

CIRO Consultation: Rule Consolidation Project – Phase 6

June 12, 2026

Delivered to: Canadian Investment
Regulatory Organization (**CIRO**)

General Comments

The Canadian Bankers Association (**CBA**)¹ appreciates the opportunity to comment on *CIRO’s Rulebook Consolidation – Phase 6 (Proposed CIRO Rules)*.

We continue to support the objectives of the Rulebook Consolidation Project, including harmonization, clarity and the development of a more principles-based and proportionate regulatory framework. To that end, we appreciate CIRO’s extensive work in developing the Proposed CIRO Rules and we recognize the significant effort involved in consolidating these two long-standing regulatory frameworks.

The CBA endorses the Securities and Investment Management Association (**SIMA**)’s June 11, 2026 submission (**SIMA submission**) in its entirety. Our members appreciate SIMA’s careful and detailed review of the Proposed CIRO Rules, and they concur with and support the specific comments and positions outlined in the SIMA submission.

In particular, we wish to emphasize the CBA’s support for a 24-month implementation period for the entire project, with 36 months for selected requirements, as set out in the SIMA submission. Our members agree that this timeline is necessary, reasonable and proportionate to the significant scope of the changes. While Mutual Fund Dealer firms will require a fundamental redesign of policies, procedures, compliance programs, training programs, and supporting infrastructure across nearly all aspects of their operations, there are also very significant changes for Investment Dealers, particularly with respect to conduct related provisions of the Proposed CIRO Rules.

Key Considerations

In addition to our support for the SIMA submission, our members wish to highlight the following key points for CIRO’s consideration.

CIRO Guidance

We reiterate the importance of publishing guidance to support implementation of the Proposed CIRO Rules. CIRO has identified numerous areas where additional guidance will be provided, including in relation to the following topics:

CIRO Consultation – Appendix 9	CIRO Consultation – Summary of Material Changes
<ul style="list-style-type: none"> • Comment 6, page 39 – margin services • Comment 28, page 70 – substantial compensation • Comment 29, page 48 – monthly 	<ul style="list-style-type: none"> • 3.4.4 (a) Application of Rule 3700 – to assist Dealer Members in determining the roles and activities that would be considered to be Dealer Member related

¹ The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada’s economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

<p>supervision report for newly registered Approved Persons</p> <ul style="list-style-type: none"> • Comment 42, page 76 – time for clients to review response to complaints • Comment 45, page 53 – addition of employees to individuals subject to personal financial dealings requirements • Comment 56, page 81 – service arrangements, • Comment 61, page 83 and comment 71, page 87 – recordkeeping, • Comment 90, page 95 and comment 128, page 111 – CIRO Form 1 	<p>activities</p> <ul style="list-style-type: none"> • 3.4.4 (b), Definition of service complaint – examples and factors to consider in determining whether something is a service complaint • 3.4.4 (d) Dealer Member reporting, Clause 3711(1)(iii) – relevant key factors and considerations regarding substantial compensation paid • 3.4.5 (g) Electronic delivery, Section 3857 – guidance to clarify electronic delivery requirements, including CIRO’s expectations around client notification and choice, as well as criteria for identifying non-digital clients, such as seniors, individuals with disabilities or those without internet access • 3.10 (e) Treatment of diversified investment products, GN-FORM1-24-001 – additional guidance on assessing whether a fund meets the proposed definition of a diversified investment product delegation and automation, service arrangements, recordkeeping, electronic delivery, substantial compensation, and Form 1-related matters
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We note that there are many additional provisions of the Proposed CIRO Rules that SIMA has identified as requiring further clarification. While we urge CIRO to clarify those provisions directly in the text of the rule where possible, any guidance CIRO provides in relation to these provisions will play a significant role in shaping how Dealer Members implement the Proposed CIRO Rules.

Given the extent to which implementation depends on this guidance, we strongly recommend that any guidance be published for comment and finalized before the proposed 24-month transition period begins.

Without this finalized guidance, Dealer Members will face difficulty designing, producing and testing systems changes, planning, budgeting and allocating resources, drafting and approving updates to policies, procedures, compliance programs and training programs, and other complex implementation requirements. The absence of finalized guidance will reduce the effectiveness of the implementation period, as the rules alone will not provide sufficient clarity to implement this project’s complex changes.

As noted in the SIMA submission, the Canadian Securities Administrators (**CSA**) routinely provides proposed companion policies for comment and generally both the final rule and final companion policy are subject to the same implementation period. We urge CIRO to consider that market participants should all have this

opportunity regardless of whether they are regulated directly by the CSA or through CIRO, particularly given the principles-based nature of both the CSA and the Proposed CIRO Rules.

We also agree with SIMA's recommendation that CIRO adopt ongoing mechanisms during and after implementation, such as publishing FAQs and establishing industry working groups.

Bank-affiliated Mutual Fund Dealers

As noted in the SIMA submission, employees may be employed by a bank rather than its affiliated mutual fund dealer. The application of several provisions in relation to these employees lacks clarity.

If the definition of "employee" is intended to capture bank employees who provide services to Dealer Members, it remains unclear whether individuals in more indirect or incidental functions, such as information technology, tax, legal, compliance, accounting, risk, real estate, and human resources (which are often centralized across the bank financial group) would be considered within the scope of "Dealer Member-related activities," where their roles are not directly tied to the Dealer Member's business.

Depending on how they are interpreted, the Proposed CIRO Rules could require reporting to CIRO in relation to these bank employees and require the Dealer Member to investigate their conduct. The CBA would not support this interpretation, as it would extend CIRO reporting and investigative obligations to individuals whose roles are not directly connected to Dealer Member activities.²

It is also unclear whether sections 3720 and 3711 require the Dealer Member to investigate and report to CIRO serious misconduct that relates only to banking activities, such as bank fraud or falsification of a banking document.

For bank employee misconduct, we note that any conduct that is "an unsafe or unsound practice in conducting the business or affairs of the bank" could be the subject of a direction by the Superintendent of Financial Institutions under section 645(1) of the *Bank Act*. If so, it would be prescribed supervisory information under section 637 of the *Bank Act* and the *Supervisory Information (Banks) Regulations*. As such, it could be prohibited from being disclosed to CIRO.

We also highlight the uncertainty regarding the appropriate population to include in Form 1, particularly where individuals may be employed by the bank while supporting dealer operations.

Guaranteed Investment Certificates (GICs)

We recommend that CIRO consider deleting paragraph 1102(5)(ii) of the CIRO Rules. Our understanding is that this provision is a carry over from the Mutual Fund Dealer Association (**MFDA**) rules and was necessary because those rules did not define "investment product". As the Proposed CIRO Rules now include such a definition and given that GICs are not "securities" and would therefore fall outside the scope of "securities and

² The CIRO consultation document accompanying the Proposed CIRO Rules indicates that the reporting requirement in subsection 3710(2) "applies to a subset of employees with **close interaction with clients...**" [Emphasis added]. This intended scope of this requirement should be expressly specified in the text of the rules.

derivatives related business,” paragraph 1102(5)(ii) is no longer necessary. Removing it would help avoid interpretive uncertainty.

Principal Protected Notes (PPNs)

The CBA concurs with SIMA’s request to clarify CIRO’s position on PPNs.

Conclusion

We appreciate the opportunity to provide comments on Phase 6 of CIRO’s Rulebook Consolidation Project and recognize CIRO’s efforts to refine the proposed rules in response to stakeholder feedback. We would be pleased to discuss our comments further or to provide additional input as CIRO continues its work on this important initiative.