



FIDELITY CLEARING CANADA®

BY EMAIL: memberpolicymailbox@ciro.ca

June 12, 2026

Canadian Investment Regulatory Organization (CIRO)
Member Regulation Policy
Suite 2600
40 Temperance Street
Toronto, Ontario M5H 0B4
Email: memberpolicymailbox@ciro.ca

Re: Rule Consolidation Project – Proposed CIRO Rules

Dear Sirs/Mesdames,

We appreciate the opportunity to provide comments on the Canadian Investment Regulatory Organization's ("CIRO") proposed consolidated rules (the "Proposed CIRO Rules") published on February 12, 2026.

Fidelity Clearing Canada ULC ("FCC") is a CIRO Dealer Member that operates as a custodian and carrying broker, providing clearing, custody, and back-office services to introducing broker dealers and other financial intermediaries. FCC performs key operational functions, including the safekeeping of client assets, maintenance of books and records, trade settlement, and client account administration, while client-facing responsibilities, such as know-your-client, suitability, and investment advice, are generally performed by the introducing dealer. FCC's role is therefore structured to support efficient, compliant, and well-controlled multi-party operating models integral to Canadian capital markets.

Our comments focus on ensuring that the Proposed CIRO Rules appropriately reflect the differentiated roles within introducing and carrying broker arrangements.

General Support

We would like to express our strong support for CIRO's Rule Consolidation Project, and the significant efforts undertaken to develop a unified framework applicable to all Dealer Members.

We support the overall direction of the Proposed CIRO Rules, including the objectives to enhance harmonization, improve clarity and accessibility of the rulebook, and adopt a more principles-based approach that is responsive to the diversity of Dealer Member business models. In our view, these objectives represent a thoughtful and important evolution of the current regulatory framework.

Perspective as a Custodian and Carrying Broker

As a Dealer Member operating a custody and carrying broker model, we play a core role in providing account infrastructure, safeguarding client assets, maintaining books and records, and supporting introducing broker relationships across the industry.

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This operating model promotes scalability, operational specialization, and resiliency by allowing firms to perform functions within established areas of expertise and control. These arrangements rely on clearly defined roles, contractual allocation of responsibilities, and established operational and supervisory frameworks.

In this context, we particularly value CIRO's recognition of diverse operating models and the role that service arrangements play. We believe that a consolidated rulebook should enhance consistency and transparency for service arrangement models, including introducing and carrying broker arrangements.

At the same time, given the specialized and complementary roles performed by different financial intermediaries within these models, we view clarity in the allocation of responsibilities as an important element of effective implementation.

Benefits of the Proposed Framework

In our view, the Proposed CIRO Rules offer several important benefits, including:

- **Greater coherence and usability:** A single, harmonized rulebook should improve firms' ability to interpret and apply requirements consistently.
- **Consistency of regulatory outcomes:** Aligning requirements across dealer types promotes a more level and predictable regulatory environment.
- **Modernized structure and drafting:** The organization and plain-language approach improve accessibility and usability.
- **Flexibility through principles-based requirements:** A principles-based framework can better accommodate a range of business models, including those that involve operational specialization and inter-firm service arrangements.

Clarity in Multi-Party Operating Models

As CIRO advances a more principles-based and activity-focused framework, we believe it is important that the final rules and related guidance provide sufficient clarity regarding how regulatory responsibilities apply in the context of multi-party operating models.

From an operational perspective, this clarity is particularly important where activities are distributed across multiple entities, systems, and control frameworks.

For introducing and carrying broker relationships, clarity regarding:

- the allocation of responsibilities among Dealer Members or other financial intermediaries;
- the ability of firms to reasonably rely on each other's controls within defined roles; and
- the distinction between operational functions and client-facing regulatory obligations

will support consistent application and avoid unintended overlap or duplication of controls.



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This includes scenarios where activities are performed by non-CIRO registrants, such as portfolio managers, where clarity is needed to ensure that regulatory expectations do not extend beyond the applicable regulatory framework or create unintended overlap.

We believe that clear and well-understood delineations of roles within these frameworks is essential to achieving the regulatory objectives of investor protection and market integrity in an efficient and proportionate manner. In our view, appropriate reliance between Dealer Members is not only operationally necessary, but fundamental to the effectiveness of these models.

Accordingly, the final framework and related guidance should clearly recognize that firms may allocate responsibilities consistent with their respective roles, expertise, and contractual arrangements. In particular, CIRO should support the ability of Dealer Members to reasonably rely on one another's controls within defined roles, without creating duplicative or overlapping supervisory or compliance expectations.

It is also important that regulatory obligations align with each firm's role in the client relationship and the functions it performs. Where a Dealer Member provides custody, clearing, and other operational services, expectations should appropriately reflect that these functions are distinct from client-facing activities such as know-your-client, suitability, and the provision of investment advice.

Maintaining this distinction is critical to ensuring that controls are effective, appropriately applied, and operationally efficient. Absent such clarity, principles-based requirements may result in duplicative controls or overly conservative approaches that increase operational complexity without corresponding investor protection benefits.

We encourage CIRO to explicitly reflect these principles in both the final rules and accompanying guidance. Taken together, these elements are intended to ensure that the Proposed CIRO Rules support role-based regulation, appropriate inter-firm reliance, and the avoidance of duplicative supervisory expectations. Continued recognition of these differentiated roles, including permitting Dealer Members to reasonably rely on one another within defined frameworks, will support investor protection while avoiding unnecessary duplication of controls and supervisory activities.

Implementation Considerations

We recognize that the transition to a consolidated rule framework will be a significant undertaking, particularly for firms with complex operating models and established service arrangements, including those supporting introducing broker networks and other multi-party structures.

We would welcome further guidance or interpretive examples addressing the application of the Proposed CIRO Rules within introducing and carrying broker arrangements, including illustrative examples of how responsibilities may be allocated across firms, how reliance may be appropriately exercised, and how supervisory expectations apply to shared or sequential activities.

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We believe effective implementation will be supported by:

- Appropriate transition periods, allowing firms to update policies, procedures, systems, and contractual arrangements;
- Clear and practical interpretive guidance, particularly in areas where principles-based requirements apply to shared or interdependent activities across firms; and
- Continued engagement with industry participants, to support consistent understanding and application of the rules.

Ongoing Engagement

We appreciate CIRO's consultative approach throughout the Rule Consolidation Project and would welcome the opportunity to continue engaging as the initiative progresses.

Continued dialogue on service arrangements, custody frameworks, and the practical application of the rules across different Dealer Member roles would be valuable to ensure that the final framework operates effectively across the full spectrum of industry participants.

Conclusion

We commend CIRO for the substantial work undertaken to advance this important initiative and for its ongoing engagement with stakeholders.

We are broadly supportive of the Proposed CIRO Rules, and the direction reflected in the consolidation project. As the framework evolves, we believe continued clarity regarding the allocation of responsibilities within introducing and carrying broker arrangements will be important to ensuring that the consolidated rules operate effectively and proportionately across diverse Dealer Member business models. We believe this approach is consistent with both effective investor protection and efficient market functioning.

We look forward to continued engagement as the rules are finalized and implemented.

We would like to thank CIRO for the opportunity to comment and we would be pleased to discuss any of our comments with you.

Yours sincerely,

Paige Wadden LL.B.
CCO Brokerage Services

c.c. Kevin Barber, President

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