

Appendix 8 – Impact Analysis of the Proposed CIRO Rules

Overall Assessment

We have assessed the impact of the changes being introduced as part of the Proposed CIRO Rules as having a net-positive impact overall.

We believe the Proposed CIRO Rules would have strong positive impacts on clients and CIRO.

While there may be some negative impacts to Mutual Fund Dealer Members, and in more limited instances to Investment Dealer Members, many of these impacts are short-term, as they relate to requirements to develop new policies, procedures and internal systems. Once developed, the existence of harmonized regulatory expectations will be net positive for the industry as a whole.

As such we concluded that any temporary and ongoing negative impacts were outweighed by strong positive impacts of the Proposed CIRO Rules on all industry stakeholders. The Proposed CIRO Rules advance our mandate to protect investors and foster healthy capital markets.

Impact Assessment Table

In the impact assessment table below, we list:

- the major policy proposals of the Proposed CIRO Rules,
- a description of the intended policy benefits of each element, and
- an assessment of its impact on clients, Investment Dealer Members, Mutual Fund Dealer Members, and CIRO itself.

To assess and assign a rating to the impact of a proposed change, we used the following methodology:

Impact assessment rating of the proposed changes	“Neutral”	“Minor positive” or “minor negative”	“Positive” or “negative”	“Net-positive” or “net-negative”
Methodology of how we assessed the impact	Proposed changes do not materially affect existing requirements	Impacts will have <i>some</i> positive (or negative) outcomes, but do not present any major changes to the industry participant’s operations,	Impacts will have a material (positive or negative) impact on the Dealer Member’s business model,	“Net” indicates that there are <i>both</i> positive and negative impacts and outcomes.

		business model, or compliance processes. (Note: changes to P&Ps are considered minor)	operations, or compliance processes.	These impacts have been weighed to derive an <i>overall, net outcome</i> .
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We acknowledge that the level of impact is inherently relative to the size of a Dealer Member and their compliance resources.

Overall Conclusions

Member business activity (Rules 2100 to 2400)

The proposed member business activity provisions provide clarification, reduce burden where appropriate, and improve administrative processes for a harmonized set of compliance requirements applicable to Dealer Members. We believe these proposals represent an overall positive impact for clients, Dealer Members, and CIRO.

Approved Person regime and proficiency requirements (Rules 2500-2800)

The proposed harmonization of the Approved Person regime and related proficiency requirements will have a neutral to positive impact for clients, Investment Dealer Members and CIRO, but a material negative impact on Mutual Fund Dealer Members, particularly through the extension of the CIRO approval process and application of new proficiency standards to certain roles. However, this impact to Mutual Fund Dealer Members is significantly, if not entirely, mitigated by grandfathering provisions and recognition of existing proficiency qualifications.

Business conduct (Rules 3100-3600)

The business conduct rules provide harmonized obligations for Dealer Members that follow closely upon the amendments of the Client Focused Reforms. The proposed CIRO Rules aim to provide consistent obligations while promoting more operational flexibility and efficiency by adopting principles-based requirements. We believe these proposals represent an overall positive impact for clients, Dealer Members, and CIRO.

Reporting and handling of complaints, internal investigations and other reportable matters (Rule 3700)

We have made modifications to proposed CIRO Rule 3700 to expand its application to employees, and create consistency among the reporting, investigation and complaint handling elements of the Rule. Although negative impacts on Dealer Members are expected in adapting to new reporting and complaint handling requirements, including the increased scope of the existing complaints regime, we believe that the impact on investors, clients and CIRO (and even Dealer Members, from a long-term perspective) is net-positive due to the consistency and streamlined approach proposed in the reporting and complaint handling provisions.

Recordkeeping and client reporting (Rule 3800)

We concluded that the proposed harmonization of recordkeeping and client reporting requirements would enhance the consistency of regulatory requirements and Dealer practices, mitigate client confusion, level the playing field for both Dealer Member categories, minimize regulatory arbitrage, and modernize delivery of documentation. We determined that the long-term benefits and reasonable implementation timelines of these changes outweigh any initial transition costs, resulting in a generally neutral to positive impact for clients, Dealer Members and CIRI.

Financial standards and financial solvency reporting (Rules 4100 to 4200 and Form 1)

We concluded that the proposed harmonization of financial standards requirements would establish more consistent regulatory expectations while appropriately recognizing simpler dealer business models. Our assessment indicates that the impact of these changes would be generally neutral to positive for clients, Investment Dealer Members, and CIRI. However, we expect the impact to be generally negative for Mutual Fund Dealer Members, given the number of new requirements and the potential capital implications of adopting a more stringent capital formula. These negative effects are likely to be less significant for Mutual Fund Dealer Members with simpler business models and more pronounced for certain subsets, such as Level 4 Mutual Fund Dealer Members. Also, the negative capital impact to certain Mutual Fund Dealer Members is mitigated by the transitional adoption of certain components of the capital formula. On balance, we believe the benefits of consistent financial solvency standards outweigh the potential costs associated with operational changes and capital adjustments for a subset of Dealer Members.

Client asset use and custody (Rules 4300 to 4400)

We concluded that the proposed client asset use and custody rules would result in generally more consistent regulatory requirements that also recognize different dealer business model client asset segregation requirements. We assessed the impact of these changes to be generally positive for clients, Mutual Fund Dealer Members and CIRI. Investment Dealer Members may have some relatively minor negative impacts resulting from proposed internal control requirements regarding the safeguarding of cash.

Margin requirements (Rules 5100 to 5900)

We concluded that the proposed harmonization of margin rates and expansion of service offerings that allow Level 4 Mutual Fund Dealer Members to offer margin accounts reduces the potential for regulatory arbitrage and creates a level playing field for both Dealer Member categories. We assessed the impact of the harmonized margin requirements to be neutral to positive for clients, Dealer Members and CIRI.

Enforcement Procedural Rules (Rules 8100 to 9500)

We have made modifications to the provisions regarding hearing records, public access, and temporary orders to provide further clarity. We believe that the proposed harmonization of CIRO’s enforcement procedural rules are overall positive in their impact across stakeholders as they provide improved efficiencies and clarifications for all parties, and significant positives for clients. We acknowledge that expanded sanction powers can represent a minor negative in respect of additional burdens for Dealer Members, these changes should not affect Dealer Members at an operational level and are they are intended to provide an increased deterrent effect associated with violating CIRO rules.

Lastly, extending CIRO’s arbitration program to all Dealer Members will provide more dispute resolution options for both investors and Mutual Fund Dealer Members, although this will represent a potential new burden for Mutual Fund Dealer Members as they will need to reflect this process in their policies and procedures and disclosure documents.

Cost Estimate

We do not know the dollar magnitude of the collective impacts of the Proposed CIRO Rules, as these costs will vary from Dealer Member to Dealer Member. While some transitional costs are expected, particularly for Mutual Fund Dealer Members, as they would need to adapt to the new harmonized framework, generally such costs are anticipated to be temporary. Over the long term, the benefits of enhanced clarity, regulatory consistency, and operational efficiency are expected to outweigh these transitional burdens.

We do not expect any significant costs to clients.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
CIRO Rule Series 1000 – Interpretation and Principles Rules					
Interpretation, Definitions, Exemptive Powers, Standards of Conduct (CIRO Rules 1100, 1200, 1300, and 1400)					
<ul style="list-style-type: none"> Harmonizes framework for interpretation, definitions, exemptions, and conduct standards Establishes standardized approach for interpreting CIRO Rules across all categories of Dealer Members Establishes common definitions applicable across all categories of Dealer Members 	Ensures clear and consistent regulatory requirements applicable across Dealer Members, mitigates client confusion and potential for regulatory arbitrage.	Overall positive – We anticipate overall positive impact on clients, specifically by ensuring consistency of regulatory standards applicable to client relationships.	Overall positive – We anticipate overall positive impact on Investment Dealer Members, as these requirements align with existing IDPC structure. These Dealer Members may require updates to documentation and internal references.	Overall positive – We anticipate overall positive impact on Mutual Fund Dealer Members. These Dealer Members may require operational updates to align with new definitions and structure, but will benefit from principle-based requirements and clearer compliance expectations.	Overall positive – We anticipate overall positive impact on CIRO through introducing regulatory consistency and providing for efficiencies such as group exemptions.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> Expands CIRO's ability to grant rule exemptions to groups of Regulated Persons, Dealer Members and their Approved Persons Harmonizes general standards of conduct and other general requirements Promotes principle-based requirements that are scalable to different business models and Dealer Member sizes. 					
Significant areas of risk (CIRO Rule 1500)					
<ul style="list-style-type: none"> Harmonizes requirements regarding management of significant areas of risk across Dealer Members. 	Ensure a level playing field across Dealer Members, increase investor protection and confidence, and minimize industry confusion.	<i>Minor positive</i> – We anticipate clients of Mutual Fund Dealer Members will indirectly benefit from having significant areas of risk covered by individuals whose proficiency and experience has been approved by CIRO.	<i>Neutral</i> – We do not anticipate any impact on Investment Dealer Members.	<i>Minor Negative</i> - Mutual Fund Dealer Members may be able to rely on existing Executive roles (namely UDP and CCO) to fulfill the proposed role, but this is contingent on their oversight structure being sufficient for their business and to meet CIRO requirements. All Mutual Fund Dealer Members will hence need to assess their oversight structure, and some may need to appoint Executives beyond a UDP, CCO and CFO.	<i>Neutral</i> – We do not anticipate any significant impact on CIRO.
CIRO Rule Series 2000 - Dealer Member Organization and Individual Approval Rules					
Membership and member business activity approval matters (CIRO Rules 2100, 2200 and 2300)					
<ul style="list-style-type: none"> Harmonizes membership and business activity approval requirements 	Promote consistency and level playing	<i>Positive</i> – We anticipate positive impact	<i>Net-neutral</i> – We anticipate overall neutral impact on	<i>Net-neutral</i> – We anticipate overall neutral impact on Mutual Fund Dealer	<i>Net-positive</i> – We anticipate overall positive impact on

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • Requires CIRO approval for >10% dealer ownership • Requires CIRO approval for wholly owned subsidiary in securities, derivatives or advisory business; or engaging in non-securities business activities • Cross-guarantee requirements apply to Mutual Fund Dealer Members • Modifies minimum notice period for changes to Dealer Members and material changes to business activities • Requires notice when creditors request accelerated or other payments in addition to the regular schedule for long-term debt • Modifies requirements for shared premises • Harmonizes disclosure rules re CIRO website and brochure • Removes Part D of Rule 2200 • Harmonizes principal-agent relationships • Modifies requirements for trade name usage. 	field across all Dealer Members.	on clients, including improved disclosure and enhanced protection.	Investment Dealer Members since transitional impacts should be offset by improved operational efficiencies.	Members since transitional impacts should be offset by improved operational efficiencies.	CIRO as, although some operational changes will be required to absorb these proposals, the increased harmonization reduces regulatory arbitrage and facilitates more efficient compliance oversight.
Acceptable Back Office Arrangements (CIRO Rule 2400)					
<ul style="list-style-type: none"> • Clarifies acceptable back-office, introducing/carrying broker, and service arrangements. 	Promote enhanced oversight and reduced regulatory	Positive – We anticipate positive impact on clients based on clearer and	Neutral – We anticipate overall neutral impact on Investment Dealer Members, as the	Net-positive – We anticipate net positive impacts on Mutual Fund Dealer Members due to benefits from additional	Positive – We anticipate positive impact on CIRO due to the enhanced flexibility to provide

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> Introduces Type 5 IB/CB arrangements for Mutual Fund Dealer Members Preserves Mutual Fund Dealer Members' ability to enter multiple arrangements while forbidding multiple Type 2 introducing/carrying broker relationships, with CIRO staff empowered to grant exemptions to support flexibility. 	<p>arbitrage while considering the principle of 'right-sized' regulations for specific Dealer Members.</p>	<p>consistent service standards improved client protection.</p>	<p>changes align with existing standards. Any potential effects from exemption requirements for firms with multiple Type 2 arrangements should be offset by CIRO staff's authority to grant exemptions.</p>	<p>back-office arrangements and CIRO staff exemptions. Mutual Fund Dealer Members may have minor negative impacts due to minor modifications in the introducing/carrying arrangement requirements.</p>	<p>exemptions on introducing / carrying broker arrangements.</p>
<p>Approved Person regime, proficiency requirements (CIRO Rules 2500 and 2600)</p>					
<ul style="list-style-type: none"> Harmonizes Approved Person regime and corresponding proficiency requirements across Dealer Members Harmonizes defined title and Approved Person categories across Dealer Members Allows Mutual Fund Dealer Members Approved Persons whose course and experience proficiency requirements are already prescribed in NI 31-103 to rely on qualifications, rather than applying two separate proficiency regimes Extends existing CIRO approval process and corresponding course and experience proficiency requirements to Approved Person categories of 	<p>Implement consistent requirements across Dealer Members, reduce potential for regulatory arbitrage and removing the differences in proficiency for similar client-facing roles across Dealer Members.</p>	<p>Positive – We anticipate positive impact on clients as most categories of Approved Person, across either type of Dealer Members, will be subject to the same proficiency standards and thus have the same standardized minimum qualifications and knowledge to service clients.</p>	<p>Neutral – We do not anticipate any impact to Investment Dealer Members, as there are no material changes on the Approved Person regime as it applies to them (the proposals align with existing applicable standards).</p>	<p>Minor negative– We anticipate a material negative impact on Mutual Fund Dealer Members because of the new approval process and proficiency requirements for most categories of Approved Persons. However, this impact is significantly mitigated given our proposals to grandfather individuals, and to rely on requirements set out in NI-31-103 where applicable.</p>	<p>Net-positive – We anticipate a net-positive impact on CIRO. While there will be short-term operational impacts to CIRO's processes in needing to harmonize the regime across Dealer Members, ultimately a harmonized regulatory regime for Approved Persons will be more consistent and efficient to administer.</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<p><i>Mutual Fund Dealer Members where those categories are not subject to these under securities legislation (i.e. UDP, Supervisors, Executives, Directors, and CFO)</i></p> <ul style="list-style-type: none"> <i>CFO requirement applies across all Dealer Members.</i> 					
Continuing Education (CIRO Rule 2700)					
<ul style="list-style-type: none"> <i>Maintains existing separate Continuing Education regimes as an interim measure.</i> 	<p>A separate, dedicated CE Harmonization project is underway to provide one set of substantive CE changes applicable across Dealer Members. As such, separate CE regimes are maintained in the proposed CIRO Rules published at this time.</p>	<p><i>Neutral – We do not anticipate any impact to clients.</i></p>	<p><i>Neutral – We do not anticipate any impact to Investment Dealer Members.</i></p>	<p><i>Neutral – We do not anticipate any impact on Mutual Fund Dealer Members.</i></p>	<p><i>Neutral – We do not anticipate any impact to CIRO.</i></p>
National Registration Database (CIRO Rule 2800)					
<ul style="list-style-type: none"> <i>Harmonizes registration related obligations for both Investment Dealer Members and Mutual Fund Dealer Members.</i> 	<p>Ensure level playing field across Dealer Members and ensures CIRO rules are consistent with</p>	<p><i>Positive – We anticipate positive impact on clients as improved CIRO oversight of registrants</i></p>	<p><i>Neutral – We do not anticipate any impact to Investment Dealer Members.</i></p>	<p><i>Minor negative – We anticipate minor impact on Mutual Fund Dealer Members related to transitional challenges (i.e., learning and staffing use of the NRD system).</i></p>	<p><i>Net-positive – We anticipate a net-positive impact on CIRO. While there will be operational impacts to launch these changes,</i></p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	broader CSA expectations for NRD use and data integrity.	enhances investor protection.			ultimately we view a consistent ability to monitor registrant activity and maintain accurate records across the industry is net-positive.
CIRO Rule Series 3000 - Business Conduct and Client Accounts Rules					
Business Conduct (CIRO Rule 3100 Part A)					
<ul style="list-style-type: none"> Harmonizes ethical and professional standards for Dealer Members when handling client business and making investment recommendations. 	Apply current obligations under IDPC Rules across both categories of Dealer Members.	Neutral – We do not anticipate any impact to clients.	Neutral – We do not anticipate any impact to Investment Dealer Members.	Neutral – We do not anticipate any material impact on Mutual Fund Dealer Members.	Neutral – We do not anticipate any impact to CIRO.
Conflicts of Interest (CIRO Rule 3100 Part B)					
<ul style="list-style-type: none"> Harmonizes requirements for conflict of interest policies and procedures across all Dealer Members, ensuring consistent standards for identifying, managing, and disclosing material conflicts Requires Dealer Members to take reasonable steps to identify conflicts of interest between clients and persons, rather than just Approved Persons, acting on the Dealer Members' behalf Harmonizes prohibition and exceptions regarding personal financial dealings – accepting any consideration, borrowing from/lending to clients, acting 	Promote clarity for Dealer Members and reduce potential for regulatory arbitrage.	Minor positive – We anticipate minor positive impact on clients who will benefit from enhanced conflict-of-interest policies and procedures.	Minor positive – The obligations for Investment Dealer Members have not changed. The proposed CIRO staff exception power for personal financial dealings provides a potential minor positive impact on Investment Dealer Members.	Minor negative – The obligations for Mutual Fund Dealer Members have generally not changed, and the proposed CIRO staff exception power for personal financial dealings provides a potential minor positive impact on Mutual Fund Dealer Members. However, there is a minor negative posed in the change to include employees in the scope of personal financial dealings.	Minor positive – We anticipate minor positive impact on CIRO due to uniform application of principles and the proposed CIRO staff exception power for personal financial dealings.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>with control or authority over a client's affairs, accepting beneficiary status and receiving estate bequest. Add CIRO staff exemption approval power for personal financial dealings.</i>					
Best Execution of Client Orders (CIRO Rule 3100 Part C)					
<ul style="list-style-type: none"> <i>Extends application of best execution obligation to Mutual Fund Dealer Members dealing in Exchange Traded Funds (ETFs).</i> 	Ensure a level playing field for Investment Dealer Members and Mutual Fund Dealer Members by ensuring that the same rules apply for similar activities.	<i>Positive – We anticipate positive impact on clients of Mutual Fund Dealer Members dealing in ETFs, as they will now benefit from codified best execution obligations.</i>	<i>Neutral – We do not anticipate any impact on Investment Dealer Members, as there is no significant change to the existing approach.</i>	<i>Minor negative – We anticipate additional regulatory burden for a subset of Mutual Fund Dealer Members dealing in ETFs.</i>	<i>Neutral – We do not anticipate any impact to CIRO.</i>
Client Identifiers (CIRO Rule 3100 Part D)					
<ul style="list-style-type: none"> <i>Extended application to Mutual Fund Dealer Members dealing in ETFs.</i> 	Apply current obligations under IDPC Rules across both categories of Dealer Members.	<i>Neutral – We do not anticipate any impact to clients.</i>	<i>Neutral – We do not anticipate any impact to Investment Dealer Members.</i>	<i>Minor negative – We anticipate additional regulatory burden for the subset of Mutual Fund Dealer Members dealing in ETFs, but the requirements are not onerous to comply with.</i>	<i>Neutral – We do not anticipate any impact to CIRO.</i>
KYC and Client Accounts, PDD and KYP, Suitability, Sales Practice, Communications with the Public (CIRO Rules 3200, 3300, 3400, 3500, and 3600)					
<ul style="list-style-type: none"> <i>Harmonizes the existing requirements for Investment Dealer Members under the IDPC Rules and applies them to Mutual Fund Dealer Members in respect of Know-Your Client</i> 	Promote clear and consistent requirements across Dealer Members and reduce potential	<i>Positive – We anticipate positive impact on clients due to consistent protection across</i>	<i>Overall positive – We anticipate overall positive impact on Investment Dealer Members by allowing operational</i>	<i>Net-positive – We anticipate a net-positive impact on Mutual Fund Dealer Members due to a shift from prescriptive rules to principles-based rules</i>	<i>Positive – We anticipate a positive impact on CIRO given increased efficiency in applying consistent</i>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRI
<p><i>(KYC), Product Due Diligence (PDD), Know Your Product (KYP), Sales Practices, and Communications with Clients requirements</i></p> <ul style="list-style-type: none"> • <i>Some changes have been proposed to the existing requirements under the IDPC Rules for:</i> <ul style="list-style-type: none"> ○ <i>Suitability:</i> <ul style="list-style-type: none"> ▪ <i>require action taken for a client when an unsuitability determination is made;</i> ▪ <i>require policies and procedures regarding suitability of leverage strategies</i> ○ <i>Sales Practices:</i> <ul style="list-style-type: none"> ▪ <i>modifies requirement to provide disclosure to clients related to interest paid on uninvested cash;</i> ▪ <i>allow CIRI staff the ability to grant exemptive relief from certain premarketing requirements</i> ○ <i>Communications with the public:</i> <ul style="list-style-type: none"> ▪ <i>modifies requirements regarding communications of rates of return other</i> 	<p>for regulatory arbitrage.</p>	<p>Dealer Members in the client’s best interest, modifications that ensure clearer communications, and changes to sales practices that will help reduce confusion and mis-selling.</p>	<p>flexibility which aligns with existing Dealer Members practices.</p>	<p>(particularly for KYC requirements), which offers flexibility but requires strong internal controls. This offers improved scalability so that Mutual Fund Dealer Members can better adapt controls to the nature of their business activities. However, there will be some initial work required to update policy verbiage to align with principle-based language.</p>	<p>requirements across Dealer Members.</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>than in investment performance reporting.</i>					
Reporting, Investigations and Client Complaints Reporting and Handling of Complaints, Internal Investigations and other Reportable Matters (CIRO Rule 3700)					
<ul style="list-style-type: none"> • Harmonizes requirements for Investment Dealer Members and Mutual Fund Dealer Members • Enhances reporting of complaints and internal investigations • Standardizes timelines and written responses for complaint resolution • Introduces more thorough recordkeeping obligations for oversight and accountability • Specifies that cybersecurity reporting requirements are governed by CIRO Rule 3700. 	Establish clear and consistent framework for reporting, investigation, and complaint handling across Dealer Members.	Positive – we anticipate positive impact on clients through standardizing the process for how their complaints are addressed.	Minor negative – We anticipate minor negative impact on Investment Dealer Members’ policies, and to some extent operations, due to increased reporting obligations and expanded scope of policies and procedures.	Negative – We anticipate negative impact on Mutual Fund Dealer Members’ because new format of requirements will require more work by Mutual Fund Dealer Members to adapt to new rule structure. Additionally, there will be an impact to operations due to increased reporting obligations and expanded scope of policies and procedures.	Positive – We anticipate positive impact on CIRO due to the increased clarity resulting from the creation of uniform and clear triggers for reporting, investigations and complaints.
Recordkeeping and client reporting (CIRO Rule 3800)					
<ul style="list-style-type: none"> • Harmonizes recordkeeping and client reporting standards for Investment Dealer Members and Mutual Fund Dealer Members, with limited exceptions • Clarifies and aligns client reporting terminology • Ensures clear delineation and reinforces investor protection between assets under Dealer Member control and not 	Establish a consistent framework for client reporting and record keeping, for enhanced investor and industry experience, while maintaining justified	Net-positive – We anticipate a net-positive impact on clients resulting from consistent and uniform reporting across Dealer Members, which enhances transparency and improves client understanding	Positive – We anticipate an overall neutral to positive impact on Investment Dealer Members. There have been no significant changes to the status quo for the most part, but there may be more immediate costs for some Dealer Members in	Positive – We anticipate an overall neutral to positive impact on Mutual Fund Dealer Members. There have been no significant changes to the status quo for the most part, while the long-term benefits of those harmonized reporting requirements and e-delivery outweigh the more immediate costs that may be incurred by:	Positive – We anticipate a positive impact on CIRO due to streamlined standards and enhanced oversight efficiency.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • Ensures uniform rule carveouts across both Dealer Member categories • Introduces default electronic delivery with paper opt-out. 	operational flexibility.	and experience. A limited number of retail clients may disagree with the e-delivery opt-out approach, or the removal of the mandatory related/connected issuer disclosure from Investment Dealer Members' account statements.	transitioning their systems, and migrating existing clients, to default electronic delivery. The long-term benefits of the harmonized reporting and electronic delivery requirements outweigh these transition impacts.	<ul style="list-style-type: none"> • those Dealer Members offering both nominee and client name accounts, who need to enhance their proprietary or vendor systems to ensure that the information for client assets in dealer control and those outside is not consolidated in a misleading way in the client statements, and • those Dealer Members who need to transition their systems, and migrate existing clients, to default electronic delivery. 	
Supervision (CIRO Rule 3900)					
<ul style="list-style-type: none"> • Harmonizes supervision requirements across Dealer Members • Adopt the MFD Rules requirement for Mutual Fund Dealer Members to make certain account types readily identifiable for Supervisory purposes • Clarification regarding the supervision of specific account types that can be offered by Investment Dealer Members, namely derivatives accounts, 	Promote clear and consistent requirements for Dealer Members and reduce potential for regulatory arbitrage.	Positive – We anticipate positive impact on clients as robust and consistent supervision requirements are important client protection measures.	Positive – We anticipate positive impact on Investment Dealer Members, as removing the concept of designated Supervisors allows for greater operational flexibility without compromising quality of Supervision.	Net-positive – We anticipate positive impact on Mutual Fund Dealer Members due to shift from prescriptive to principles-based rules, which offers flexibility but requires stronger internal controls. However, there will be some initial work required to update policy verbiage to align with principle-based language.	Minor Positive – We anticipate a minor positive impact on CIRO as the application of largely harmonized supervision requirements, based on familiar IDPC standards, facilitates more efficient regulatory oversight.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>discretionary accounts, and managed accounts.</i>					
CIRO Rule Series 4000 - Dealer Member Financial and Operational Rules					
CIRO Form 1, General Dealer Member financial standards - minimum capital, early warning, financial reports and auditors, and General Dealer Member financial standards – disclosure, internal controls, calculations of prices and professional opinions (CIRO Form 1, CIRO Rules 4100-4200)					
<ul style="list-style-type: none"> • <i>Harmonizes general internal control requirements, capital formula, use of consolidated Form 1, auditor requirements and audit standards</i> • <i>Maintains different minimum capital requirements and financial report filing deadlines for Mutual Fund Dealer Members and Investment Dealer Members</i> • <i>Enhances capital monitoring and early warning framework for Level 1 to 3 Mutual Fund Dealer Members</i> • <i>Harmonizes early warning framework and capital monitoring for Investment Dealer Members and Level 4 Mutual Fund Dealer Members</i> • <i>Adopts IDPC Rule requirements for disclosures to clients of Dealer Member’s financial position and list of Executives and Directors, pricing internal controls, fixed income calculations and professional opinions.</i> 	<p>Ensures consistency and a level playing field for Investment Dealer Members and Mutual Fund Dealer Members while maintaining appropriate risk-based differences for Mutual Fund Dealer Members with different risk profiles.</p>	<p><i>Positive – We anticipate positive impact on clients as enhanced safeguards and stronger financial oversight promote increased client confidence.</i></p>	<p><i>Minor negative – We do not anticipate any significant impact on Investment Dealer Members but Investment Dealer Members may need to update their internal control policies and procedures or systems to address the revised format of Form 1 statements and schedules.</i></p>	<p><i>Negative – We anticipate a negative impact on Mutual Fund Dealer Members. A subset of Mutual Fund Dealer Members may have significant capital impacts, which we have mitigated through a transitional approach. Mutual Fund Dealer Members will need to update policies, procedures and systems to monitor additional risk exposures, capital requirements, and reporting requirements and ensure they have approved panel auditors.</i></p>	<p><i>Net-positive – We anticipate a positive impact on CIRO due to reduced administrative burden and more efficient monitoring of Dealer Members’ financial solvency, although there may be short-term minor negative impacts resulting from updates to the regulatory filing system and internal procedures.</i></p>
Segregation, Custody and Client Free Credit, Safekeeping Client Assets, Safekeeping Cash and Securities, and Insurance (CIRO Rules 4300-4400)					

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • <i>Harmonizes insurance coverage, claim notification, and mail insurance requirements</i> • <i>Harmonizes custodial standards</i> • <i>Harmonizes segregation and client free credit balance requirements by applying the Investment Dealer Member segregation model under IDPC Rules for investment products and free credits to Level 4 Mutual Fund Dealer Members that offer margin accounts and use client free credit balances. All other Mutual Fund Dealer Members will continue to operate under the full segregation model currently applicable to Mutual Fund Dealer Members</i> • <i>Harmonizes requirements for safekeeping and safeguarding cash and investment products.</i> 	<p>Ensure consistency and mitigate potential for regulatory arbitrage while applying appropriate risk-based requirements to recognize different Dealer Member business models.</p>	<p><i>Positive</i> – We anticipate positive impact on clients as enhanced safeguards, improved asset insurance, and stronger financial oversight promote increased client confidence.</p>	<p><i>Minor negative</i> – We do not anticipate any significant impact on Investment Dealer Members but Investment Dealer Members may need to update their internal control policies and procedures for safeguarding cash, including designated trust account notifications to financial institutions.</p>	<p><i>Positive</i> – We anticipate positive impact on Mutual Fund Dealer Members. Mutual Fund Dealer Members will benefit from harmonized custodial requirements and operational flexibility for Level 4 Mutual Fund Dealer Members.</p>	<p><i>Positive</i> – We anticipate reduced administrative burden to CIRO with the removal of mail insurance exemption requirements.</p>
Financing Arrangements, Business Continuity, Trading and Delivery Standards (CIRO Rules 4500-4900)					
<ul style="list-style-type: none"> • <i>Harmonizes business continuity planning requirements across Dealer Members</i> • <i>Adopts Investment Dealer Member standards under IDPC Rules for repurchase agreements and securities lending</i> 	<p>Ensure consistent requirements for Investment Dealer Member and Mutual Fund Dealer Members.</p>	<p><i>Neutral</i> – We do not anticipate any impact to clients.</p>	<p><i>Neutral</i> – We do not anticipate any impact to Investment Dealer Members.</p>	<p><i>Neutral</i> – We do not anticipate any impact on Mutual Fund Dealer Members.</p>	<p><i>Neutral</i> – We do not anticipate any impact to CIRO.</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • Clarifies trading and delivery standards for centrally and non-centrally cleared transactions • Harmonizes account transfer and bulk movement requirements • Harmonizes derivatives risk management requirements. 					
CIRO Rule Series 5000 – Dealer Member Margin Rules					
Margin Requirements for Debt Securities and Mortgages, Equity Securities and Index Products, Other Investment Products, Underwriting Commitments and When Issued Trading, Offset Strategies, and Account Related Agreements (CIRO Rules 5100-5900)					
<ul style="list-style-type: none"> • Harmonizes margin requirements with clarifying amendments that restrict margin use for Mutual Fund Dealer Member clients, while allowing approved Level 4 Mutual Fund Dealer Members that meet financial solvency, operational, and client disclosure standards equivalent to Investment Dealer Members to offer margin accounts • Harmonizes margin requirements for: <ul style="list-style-type: none"> o debt securities and mortgages o equity securities and index products o other investment products o underwriting commitments and when issued trading o offset strategies involving debt and equity securities 	<p>Ensure consistency of margin requirements for Dealer Members and bring client leveraging into regulatory framework allowing level-playing field between dealer types.</p>	<p><i>Positive</i> – Clients benefit from new account offering and consistency in margin requirements between dealer types.</p>	<p><i>Neutral</i> – We do not anticipate any significant impact on Investment Dealer Members as there is no significant change.</p>	<p><i>Positive</i> – We anticipate positive impact on most Mutual Fund Dealer Members. Level 4 Mutual Fund Dealer Members will benefit from the option to offer client margin. Minor changes in margin rates for certain products may impact Mutual Fund Dealer Members investing in such products.</p>	<p><i>Neutral</i> – We do not anticipate any impact to CIRO.</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> <i>and related instruments, and involving derivative products</i> o <i>account related agreements and agreement related margin requirements</i> • <i>Extends allowance for certain fully collateralized exchange-traded option writing strategies such as covered calls and cash-secured puts to cash accounts.</i> 					
CIRO Rule Series 7000 – Debt markets and Inter-Dealer Bond Brokers Rules					
Debt markets; Transaction Reporting for Debt Securities; and Inter-Dealer Bond Brokers (CIRO Rules 7100-7300)					
<ul style="list-style-type: none"> • <i>Harmonizes debt markets and inter-dealer Bond Broker requirements</i> • <i>Extends trading and settlement obligations to Mutual Fund Dealer Members dealing in debt securities</i> • <i>Limits full transaction reporting and inter-dealer bond broker requirements to Investment Dealer Members while harmonizing requirements for reporting of transactions in repurchase and reverse repurchase agreements.</i> 	Ensure consistent debt trading and settlement practices, maintain obligations and inter-dealer bond broker requirements for Investment Dealer Members.	<i>Neutral – We do not anticipate any impact to clients.</i>	<i>Neutral – We do not anticipate any impact on Investment Dealer Members.</i>	<i>Minor negative – We expect minor negative impact on Mutual Fund Dealer Members transacting in debt securities or repurchase agreements and reverse repurchase agreements due to enhanced trading and settlement practice obligations and reporting.</i>	<i>Neutral – We do not anticipate any impact to CIRO.</i>
CIRO Rule Series 8000 Procedural Rules – Enforcement, and CIRO Rule Series 9000 – Procedural Rules – Other					
Examination, investigation and enforcement rules (CIRO Rules 8100, 8200, 8300)					
<ul style="list-style-type: none"> • <i>Harmonizes examination and investigations rules</i> • <i>A 6-year limitation period</i> 	Ensure clear, consistent, and strengthened	<i>Positive - We anticipate positive impact</i>	<i>Minor negative – We anticipate an overall minor negative</i>	<i>Minor negative – We anticipate an overall minor negative impact on Mutual</i>	<i>Net-positive – We anticipate overall positive impact on</i>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> • <i>Provides discretion to the Hearing Panel about whether a witness must testify under oath or affirmation</i> • <i>Clarifies that a hearing panel is comprised of one or three members</i> • <i>Requires hearing panel to issue written reasons for accepting or rejecting settlement agreement</i> • <i>Expands sanctions powers of hearing panels of a fine not exceeding the greater of:</i> <ul style="list-style-type: none"> o (a) \$10,000,000 for each contravention, and o (b) an amount equal to three times the profit made or loss avoided by the <i>Dealer Member</i>, directly or indirectly, as a result of the contravention • <i>Allows hearing panels to issue temporary orders, protective orders and applications in exceptional circumstances</i> • <i>Specifies that a temporary order takes effect immediately and that the hearing panel can extend such a temporary order</i> 	<p>standards for examinations, investigations, and enforcement across Dealer Members to promote investor protection, market confidence, and integrity.</p>	<p>on clients given enhanced investor protection via expanded sanction powers of hearing panels.</p>	<p>impact on Investment Dealer Members. While expanded sanction powers present a potential additional burden, Dealer Members still stand to benefit from more efficient procedural frameworks across all proceedings. Further, these changes present minimal operational impact, if any, to Dealer Members.</p>	<p>Fund Dealer Members. While expanded sanction powers present a potential additional burden, Dealer Members still stand to benefit from more efficient procedural frameworks across all proceedings. Further, these changes present minimal operational impact, if any, to Dealer Members.</p>	<p>CIRO. There are contradictions between the IDPC Rules and the MFD Rules regarding Enforcement procedures. These differences cause unnecessary procedural burdens that will be resolved through harmonization. Though work will be required to update internal policies and training materials for hearing panels, the changes ultimately provide consistency in enforceability, clarity for hearing panels and simplifies administrative procedures.</p>
Rules of Practice and Procedure (CIRO Rule 8400)					
<ul style="list-style-type: none"> • <i>Allows oral hearings to be held virtually</i> 	<p>Promote flexibility in</p>	<p><i>Positive</i> – We anticipate positive impact</p>	<p><i>Net positive</i> – We anticipate net positive impact on</p>	<p><i>Net positive</i> – We anticipate net positive impact on Mutual Fund Dealer</p>	<p><i>Net-positive</i> – We anticipate net positive impact on CIRO as</p>

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<ul style="list-style-type: none"> Allows electronic delivery/service of documents Clarifies regulatory framework for protecting sensitive personal information in the context of hearing records and public access. 	disciplinary proceeding.	on clients as improved efficiency in procedural rules is in all parties' interest.	Investment Dealer Members as improved efficiency in procedural rules is in all parties' interest.	Members as improved efficiency in procedural rules is in all parties' interest.	improved efficiency in procedural rules is in all parties' interest.
CIRO review procedures for approvals and Membership (CIRO Rules 9200, 9300 and 9400)					
<ul style="list-style-type: none"> Harmonizes framework for approving individuals across both Investment Dealer Members and Mutual Fund Dealer Members Streamlines the processes for regulatory decisions, dealer Membership applications and CIRO exemptions. 	Ensure consistency in CIRO's processes in respect of applications and ensures consistent procedural safeguards across all Dealer Members regarding opportunities for review of decisions.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Minor positive</i> – We anticipate minor positive impact on Investment Dealer Member applicants who were refused a proficiency, continuing education or other CIRO exemptions or a Membership application, given increased opportunities to be heard and right of review.	<i>Net-neutral</i> – We anticipate a positive impact on Mutual Fund Dealer Members applicants who were refused proficiency, continuing education, or other CIRO exemptions or a Membership application, given increased opportunities to be heard and right of review. However, via these processes, Mutual Fund Dealer Members may be subject to more thorough procedures and the possible imposition of terms and conditions on both their Approved Persons and Membership than under MFD Rules.	<i>Minor negative</i> – We anticipate minor negative impact on CIRO as increased procedural obligations and safeguards will increase CIRO's administrative work.
Alternative Dispute Resolution (CIRO Rule 9500)					
<ul style="list-style-type: none"> Extends arbitration program to all Dealer Members Permits information sharing with OBSI. 	Provide more dispute resolution options for clients and	<i>Positive</i> - We anticipate positive impact on clients as it	<i>Neutral</i> – We do not anticipate any significant impact on Investment Dealer Members as there is	<i>Minor negative</i> - Mutual Fund Dealer Members will be required to participate in CIRO's binding arbitration program.	<i>Positive</i> – We anticipate positive impact on CIRO as the proposal promotes dispute resolution.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	improve communication between OBSI and CIRO.	fosters investor protection.	no significant change to the existing arbitration program.		