Appendix G - Summary of public comments

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

On October 16, 2025, CIRO issued Rules Bulletin **25-0277** requesting comments on proposed revisions to the Investment Dealer and Partially Consolidated (**IDPC**) Rules amendments relating to fully paid securities lending and financing arrangements (**Revised Proposed Amendments**). We received three (3) comment letters from the following commenters:

- The Canadian Bankers Association (CBA)
- The Canadian Independent Finance and Innovation Counsel (CIFIC)
- 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, commenters support CIRO's objective to align its rules with tax legislation and balance investor protection with expanded retail opportunities. They also emphasize the importance of adding clarity and certainty to fully paid lending (**FPL**) programs to foster investor confidence and market integrity. Views however diverge on timing and scope of a few aspects of the proposal which we discuss in more detail below.	We thank commenters for their feedback.
Revised Account Restriction – lending within registered accounts		
2.	Commenters generally agree with the proposal to not codify into CIRO rules the existing restriction that limits retail FPL to non-registered accounts. [WSII, CBA, CIFIC]. One commenter supports allowing FPL within registered accounts, citing expanded investor opportunities and appropriate safeguards [WSII]. Others caution against implementation before Income Tax Act amendments are finalized, warning that premature adoption could create uncertainty and inconsistent application. [CBA, CIFIC]. One commenter [CIFIC] notes unresolved issues regarding the tax status of securities loans, characterization of collateral, and implications for the RRSP trusts. According to the commenter, current lack of certainty	As outlined in Bulletin 25-0277, in light of recent tax legislation developments, CIRO has adopted a neutral stance and deferred the permissibility of fully paid lending (**FPL**) within registered accounts to the tax authorities and their interpretation of the legislation. CIRO rules, by virtue of their scope and nature, do not override applicable legislation, such as tax or trust law, nor do they interfere with the responsibilities of registered plan trustees, set out under such legislation, or dealer contractual obligations to trustees and plan holders. In practice, this means that Dealer Members (**Dealers**) who choose to offer FPL within registered account remain fully responsible for compliance not only with CIRO rules, including standards of

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	and inconsistent interpretations among dealers and trustees creates significant tax and compliance risks, such as the possibility of registered accounts holding non-qualified investments. Recommendations include: • Coordinated implementation, with Finance Canada and the Canada Revenue Agency (CRA), to ensure regulatory clarity, minimize operational risk, and allow sufficient time for dealers to update systems, disclosures, and client agreements, [CBA, CIFIC]; • Explicit recognition of registered accounts in CIRO rules or guidance, to mitigate confusion [CBA]; • Deferral of implementation until legislative amendments are enacted and clarified [CBA, CIFIC].	conduct and proper risk management, but also with all applicable laws and contractual obligations. They also must be able to demonstrate such compliance both at the point of offering FPL within registered accounts, and throughout the life of the service. To clarify further, CIRO rules do not mandate the offering of FPL within the registered accounts. This is a Dealer business decision in agreement with the parties involved. CIRO has and continues to engage with the Department of Finance and other relevant stakeholders on this matter. Similarly, Dealers and trustees are expected to seek guidance from the Department of Finance or the CRA to clarify tax-related obligations and confirm compliance, consistent with what is normally expected vis a vis other investment practices governed by tax law.
Securities loan agreement [proposed rule section 4622 and guidance section 2.3]		
3.	One commenter recommends reconsidering the proposed requirement for customers to set a limit on the total amount they are willing to lend, particularly in the context of order execution only (**OEO**) dealers. According to the commenter, OEO dealers do not conduct suitability assessments and therefore should not be expected to monitor or enforce a client-specified lending limit. They suggest that risk limits apply only where firms have suitability obligations. [CIFIC]	We refer the commenter to our response in Bulletin 25-0277 (Appendix J, response # 2). To clarify, our rules do not require clients to set lending limits; rather, they preserve an existing client's right to voluntarily restrict how much of their portfolio they are willing to lend as part of a Dealer-run fully paid lending arrangement. We remain unconvinced by the argument that the operational burden on OEO Dealers in setting up controls to ensure compliance with this type of client pre-

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		determined instruction outweighs the importance of protecting a fundamental client right.
Collateral [proposed section 4624 and guidance section 2.5]		
4.	One commenter recommends revisiting CIRO rules in future proposals to allow greater flexibility for the use of debt collateral in place of cash, reflecting dealer preferences and eliminating the need for exemptions. [CIFIC]	We refer the commenter to our response in Bulletin 25-0277 (Appendix J, response # 4). There, we explain the rationale for the adopted collateral approach and the process for permitting non-cash collateral, which does not necessarily require an exemption. We will, however, consider in the future whether additional flexibility is warranted.