral before posting it on behalf of the client under cash collateral arrangements. Also, since Dealers

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	The commenters recommend keeping the current minimum margin rate for cash collateral (as per GN-4600-22-001), whereby Dealers would have to set aside as collateral: (i) 100% of the market value of the fully paid securities borrowed by the Dealer, adjusted daily for any mark-to-market deficiency, and (ii) 100% of the over-collateralization collected from street borrowers for the fully paid securities loaned by the Dealer. These commenters noted that this existing requirement has to date, provided sufficient protection of investor assets.	and street borrowers can agree to different over-collateralization rates, clients may experience different collateral coverage, even when exposed to the same counterparty risk. We believe prescribing a set collateral rate will reduce operational complexities and ensure consistency and equality for all clients by determining collateral amounts for their fully paid securities based on a uniform rate, irrespective of the Dealer's arrangements with street borrowers. We determined the rate of 102% to be appropriate as it aligns with the collateral rate commonly used by industry for cash collateral and the rate used in determining excess collateral deficiency for traditional securities borrow arrangements.
Prescribed minimum non-cash collateral requirement [proposed clause 4624(3)(ii)]		
6.	Several commenters observe that there is no justification for the proposed differences in collateralization rates of 102% for cash collateral and 105% for non-cash collateral. They highlight the cash equivalence of acceptable non-cash collateral and argue that the 102% rate provides sufficient buffer to manage counterparty credit risk and safeguard lenders in the event of borrower default. As such the commenters recommend standardizing the minimum margin requirement for both collateral classes, at the rate of 102% of the borrowed securities. According to the commenters, such approach is consistent with market practices and would	We believe a collateral rate of 102% for non-cash collateral would be contrary to the existing rates used in determining excess collateral deficiency for traditional securities borrowing arrangements. The higher 105% collateral rate for non-cash collateral provides an additional buffer to address potential volatility in market value that may arise with non-cash collateral.

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	improve the operational efficiency while reducing the administrative burden for market participants. [CASLA, IIAC, NBF] One commenter suggested corresponding clarifications in Form 1, Part II – Schedule 1 Notes and Instructions, (7) Securities Borrow arrangements (iv) Margin Requirements: for securities borrow arrangements. [IIAC]	
Non-cash collateral holding arrangements [proposed clause 4624(5)(ii)]		
7.	One commenter asks CIRO to further elaborate the rationale for the restriction that non-cash collateral must be held via a collateral agent. More specifically, why clients are better protected under this collateral holding model, at a time that BIA recognizes other collateral holding arrangements so long as they meet the requirements necessary for such collateral to be allocated to the "customer pool" (which would give clients priority in the insolvency administration). [CASLA]	Considering the legal uncertainty surrounding BIA's treatment of non-cash collateral arrangements, compounded by the absence of legal precedent, we have adopted a more conservative approach with investor protection in mind. At the outset of FPL programs, we evaluated the client's recourse in the event of Dealer insolvency. We understand that BIA (the provisions of Part XII) could be interpreted to treat non-cash collateral differently from cash collateral and allocate the former to the "general fund" rather than the "customer pool". We also understand that the "street borrower" may have a competing claim with the client in the "customer pool". These risks are higher in instances where the borrowing Dealer holds the securities collateral for the benefit of the client rather than when transferring such collateral to the retail client, which is deemed operationally impractical when compared to institutional lending.

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		Holding the non-cash collateral away from the borrowing Dealer, in trust for the client by a third-party collateral agent, is deemed a risk mitigating strategy and one that we are more comfortable with at this time. We will continue to monitor developments in the jurisprudence around this matter and reevaluate our position accordingly.
Asset reuse prohibition [proposed section 4625 and guidance section 2.6]		
Hedging prohibition [proposed subsection 4625(1)]		
8.	One commenter requests us to revisit the hedging prohibition. They argue that a client's hedged economic exposure should not be affected simply because a portion of their assets are loaned through a FPL program, similar to rehypothecated margined securities. They provide an example of an offset based on subsections 5750(1)(ii) and (iii) involving index securities, to illustrate that the Dealer can rehypothecate securities where the client has a margin loan even if the securities are part of a hedge. They argue fully paid securities that are part of a hedging strategy should be treated the same as hedged securities covering a margin loan. If the client lends out a portion of their stocks, it would be deemed unhedged under the proposed rules, despite the client's overall economic exposure remaining unchanged, potentially leading to increased margin requirements. While the commenter acknowledges the	The intent of the proposed subsection 4625(1) is to prevent situations when the client lends out securities that are already rehypothecated as part of a hedging strategy. While not necessary, in view of the prerequisite that only segregated fully paid securities and excess margin can be lent out under Part B.2 of Rule 4600, we codified such a provision for added clarity. We understand that as drafted this provision could be interpreted broadly as to prohibit situations when the hedged securities are not rehypothecated but simply providing an economic hedge. There are no significant additional risks to clients if securities included in a fully paid lending arrangement are also part of an economic hedge. We agree that the client's economic exposure remains unchanged even if fully paid securities that are part of a hedge are included in the fully paid lending program. The client has no greater risk

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	regulatory purpose in seeking to mitigate risks from asset reuse, they consider the likelihood of such risks to be minimal given the current regulatory segregation regime. According to the commenter the prohibition, as proposed, could lead to increased margin requirements, reduced buying power, margin deficits, and forced positions liquidation for clients. To address this, they recommend changing proposed subsection 4625(1) to state that Dealers cannot rehypothecate loaned securities when these are and remain on loan under an FPL program. [IBC]	lending out hedged securities because the client can still recall the securities at any time. After closer consideration we propose to remove subsection 4625(1) entirely, to mitigate confusion, and instead further clarify in the guidance. We consider such a rule amendment to be immaterial.
Collateral reuse restriction [proposed subsection 4625(2)]		
9.	One commenter recommends that the collateral reuse restriction of the proposed subsection 4625(2) should apply only to prohibit the reuse of the same collateral for another transaction. The commenter also recommends permitting investment of cash collateral in overnight investments. [IIAC]	The intent of the proposed section 4625(2) is to prohibit the reuse of the same collateral for another transaction or any other purpose since this collateral should be held in trust for the client. Pursuant to the proposed clause 4624(5)(i), which codifies existing policy, Dealers must hold cash collateral in trust for the lending clients at an acceptable institution. This combined with the conditions around non-cash collateral arrangements [see response 4, above] would preclude a Dealer from investing cash in overnight investments, unless the Dealer is permitted to offer non-cash collateral in compliance with section 4624.
Recordkeeping [proposed section 4626 and guidance section 2.7]		

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10.	One commenter recommends adding in section 4626 provisions regarding collateral valuation reporting, such as for:
	• permitted debt securities collateral, the respective marked-to-market cash value may be reported;
	• inter-listed securities:
	  ○ the collateral may be maintained in one currency and reported to clients in another currency (including the used FX rate);
	  ○ the Dealer may determine market value, based on either market. [IIAC]
		We do not believe prescriptive requirements related to collateral valuation are required in this section since the reporting of collateral would be subject to our general rule requirements for reporting market value of securities.

Client communications [proposed section 4627 and guidance section 2.8]		
11.	Two commenters recommend eliminating the requirement for prompt confirmations and notices of loaned securities, loan termination and fee/rate changes, and instead consolidate these notifications within the monthly statement. According to the commenter, daily confirmation or notices have proven unhelpful to the client, while streamlining of client notifications within monthly statements is more in keeping with investor preferences and the Dealer need for reduced operational burden. [IIAC, NBF]	Providing clients with trade confirmations is a fundamental Dealer responsibility and a cornerstone of client protection. We believe that today's technological advancements enable communication efficiencies which can address information overload concerns. While we understand that fully paid lending transactions may create additional confirmations and notices to clients, it is crucial that clients be notified of these transactions as soon as they occur. Month-end notifications would not be timely enough notification for clients to identify discrepancies and mitigate errors or disputes. Section 4627 simply adds clarity to the trade confirmation requirements for

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		fully paid lending programs, while keeping with the existing trade confirmations requirements of section 3816, including the applicable exemptions.
Onboarding of portfolio managers and introducing brokers		
12.	Several commenters consider the current onboarding process, which requires prior confirmation from CIRO or the CSA before an introducing broker (IB) or portfolio manager (PM) can participate in FPL programs, to be complex and cumbersome. They argue that this non-objection process, which does not allow for automatic onboarding and at times can be lengthy and inconsistent, discourages investor participation and creates operational burden, particularly for smaller firms. One commenter highlighted that other jurisdiction, such as the US, UK, EEA, Hong Kong and Singapore, do not impose similar restrictions. [IIAC, CIFIC, NBF] The commenters advocate for a more predictable and expedited process which ultimately should enhance the client experience. They made the following recommendations: • registrants with leverage accounts and who are not subject to any early warning, should be able to offer FPL without notification requirements; • the guidance can stipulate the list of onboarding prerequisites as well as CIRO's and CSA's authority to	Consistent with CIRO rules and established practices, Dealers must notify CIRO before making any material change to their business activities [subsection 2246(2) of IDPC Rules]. We consider offering or engaging in fully paid lending for the first time to be a material change in business. The non-objection process for IBs to facilitate fully paid lending is less cumbersome than the approval process for the carrying broker who offers fully paid lending. We believe that fully paid lending should not be treated any differently from established practices, especially if we are to consider that such activity can be part of complex investment strategies and does not abide by one size fits all rules. IBs play a key facilitating role in the process, especially in terms of client eligibility and enrolment subject to the Dealers terms and conditions, and we want to ensure that they have proper processes in place to act in the client's best interest. Recent cases in the US concerning broker-dealer violations related to advertising and client enrolment in retail fully paid lending, underscore the importance of CIRO being able to properly and proactively vet and monitor all Dealers fully paid lending activity. We also believe that the client experience would not

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	place the registrant on hold if there are concerns following an audit.	be favorable if we are to establish a process whereby CIRO places a hold on FPL activity after the client actively engages in FPL.
CIRO's discretion		
13.	One commenter noted that the Proposed Amendments grant CIRO discretion in several areas that may result in material changes to a Dealer Member's FPL program and should be subject to public comment in accordance with Joint Rule Review Protocol. [IIAC] According to the commenter CIRO would have discretion to:	We believe there are circumstances that demand a more efficient, flexible, and swift response than the one afforded by the rules. This is why there are several areas in the rules where CIRO's staff is granted limited discretion over Dealer activity, to be exercised in a responsible and transparent manner when the interest of investors and the public necessitates such intervention. Below we address the more specific areas highlighted by the commenter.
	• Prescribe how segregated securities are held and how the amount/value of securities must be calculated (IDPC Rule subsection 4312(3));	• This is an existing requirement in our rules pertaining to asset segregation and one that is outside of the scope of the amendments.
	• Further restrict the securities that a Dealer can borrow, by publishing on the Corporation's website (proposed IDPC Rule subsections 4628(2) and (3);	• The securities eligibility restrictions which are currently in effect for approved Dealer FPL programs (as imposed by the Board in each FPL exemption and outlined in GN-4600-22-001) are based on thresholds that may need to be adjusted from time to time in response to changes in market conditions or justified industry demands. While we would consider the impact on Dealers before changing such thresholds, the alternative of hardcoding such

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		thresholds into the rules would make it more difficult for us to effectively respond to such needs. In consideration of the above, the proposed section 4628 embodies a more flexible approach. It sets out staff authority to impose securities eligibility restrictions (e.g. thresholds), including to adjust such restrictions, when it deems to be in the interest of the Dealer Member's clients and the public, to which we believe a Dealer's interest is also aligned. To clarify, CIRO's imposed restrictions under this section are intended to apply similarly to all Dealers engaging in fully paid lending and not on an individual basis.
	• Prescribe additional requirements or restrictions on the Dealer Member activity (proposed IDPC Rule section 4630).	• Future Dealer FPL programs may present unique features, not anticipated in the rules, which necessitate that we prescribe additional requirements or restrictions Having such authority enables CIRO to respond efficiently and swiftly to the needs of investors and industry.
Special audit report [proposed section 4629 and guidance section 2.14]		
14.	According to one commenter considering CIRO's regular audit functions and dealer internal audit resources, the requests for a special audit report should be limited to instances of dealer insolvency. [IIAC]	The special audit report is a mechanism to prevent errors in books and records or collateral segregation arising from inadequate policies and procedures, systems and controls. We believe requesting a special audit report at the time of insolvency would not be practical because if the Dealer

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	Another commenter recommended that Dealers with established FPL programs should have the flexibility to utilize their internal audit departments to fulfill the requirement for a special audit report. This way Dealers would mitigate unnecessary expenses associated with external audits who, as observed in practice, may not always have the specialized expertise in FPL programs and need to engage extra time and Dealer resources. [CIFIC]	Member is insolvent, it would be too late to resolve any inadequacies. We believe the rule as drafted would allow the Dealer to utilize their internal audit departments to complete a special audit report where the internal audit department is independent of the Dealer Member.
Transition		
15.	Two commenters request that rule changes affecting FPL programs significantly, such as the proposed collateral rates if adopted, should allow a minimum two-year transition period for existing FPL programs. [IIAC, NBF]	We believe a two-year transition period for implementation is excessive given the majority of the Proposed Amendments are significantly aligned with existing Dealer practices and existing fully paid lending terms and conditions imposed by us. We plan to align the implementation date with the expiry of the existing exemptions.
Question 1: Do you have any concerns with the proposed client differentiation approach whereby the retail client fully paid lending is subject to the more rigorous requirements of Part B.2. of Rule 4600, as opposed to the institutional client who can lend securities in accordance with traditional lending requirements?		
16.	Two commenters expressed concerns that the proposed approach does not consider the unique fiduciary relationship between portfolio managers (PMs) and their clients, which could hinder client access to FPL programs by imposing unnecessary direct client involvement. The amendments	Our proposal codifies existing policy, as outlined in GN-4600-22-001 and does not introduce new requirements. We deem client securities lending to have a different risk profile, structure, and transparency (client does not have the same visibility of what happens to their securities once lent out) in

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	would require borrowing Dealers to seek client instructions on loaned securities, sign loan agreements directly with clients, obtain from clients signed risk disclosures, and provide detailed transaction confirmations. While the commenters acknowledge the risks of FPL, they argue that the proposed requirements undermine the primary benefit of engaging a PM, who is best positioned to explain such risks to clients and alleviate them from managing transactional tasks. As such, the commenters advocate for exemptive relief from the above requirements for discretionary accounts. They propose that the loan agreements and risk disclosures should be included as addendums to the investment portfolio statements, allowing PMs to execute necessary documentation on behalf of clients and determine their loan risk tolerance, thus preserving the advantages of discretionary management. According to the commenters such an approach would preserve the benefits of discretionary management, maintain transparency, and allow PMs to adequately manage risks without overwhelming their clients with additional administrative burdens. [IIAC, NBF]	comparison to securities trading where PMs have authority over client trading. While the PM is an important facilitator in the transaction, ultimately it is the client who is exposed to the lending risks, including that of counterparty risk. For this reason, we are not considering allowing exceptions to the client disclosure and acknowledgement requirements for discretionary accounts. To clarify, the rules mandate the baseline responsibility for both the Dealer and PM to ensure that the client: ○ acknowledges in writing the risk disclosures; ○ signs the loan agreement(s); ○ is given the opportunity to exercise their right to impose lending restrictions; The rules, as drafted, do not mandate how the Dealer and PM should exercise such responsibility. They allow sufficient flexibility for the Dealer, and the PM in its facilitator role, to operationalize such requirements, in an efficient way without compromising the fundamental rights of a client.
Question 2: Should we allow the Dealer to borrow securities from their retail client other than equity securities that are listed on an exchange? Why yes or why not? If yes, also indicate the type/quality of the securities that should be allowed and the underlying reason; [Ref. proposed section 4828, guidance section 2.9 and Appendix F of Rules Bulletin 24-0067 (**Appendix F**)].		
17.	Commenters recommend that we broaden the type of securities eligible for lending under the FPL programs,	To ensure needed flexibility over the securities eligibility criteria, we decided not to codify the existing restrictions in

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	without necessitating CIRO's permission, so that these programs can better meet market demand and enhance retail investor opportunities. It is noted that excluding fixed-income securities from FPL programs can be a missed revenue opportunity for retail investors, given that these instruments constitute a significant portion of investors' portfolios. [CASLA, IIAC, NBF, WSII] Commenters recommend that all securities that meet the *Income Tax Act (RSC, 1985, c. 1(5th Supp.)* definition of a qualified security should be eligible for FPL. [IIAC, NBF, WSII] The discussed benefits of this approach include: • levelling the playing field between retail and traditional institutional lending and open more opportunities for the retail investor; • expanding the securities eligibility to include fixed income securities would correlate with the types of acceptable non-cash collateral and also align with the flexibility of other regulatory regimes (e.g. NI 81-102). [CASLA] One commenter recognizes CIRO's concern that market manipulation may increase if the types of securities being lent are not actively traded or not widely held, but they believe such risk is not significant given the relative size of the current fully paid securities lending market in Canada. According to the commenter, the industry and regulatory	the rules. At the same time, maintaining CIRO's authority over the criteria will enable us to better monitor the expansion of the FPL programs and their market impact. We believe the Income Tax Act definition of qualified security is too broad and the expansion of eligible securities should be a gradual approach that considers both market and client impacts. However, we agree that there may be a valid argument in broadening the current securities eligibility criteria, as prescribed in Appendix F, to also include debt securities. Staff will carry out an impact assessment and consult with other regulatory stakeholders on the merits of such an approach.

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	focus should be in preventing and detecting manipulative and deceptive activities, as per CIRO's policy, rather than limiting lending opportunities for retail investors. [WSII]	
Question 3: Have we identified all the proposed provisions that will materially impact clients, Dealer Members, or CIRO? If not, please list any other proposed provisions that you believe will materially impact one or more parties and why.		
18.	Commenters did not specifically respond to this question, but they provided detailed comments on the specific provisions they believed to be most impactful as described in the summary comments above.	We provided responses to the detailed comments above.
Question 4: Overall, do you agree with CIRO's qualitative assessment that the benefits of the Proposed Amendments are proportionate to their costs? Please provide reasons for your stance.		
19.	According to one commenter any changes to FPL programs give rise to 'domino considerations' and costs across an enterprise. In areas where concerns have been raised by the commenter, the benefits do not outweigh the costs. [IIAC]	We acknowledge the comment.