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To:	Member Regulation Policy
Cc:	Seeley Group
Subject:	Incorporation
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Attachments:	image002.png image003.png

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Hi,

I am writing in support of CIRO's proposal to harmonize advisor compensation rules and extend incorporated advisor arrangements to all client-facing Approved Persons.

I believe this proposed change represents an important step toward creating a more equitable, modern, and competitive regulatory framework for Canadian financial advisors.

Historically, advisors operating under the mutual fund channel have had access to compensation structures that allow earnings to be directed to a corporation, while advisors operating under the investment dealer channel have generally not had the same opportunity. This has created an uneven playing field between professionals who often provide similar services to clients and operate similar businesses.

Incorporation is a well-established business structure available to many other professionals across Canada, including physicians, lawyers, accountants, engineers, and dentists. These professionals can retain earnings within their corporations, benefit from tax deferral opportunities, and reinvest capital into growing their practices. Financial advisors should have access to the same business tools that are available to other regulated professionals.

The ability to retain earnings within a corporation is about much more than personal tax planning. It allows advisors to reinvest capital into their businesses by:

- Hiring additional support staff.
- Investing in technology and cybersecurity.
- Enhancing compliance infrastructure.
- Expanding financial planning capabilities.
- Improving client education and communication tools.
- Creating succession plans and long-term business stability.

These investments ultimately benefit clients through improved service, greater resources, and stronger advisory practices.

I would also highlight an unintended consequence of the current rules. Many advisors who hold mutual fund licenses have chosen not to pursue or transition to securities licensing because doing so meant losing the ability to direct earnings into their corporations. In effect, the existing framework has created a disincentive for advisors to obtain a more advanced license.

If incorporated advisor arrangements are extended to all client-facing Approved Persons, I believe many advisors would be more willing to pursue securities licensing. This would benefit investors, the industry, and regulators alike. Securities licensing generally requires more extensive education, proficiency standards, ongoing continuing education, and compliance oversight. Removing barriers to obtaining a securities license would support a better educated and more highly trained advisor workforce.

More importantly, securities-licensed advisors can often provide clients with access to a

broader range of investment solutions, including individual equities, bonds, ETFs, mutual funds, and other investment products. This allows recommendations to be made based on what is most suitable for the client rather than being constrained by a narrower product shelf. As a result, clients can receive more comprehensive, objective, and customized advice that is aligned with their goals and financial circumstances. Encouraging advisors to pursue broader licensing qualifications ultimately leads to better outcomes for Canadian investors.
For these reasons, I strongly support CIRO's proposal to introduce incorporated advisor arrangements for all client-facing Approved Persons. This change would:

- Create fairness between mutual fund and investment dealer advisors.
- Align financial advisors with other incorporated professional groups.
- Encourage advisors to pursue higher levels of licensing and education.
- Allow advisors to reinvest retained earnings into growing their businesses.
- Improve client service and advisory resources.
- Support stronger and more sustainable advisory practices.
- Enhance client choice and access to comprehensive investment solutions.

Thank you for recognizing the need to modernize and harmonize advisor compensation rules. I believe this proposal will strengthen the financial advice industry while ultimately benefiting Canadian investors through better-resourced, more knowledgeable, and more competitive advisory firms.

Kyle

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