

Comments Received in Response to Request for Comments on Disgorgement – Proposed Amendments to the Mutual Fund Dealer Rules Bulletin

On August 21, 2025, CIRO issued [Rules Bulletin 25-0218](#) requesting comments on the Proposed Amendments to the Mutual Fund Dealer Rules to specifically provide for disgorgement. We received comment letters from:

Canadian Association of Retired Persons (**CARP**)
 David M. Fieldstone
 Eva Krasa
 FAIR Canada
 Harvey Buksa
 Harvey S. Naglie
 Kenmar Associates
 Rick Price
 S. Gourley
 The Canadian Advocacy Council of CFA Societies Canada (**CAC**)
 Tim Carter

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

Summary of Comment		CIRO Response
General Comments		
1.	All commenters expressed support for CIRO’s proposal to codify disgorgement in the Mutual Fund Dealer Rules. Reasons for this support, where stated, indicated that this change would improve clarity, strengthen enforcement and enhance investor protection, and would increase public trust in financial regulation.	We thank commenters for their support.



Summary of Comment		CIRO Response
2.	Several commenters praised CIRO’s decision to implement the amendments in 2026 in response to stakeholder feedback on the implementation of the Disgorgement Distribution Proposal. (CAC, FAIR Canada, Kenmar Associates)	We thank commenters for their support.
Comments regarding the Disgorgement Distribution Program ¹		
3.	<p>Most commenters requested CIRO develop a process to ensure CIRO Dealer Members do not benefit from misconduct of their Registered Representatives, indicating that when the fees and /or commissions received relate to unsuitable activities, the Dealer Members share of the monies should be subject to the disgorgement order, so it can be returned to harmed investors.</p> <p>Reasons for this suggestion included the following:</p> <ul style="list-style-type: none"> - Dealer Members are responsible for supervision and compensation practices, which can drive, contribute or exacerbate misconduct and investor harm. - Historical collection rates of disgorgement orders against Dealer Members are much higher than collection rates of disgorgement orders against individuals. - Increased Dealer Member responsibility would incentivize Dealer Members to adopt more responsible and client-centric business models. <p>(Kenmar, Rick Price, David M. Fieldstone, Tim Carter, Harvey S. Naglie, CARP, Harvey Buksa, S. Gourley, Eva Krasa)</p>	<p>We thank commenters for their comments.</p> <p>The proposed amendments will allow hearing panels to make disgorgement orders against CIRO Dealer Members: CIRO Enforcement may prosecute, in appropriate cases, both the Registered Representative and the Dealer Member based on the misconduct, and will continue to use their prosecutorial discretion to pursue such cases. Hearing panels will be able to make disgorgement orders against Dealer Members where a Dealer Member is named as a respondent in a proceeding against the Dealer Member, or where a Dealer Member is named jointly with an individual advisor. This practice will continue when the Disgorgement Distribution Program is implemented.</p> <p>Allowing for disgorgement orders against a CIRO Dealer Member for amounts received as a result of an approved person’s misconduct in the absence of a finding of misconduct by the Dealer Member is out of scope for this project.</p>

¹ See also Summary of Comments Received in Response to **Notice 23-0010 - Appendix A** and in Response to **Notice 24-0290 – Appendix A**.



Summary of Comment		CIRO Response
4.	Most commentors urged CIRO to enhance collection of disgorgement orders. (Rick Price, David M. Fieldstone, Tim Carter, CARP, Harvey Buksa, CAC)	We agree and, as set out in the Disgorgement Distribution Program, we intend to prioritize collection of disgorgement orders.
5.	Most commenters recommended that CIRO publish regular statistics on the Disgorgement Distribution Program's performance, detailing amounts ordered, collected and distributed, to measure the initiative's effectiveness and enhance transparency. (CAC, David M Fieldstone, Eva Krasa, Harvey Buksa, Harvey S. Naglie, Rick Price, Tim Carter)	We thank commenters for their recommendations. We intend to implement a high level of transparency about the Disgorgement Distribution Program, including a dedicated section of the website and expect to include the information on the Program's distributions and performance in CIRO Enforcement annual reports.
6.	Some commentors emphasized the need for clear communication about the distinct purposes and limitations of disgorgement relative to other remedies available to harmed investors. (Harvey Buksa, CAC)	We agree and intend to clearly distinguish the distribution of collected disgorged funds from restitution and other investor compensation options to avoid and prevent retail investor confusion and overlap with the existing compensation options.