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## RE: Rule Consolidation Project – Proposed CIRO Rules - Phase 6

PFSL Investments Canada Ltd. (PFSL, we or our) continues its engagement with CIRO's Rule Consolidation Project (the "Consolidation Project") and appreciates the opportunity to respond to the final stage of CIRO's Consultation Project, referred to as Phase 6 (the "Consultation") published for comment on February 12, 2026. Attached at Appendix A is our response to the four questions CIRO specifically requested comments on with respect to the Consultation.

### About Primerica

Primerica Financial Services (Canada) Ltd. ("Primerica") is a leading distributor of basic financial savings and protection products to middle-income households across Canada and has served the Canadian public since 1986. Our Canadian corporate group includes PFSL Investments Canada Ltd. ("PFSL"), our mutual fund dealer, and Primerica Life Insurance Company of Canada ("PLICC"). PLICC is represented by more than 11,000 licensed life insurance agents across the country, and approximately 60% of our life insurance agents are dually registered as mutual fund representatives. PFSL maintains a large national network of mutual fund registered representatives and serves a client base with modest account balances and emerging savings needs. Its business model is therefore materially different from traditional wealth management models that concentrate on larger accounts and affluent households.

PFSL serves a segment of the Canadian market that is often overlooked by traditional wealth management models. Through a national network of mutual fund registered representatives, PFSL provides financial education, personal guidance, and investment solutions to middle-income Canadians, many of whom are first-time investors or households with modest account balances. Clients can begin investing with an initial investment of as little as \$500 and ongoing contributions of \$25 per month, allowing families to establish savings habits and participate in long-term wealth accumulation.

We are proud of our high customer satisfaction and retention, our collaborative approach to regulation, and our commitment to strong consumer protection. Primerica's people-first



philosophy and commitment to doing what is right for clients is reflected in the millions of families across North America who trust Primerica with their financial needs.

## PFSL's Role in the Market and Access to Advice

PFSL's role in the market underscores why proportionate regulation is not simply a policy preference, but an essential component of maintaining access to financial advice for middle-income Canadians. PFSL ranks first in the relevant advice channel by number of licensed representatives, with over 6,800 advisors, yet it represents only about 3.7% of total channel assets. Its average book size of \$3.6 million per representative is far below the channel average of \$26.2 million. That profile is not an accident. It reflects a business model built to serve a broad base of Canadians with modest savings and smaller accounts.

That role is consistent with the 2022 MFDA/CIRO Client Research Report, which found that mutual fund dealers served approximately 9.4 million households, or 57% of Canadian households, and that 78% of those households had less than \$100,000 in financial wealth. The report stated that mutual fund dealers continue to provide the most accessible advisory service to retail investors in Canada. In other words, the mutual fund dealer channel is not a niche distribution system. It is a mass-market advice channel serving millions of Canadians who would otherwise have limited access to personal guidance.

That access function is becoming more important every day. Statistics Canada's 2025 household economic accounts show that net saving worsened for lower-income households, with the lowest income quintile recording an average net deficit of -\$38,907 and the second quintile with a net deficit of -\$19,944. Many households are not simply saving less; they are operating in deficit. At the same time, recent industry data show that growth in the advice market is increasingly concentrated among those with larger, wealthier books. The top 20% of advisors saw average AUM rise to \$637.6 million from \$604.6 million, while the remaining 80% were essentially flat. The top 20% are also heavily concentrated in wealthy client relationships, with 78.6% of their books devoted to clients with more than \$1 million in assets, including 54.2% in clients above \$2 million. By contrast, the remaining 80% have a much smaller share of high-value accounts and a greater reliance on smaller ones. That divergence confirms a hard truth: the economics of advice are increasingly favouring larger, wealthier relationships.

PFSL's model matters because smaller households still require the same core services, even though their accounts generate less revenue than large portfolios: needs assessments,

guidance around tax-advantaged savings opportunities, suitability reviews, education, disclosures, supervision of accounts, and ongoing support. When regulation materially increases the fixed costs of serving those clients, it does not just raise costs in the abstract; it makes it more difficult to sustain advice models that reach ordinary Canadians. If CIRO is serious about preserving access to advice, it must ensure that harmonization does not come at the expense of the business models that serve middle-income households.

## The Consolidation Project

One of CIRO's initial priorities in Phase 1 of the Consolidation Project was to consolidate the IDPC Rules and MFD Rules into one set of rules, the DC Rules, now referred to as the CIRO Rules, applicable to both investment dealers and mutual fund dealers. CIRO's stated objectives for the proposed Rules included greater harmonization, regulation of like activities in a like manner, reduced regulatory arbitrage, and less prescriptive and more principles-based requirements where practical and appropriate, so that the rules would be scalable and proportionate to different dealer types and business models.

PFSL supports CIRO's objective of creating a harmonized rule framework that promotes investor protection, regulatory efficiency, and consistent oversight across Dealer Members. Harmonization will not succeed if it produces a framework that is uniform in form but misaligned in effect. The final framework must preserve proportionate regulation and continued recognition of the distinct mutual fund dealer business model. While many proposed changes may appear reasonable in isolation, their cumulative effect will move mutual fund dealers toward governance, supervisory, proficiency, and operational frameworks designed for a different business model and a different client segment. That is not true harmonization; it is regulatory convergence that risks undermining the viability of the mass-market advice channel.

PFSL therefore encourages CIRO to reaffirm that mutual fund dealers serve different clients, distribute different products, and operate under different business models and risk profiles than investment dealers.

## Key Concerns

PFSL has reviewed CIRO's Impact Analysis and corresponding Impact Assessment Table and does not agree with the overall assessment and conclusions drawn in Appendix 8. In particular, the analysis understates the extent to which the proposed Rules may require material changes to mutual fund dealers' governance, operations, policies and procedures,

resourcing, supervisory structures, and supporting technology. PFSL is particularly concerned that the Consultation does not adequately demonstrate how many of these proposed changes will result in materially improved investor protection outcomes. While the proposed framework may increase governance requirements, documentation standards, supervisory complexity, and implementation costs, it is less clear how these measures will meaningfully enhance investor outcomes beyond the protections already provided under existing MFD requirements. PFSL believes regulatory burden should be carefully balanced against demonstrable public interest benefits, particularly where the affected firms primarily serve middle-income households and first-time investors.

PFSL, like many mutual fund dealers, has relied on existing rules and supervisory standards to guide account supervision and branch review processes. Moving to a more principles-based framework will require significant redesign across nearly all aspects of PFSL's operations, including internal systems and, where applicable, third-party software.

The impact is further compounded by the absence of sufficient guidance by CIRO. While PFSL recognizes that principles-based regulation can give firms flexibility to tailor compliance frameworks to their business models and risk profiles, that flexibility must be accompanied by clear expectations and practical implementation guidance. Without it, firms may be forced to invest in governance structures, supervisory controls, training programs, and technology based on assumptions about CIRO's expectations, only to revisit or redo that work once final guidance is issued. That creates duplicative effort, inconsistent interpretations, operational disruption, and unnecessary costs.

## CIRO Guidance and Regulatory Certainty

PFSL acknowledges CIRO's intention to provide as much guidance as possible before the implementation period begins, with any remaining guidance to follow thereafter. However, PFSL strongly encourages CIRO to undertake a process that includes public consultation on draft guidance and publication of final guidance in advance of implementation deadlines. This would provide firms with the certainty needed to design and implement compliant frameworks from the outset.

PFSL therefore believes implementation of the Proposed Rules should be accompanied by a robust guidance framework, including practical examples, FAQs, transition support, and reasonable adjustment periods. Such measures will help promote consistency across the industry, reduce unnecessary implementation costs, and support the successful transition to a principles-based regulatory framework.

## Conclusion

PFSL supports strong investor protection and effective regulatory oversight. However, regulatory complexity should not be viewed as an objective itself. New requirements should be adopted only where they can reasonably be expected to improve investor outcomes, strengthen market integrity, or address identifiable regulatory risks. In PFSL's view, several aspects of the proposed framework would introduce significant operational complexity and cost without a corresponding demonstration of enhanced investor protection. CIRO should therefore continue to apply the principles of proportionality, necessity, and regulatory effectiveness as it finalizes the Rules.

PFSL also supports the stated objective of creating a modern, harmonized regulatory framework that promotes investor protection and confidence in Canadian capital markets. But harmonization cannot be the sole measure of success. If the final Rules materially increase fixed costs for the mutual fund dealer channel that serves mass-market investors, then the result will be fewer viable advice options for the Canadians who need them most. CIRO should adopt a framework that is harmonized where possible, differentiated where necessary, and proportionate throughout. PFSL encourages CIRO to ensure that the final Rules, guidance, and implementation approach explicitly recognize mutual fund dealers as a distinct registration category with their own proportional requirements, rather than treating them as a subset of investment dealers, and to calibrate requirements accordingly to their different product shelves, distribution models, and mass-market client base.

Sincerely,

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## Appendix A: Consultation Questions

### Question 1 – Implementation Approach

The Consultation recognizes that mutual fund dealers may require changes to governance, operations, policies and procedures, resourcing, and supporting technology under the Proposed CIRO Rules. PFSL's prior comments across the Rule Consolidation Project have consistently highlighted that such changes typically require coordinated updates to compliance manuals, supervisory procedures, training materials, and client disclosures across a national salesforce rather than narrow, rule-specific edits. While extended implementation periods are available in certain circumstances, PFSL does not support a rule-by-rule extension approach. PFSL strongly encourages a blanket implementation period of at least 36 months for all of the Rules, given the breadth, depth, and structural complexity of the proposed framework, and the significant shift it represents.

Transitioning from a rules-based framework to a principles-based regulatory model is a major shift for PFSL and other MFDs. It will require redesign of policies, procedures, supervisory structures, controls, training programs, and supporting technology, including internal systems and third-party software, across nearly all aspects of operations. In earlier phases, PFSL noted that even targeted amendments have required sequenced rollouts of revised branch review programs, new conduct training modules for Approved Persons, and changes to dealer agreements with service providers, demonstrating that implementation is experienced as an integrated change program rather than isolated rule updates. The scale of the change, together with its interconnected operational effects and new interpretive and supervisory expectations, supports a longer and consistent implementation period to reduce transition risk and avoid fragmented or inconsistent adoption.

Timely final guidance will be critical. PFSL's ability to implement within a 36-month period will depend on clear, practical, and finalized interpretive guidance. PFSL strongly encourages CIRO to use a structured and transparent guidance development process, including draft guidance for comment, formal consultation opportunities, and ongoing mechanisms such as FAQs or industry working groups. In earlier comments, PFSL and other commenters urged CIRO to ensure that harmonized guidance replace existing MFDA Staff Notices on a timely basis so that firms are not forced to implement rules first and then

re-engineer controls once guidance is issued. Finalizing guidance in parallel with, or before, the implementation period will help firms build compliant control frameworks from the outset, rather than incurring additional cost and risk through later-stage redesign or remediation.

PFSL notes that implementation challenges are not driven by firm size alone. Dealers operating large representative networks face particular burdens, including supervisory redesign, representative training, branch oversight enhancements, and technology updates for geographically dispersed distribution models. PFSL has previously observed that these changes can require multiple training cycles to reach all representatives, regional adjustments to supervision structures, and staggered system deployments to branches that depend on third-party platforms. Those burdens can directly affect recruitment and retention of representatives and, if implementation is not adequately paced, may reduce the availability and continuity of advice for mass-market households. These realities should be reflected in the implementation timeline.

## Question 2 – Proficiency for Supervisors

In Phase 4, CIRO proposed to harmonize the title of Branch Managers and the CIRO Approved Person review process to align with the Investment Dealer Member Supervisor category of Approved Person. However, because the existing proficiency requirements for an Investment Dealer Member Supervisor and a Mutual Fund Dealer Member Branch Manager are significantly different, CIRO previously proposed to maintain separate requirements.

In the current Consultation, CIRO says it now considers the Investment Dealer Supervisor requirements appropriate for Supervisors of Mutual Fund Dealer Members and has amended its proposal to apply the same proficiency requirements across Dealer Members. PFSL has reviewed Appendix 16 – Supervisor Competencies and agrees it provides a broad framework for the knowledge, skills, and behaviors required of MFD Supervisors, including Branch Managers and Alternate Branch Managers. However, PFSL strongly disagrees with applying the same proficiency requirements across Dealer Members.

PFSL is concerned that some exam content does not align with the business activities of PFSL and similarly situated mutual fund dealers. Although CIRO says the exam is intended to assess core competencies and is not product-specific, the Supervisor Practice Exams,

syllabus, and competency framework include topics relevant to investment dealer business models but not to PFSL and other mutual fund dealers. Examples include retail derivative trades, managed accounts, order execution-only accounts, contracts for difference, trade timing between managed and proprietary accounts, new Registered Representative and Investment Representative requirements, and IPO allocation practices. PFSL previously noted in its Phase 1 comments that it does not offer managed or order-execution-only accounts and that its Approved Persons do not conduct trading in derivatives or proprietary products, making such content misaligned with the PFSL model.

These topics are not representative of PFSL's product shelf, account structures, or supervisory responsibilities. Their inclusion adds unnecessary complexity and training burden without a corresponding regulatory benefit. PFSL therefore recommends that CIRO better calibrate exam content and supporting materials to PFSL's business model or clearly distinguish the cross-sector competencies intended to apply universally. In prior submissions, PFSL supported mobility between Dealer Member types in principle, but emphasized that mobility should not be achieved by requiring MFD personnel to demonstrate proficiency in products and activities that are neither offered nor supervised within their firms. CIRO may pursue mobility between Dealer Member types, but that objective should not require MFD supervisors to be tested on material unrelated to the products and account types they actually supervise.

PFSL notes that CIRO has recognized, in the context of Registered Representatives, that proficiency requirements should be tailored to the actual role and product shelf of Mutual Fund Dealers rather than imported wholesale from investment dealer requirements. The same principle should apply to Supervisors. Supervisory proficiency should be calibrated to the responsibilities, account types, and products actually present, not to functions and activities that do not generally exist within the mutual fund dealer business model. Harmonization should not come at the cost of the mass-market advice channel that serves middle-income Canadian households, particularly where supervisors are already subject to targeted mutual fund proficiency and conduct training regimes.

Similarly, PFSL would like clarification on grandfathering for current Alternate Branch Managers. While CIRO has said it intends to grandfather existing supervisory personnel, subsection 2625(3) appears to require Alternate Branch Managers to meet full Branch Manager proficiency criteria, including the two-year experience requirement. PFSL recommends that the Rule be clarified to explicitly recognize legacy proficiency

requirements for Alternate Branch Managers so they remain eligible under the new Supervisor category. This approach would be consistent with CISO's decision in Phase 4 to grandfather other categories of MFD Approved Persons, including Supervisors, Directors, Executives, and UDPs, subject to targeted conduct training completion within a defined period.

PFSL notes that current Branch Manager proficiency requirements apply only to MFDs outside Québec, because they are set out in the MFD Rules. The Consultation does not explain how transition and grandfathering will apply in Québec. Since Québec does not have similar requirements, many current Branch Managers may not meet the new standards because they are not currently required to do so. PFSL is concerned that individuals who have passed the Branch Managers Course Exam but do not have the required experience could be forced to requalify, which would significantly affect PFSL and MFD operations in Québec. PFSL's earlier comments on proficiency transitions emphasized that lengthy re-qualification processes for experienced personnel can disrupt branch oversight and client service, especially in markets where supervisory talent pools are smaller. An unclear transition approach in Québec would create regional inconsistency within what is intended to be a national harmonized framework.

### Question 3 – Feedback Regarding Impact of New or Amended Requirements

CISO has acknowledged that Mutual Fund Dealer Members may require material changes to governance, operations, policies and procedures, and resourcing under the Proposed CISO Rules. PFSL agrees with that assessment and has proposed mitigation factors such as extended transition periods, grandfathering, and other approaches to reduce the impact on Dealer Members. PFSL has identified areas where existing frameworks already meet the spirit of the more principles-based rules, in which case updates should not require extensive operational changes. In previous comment letters, PFSL noted that where MFDA-era policies already embed risk-based supervision and client outcome considerations, transition efforts should focus on documentation and refinement rather than wholesale program replacement.

One area that warrants particular attention is the extension of Rule 3700 to employees. In the Executive Summary, CISO notes that the Proposed Rules may result in additional

burden on Dealer Members due to the extended application of the reporting, internal investigation, complaint handling, and conflict of interest rules to employees. CIRO states that, although negative impacts on Dealer Members are expected in adapting to the new requirements, the impact on investors, clients, CIRO, and even Dealer Members over the long term is expected to be net-positive because of the consistency and streamlined approach proposed.

PFSL recognizes CIRO's intent but considers this burden disproportionate to the policy benefit. PFSL has observed numerous references to "employees," "persons," "individuals," and "agents" throughout the Proposed Rules that are not adequately defined, creating uncertainty regarding the intended scope. The lack of clarity complicates implementation and raises alignment concerns with certain National Instruments, including NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. In the absence of clear rules and guidance, PFSL, like other MFDs, will be left to interpret the requirements themselves, which will likely result in inconsistencies, inadequate policies and procedures, and an inability to meet the proposed implementation period. PFSL's Phase 4 comments similarly cautioned that unclear terminology around "employees" could lead to divergent firm-level definitions, uneven application of reporting thresholds, and inconsistent escalation of complaints and internal investigations. All of this requires valuable time and resources to implement and will create unnecessary costs.

CIRO has indicated that the Rule does not purport to extend CIRO's jurisdiction to employees but rather articulates more detail around existing expectations that dealers maintain controls and supervision sufficient to provide reasonable assurance that the Dealer Member, its employees, and Approved Persons comply with Corporation requirements and securities laws. CIRO has noted that Rule 3700 would apply only to employees performing Dealer Member related activities, generally roles with a direct impact on clients, and only where serious misconduct may have occurred. While PFSL understands that framing, the proposed expansion still creates a regulatory burden that PFSL believes would be disproportionate to the policy benefit, particularly where MFDs would need to extend surveillance, investigation, and documentation protocols to categories of personnel that have not historically fallen within CIRO's direct purview.

More fundamentally, PFSL is not aware of evidence demonstrating that extending these requirements to employees in the manner proposed will result in materially improved investor protection outcomes relative to the existing framework. In PFSL's view, additional

compliance obligations should be supported by a clear regulatory rationale and demonstrable public interest benefit that is proportionate to the operational burden imposed on Dealer Members.

While individual requirements may appear manageable in isolation, PFSL, like other MFDs, will be required to implement multiple governance, supervision, registration, and systems-related changes within the proposed implementation period. In practice, these changes will be experienced as a package, not as isolated items, and the cumulative burden is greater than the sum of the parts. Although some existing frameworks align conceptually with principles-based requirements, PFSL will, in many cases, need to formalize documentation, enhance or redesign governance and supervisory frameworks, develop enhanced risk assessment methodologies and processes to acquire supporting evidence, restructure branch reviews, escalation and oversight processes, and expand regulatory and supervisory training. PFSL has previously explained that these efforts often require coordinated project planning across compliance, operations, technology, human resources, and finance, and may entail revisions to advisor contracts and compensation structures to reflect new supervisory expectations.

These implementation demands create operational complexity that may not be fully appreciated or mitigated by rule-specific grandfathering or uniform transition periods. With the number of material changes pending further guidance, PFSL and like dealers may face more direct resource constraints. Larger and more complex dealers often encounter comparable pressures arising from legacy systems, multiple business lines, large registrant and client populations, and greater cross-functional dependencies. As a result, implementing multiple interdependent requirements within a common transition period will place material strain on PFSL and like dealers, albeit in different ways depending on their operating model. PFSL's prior submissions emphasized that, for MFDs with large geographically dispersed networks, the need to roll out new supervision frameworks, update third-party systems, and train thousands of representatives within a compressed timeline can significantly increase execution risk and the likelihood of uneven adoption.

One additional concern is that several proposals, particularly those relating to supervision, will require structural changes rather than simple policy updates. While the shift to principles-based rules provides flexibility, stronger internal controls are required as set out in the Consultation. As one example, the transition to a principles-based supervision framework under CISO Rule 3900 will require redesign of the branch review program,

development of firm-specific risk frameworks, and enhancement of governance oversight and documentation. While PFSL recognizes the potential benefits of a more flexible supervisory framework, the Consultation does not clearly establish that these structural changes will produce better investor outcomes than existing supervisory models. The proposed approach may increase firm discretion and implementation complexity without providing corresponding certainty regarding regulatory expectations or measurable improvements in investor protection. In Phase 4, PFSL noted that moving to a fully risk-based branch oversight model would require new tools for ongoing monitoring, revised escalation criteria, and updated training for supervisors to exercise greater judgment in applying principles-based standards.

Cost and capacity constraints may also affect readiness to comply within the proposed timeframe, including increased reliance on external third-party service providers, overlapping compliance, audit, and systems enhancement or new development costs, and potential capacity constraints among external third-party service providers during the initial implementation period. These initiatives are resource-intensive and require a material amount of lead time to implement effectively. They also introduce uncertainty that is difficult to manage within standard budgeting cycles, compress earnings, increase financial volatility, and directly affect capital. PFSL's previous comments on implementation burden highlighted that simultaneous large-scale projects, such as upgrading central books and records platforms while overhauling branch review tools and conduct training, can create competing demands for specialized internal and external resources, particularly in peak implementation windows.

## Question 4 – Overall Feedback

PFSL believes the success of the Rule Consolidation Project should not be measured solely by the degree of harmonization achieved, but also by whether the final framework preserves CIRO's commitment to proportionate regulation and the mutual fund dealer business model. That point is especially important because the MFDA/CIRO Client Research Report shows that mutual fund dealers serve a fundamentally different client base: 78% of the 9.4 million households they serve are mass-market households with less than \$100,000 in financial wealth, and average household wealth among MFDA clients is approximately \$89,000. The report shows that MFDA households are concentrated in the mass-market and mid-market segments, while affluent households represent only a small share of the client base. Yet mutual fund dealers continue to provide the most accessible

advisory service to retail investors in Canada, often through large branch and representative networks that deliver advice to middle- and working-class households.

Against that backdrop, PFSL remains concerned that a number of proposals, while individually well intentioned, collectively move mutual fund dealers toward governance, supervisory, proficiency, and operational frameworks originally developed for investment dealers. That approach risks eroding the differentiated regulatory model contemplated when the MFDA and IIROC were amalgamated. PFSL acknowledges that harmonization can promote consistency where dealer activities, products, and risks are comparable. However, harmonization should not be treated as a regulatory objective in and of itself. The appropriate question is not whether rules can be made more uniform, but whether increased uniformity will result in better investor protection, stronger market integrity, or improved public confidence. Where those outcomes cannot be clearly demonstrated, maintaining differentiated requirements that reflect different business models may better serve both investors and the public interest.

If mutual fund dealers serve a client base with modest financial wealth and operate in a market designed to provide accessible advice at scale, then their rules should reflect those realities rather than impose a one-size-fits-all framework built for a different channel. PFSL has consistently cautioned in prior phases that importing investment-dealer style requirements on capital, proficiency, and account types without adjustment for MFD business models may inadvertently reduce service availability for mass-market clients by increasing costs and complexity beyond what those households can bear.

PFSL therefore encourages CIRO to reaffirm that mutual fund dealers are not simply smaller investment dealers, but distinct businesses with different product shelves, distribution networks, and investor relationships. The final Rules and accompanying guidance should preserve that distinction by ensuring that requirements are proportionate to the risks being addressed and calibrated to the realities of serving middle-income Canadian households. The final Rules and accompanying guidance should preserve that distinction by ensuring that requirements are proportionate to the risks being addressed, calibrated to the realities of serving middle-income Canadian households, and supported by a clear demonstration that any additional regulatory burden will produce corresponding investor protection or public interest benefits.

## CIRO Rule 4115(2) – Calculating Current Capital Position

Under the Proposed Rules, the Chief Financial Officer or designate must document the current capital position under section 4115(2)(ii) at least twice per month for a Level 1, 2, or 3 Dealer, and more frequently if required, including where the Dealer Member is close to violating an early warning test or volatile market conditions exist.[\[ciro\]](#)

Given that PFSL's Risk Adjusted Capital remains consistently and materially above the regulatory minimum, we believe the proposed requirement would provide limited incremental prudential benefit and would instead create an unnecessary administrative burden. PFSL has previously noted that its RAC levels have remained well above early warning thresholds over time, even during periods of market stress, reflecting a relatively stable, fee-based mutual fund business model with limited exposure to proprietary trading or complex products. This requirement appears more relevant for smaller Level 2 dealers whose RAC levels are closer to the regulatory threshold and who are therefore more vulnerable to adverse market conditions and revenue fluctuations. PFSL supports a monitoring framework that is proportionate and responsive to actual risk exposure, including consideration of capital volatility and business model complexity. A more targeted approach, such as increasing calculation frequency when capital approaches early warning thresholds or during periods of volatility, would better align regulatory oversight with financial risk.

PFSL recommends that CIRO incorporate a more explicitly risk-based and proportionate framework into the application of section 4115(2), supported by clear guidance. For example, the requirement could apply only to registrants whose RAC has fallen below \$5 million at any point within the previous rolling three-month period.