From:	Seabrook, Alastair
To:	Member Regulation Policy
Subject:	Comment Letter – CIRO Bulletin 26-0150 – Incorporated Approved Person Compensation Option
Date:	Tuesday, July 14, 2026 4:00:58 PM
Attachments:	img-7bb8b9ee-4875-4d33-9f83-3119fe40654f.png img-e7c97edf-ba95-45ce-b652-44ded0d9e956.png img-693e983c-1f58-4840-8ec5-48658fd4c2aa.png

Dear Member Regulation Policy and Canadian Securities Administrators:

Re: CIRO Bulletin 26-0150 – Proposed Incorporated Approved Person Compensation Option

I am writing in my personal capacity as a client-facing Approved Person and financial planner practising in Calgary, Alberta. My comments do not necessarily represent the views of my Dealer Member.

I strongly support CIRO's proposed adoption of an Incorporated Approved Person compensation option. I believe this is an important and overdue modernization of the regulatory framework governing financial advisors.

The present rules create an inequitable result

I operate as a self-employed advisor and bear the economic responsibilities associated with building and operating a professional practice. These include staffing, marketing, technology, professional development, infrastructure, client service, regulatory compliance, and the development of long-term business continuity and succession plans.

Despite operating as a business in substance, I am generally required to receive my securities-related compensation personally. Consequently, income that I do not require for personal consumption—and that I intend to retain and reinvest in the practice—is nevertheless subject to personal taxation in the year it is earned.

This is not simply a question of reducing an advisor's tax bill. Incorporation would provide legitimate tax deferral on retained business earnings. Tax would still ultimately be payable when funds are distributed personally. The benefit is that capital intended for business purposes could remain within the business and be deployed toward productive investments such as:

- hiring and developing staff;
- improving client service and planning capabilities;

- investing in technology and cybersecurity;
- expanding access to professional advice;
- acquiring or transitioning advisory practices;
- funding business continuity and succession arrangements; and
- building a more durable and professionally managed enterprise.

This is broadly consistent with the manner in which many other self-employed professionals and Canadian business owners are permitted to organize their affairs.

Alberta advisors are particularly disadvantaged

The current directed-commission framework is not available in Alberta. As a result, advisors in Alberta have less compensation flexibility than some similarly situated advisors elsewhere in Canada.

A harmonized national framework should eliminate this regional inconsistency. Advisors performing substantially similar work under substantially similar regulatory supervision should have access to substantially similar business structures regardless of their province of residence.

Incorporation can strengthen, rather than weaken, client service

The ability to retain capital within an advisory corporation would help advisors build more stable and scalable practices. Better-capitalized practices can support stronger service teams, more robust planning resources, improved technology, better continuity arrangements, and more deliberate succession planning.

These benefits directly support clients. A professional practice should not be overly dependent on the personal capacity, health, or continued involvement of one individual advisor. Incorporation can facilitate the development of an enterprise that continues to serve clients effectively through growth, retirement, disability, or ownership transition.

I support CIRO maintaining regulatory jurisdiction over the individual advisor and the advisor-owned corporation. Incorporation should not reduce the responsibilities of the individual Approved Person or the sponsoring Dealer Member. The proposed structure can preserve existing investor protections while recognizing the legitimate business structure through which the advisor operates.

Dealer availability

I am concerned that the proposal would permit, but not require, Dealer Members to offer the incorporated option.

If access is entirely dependent on Dealer Member discretion, advisors at different firms may continue to face materially different compensation options. That could undermine the objective of creating a genuinely harmonized national framework.

I encourage CIRO and the CSA to consider requiring Dealer Members to make the option available after an appropriate implementation period. At minimum, Dealer Members choosing to offer the option should be required to establish clear, objective, reasonable, and consistently applied eligibility criteria.

The framework should also prevent an advisor from being denied access solely because of administrative inconvenience or a Dealer Member's preference for its existing compensation system.

Permitted activities within the corporation

The permitted activities should be defined broadly enough to accommodate the integrated nature of modern financial planning.

In addition to securities-related activities, an advisor-owned corporation should be able to conduct or support activities such as:

- comprehensive financial planning;
- insurance and risk-management services;
- retirement and pension planning;
- estate and business-succession planning;
- tax-planning analysis and coordination;
- employee-benefit and group-retirement services;
- education and financial-literacy activities; and
- the administrative and operational activities necessary to run an advisory practice.

Where an activity is regulated by another Canadian financial-services regulator, the applicable regulatory regime should continue to govern that activity. The sponsoring Dealer Member should supervise securities-related activities and manage material conflicts, but unnecessary duplication of supervision should be avoided.

Potential conflicts can be managed through disclosure, role clarity, existing conflict-of-interest requirements, Dealer Member supervision, and the professional obligations applicable to the advisor.

Multiple advisors and professional practices

The final rules should permit multiple client-facing Approved Persons sponsored by the same Dealer Member to operate through and own the same corporation.

Many advisory practices are built as partnerships or multi-advisor teams. Requiring each advisor to maintain a separate corporation could create unnecessary duplication, additional costs, fragmented staffing arrangements, and difficulties with succession and shared ownership.

Provided each advisor remains individually approved, accountable, and subject to Dealer Member supervision, there should be a path for multiple Approved Persons of the same Dealer Member to own voting shares and conduct business through a common corporation.

Similarly, qualified financial-services professionals should be permitted to work within the corporation, subject to their applicable licensing and regulatory requirements.

Ownership and governance

I support permitting family trusts and holding corporations to own non-voting shares where the ultimate shareholders or beneficiaries are the Approved Person or eligible family members.

Voting control should remain with one or more active client-facing Approved Persons who conduct business through the corporation. This would preserve regulatory accountability while allowing advisors to use conventional structures for estate planning, succession, ownership transition, and long-term business continuity.

The requirement that the client-facing Approved Person be the corporation’s sole director is unnecessarily restrictive. Where a corporation includes multiple Approved Persons from the same Dealer Member, those Approved Persons should be permitted to serve as directors. Consideration should also be given to permitting other qualified directors, provided that active Approved Persons retain control and regulatory accountability is not diluted.

Implementation and administrative burden

I recognize that an implementation period will be necessary. However, I encourage CIRO and the CSA to proceed as quickly as reasonably possible once the necessary legislative and regulatory amendments are completed.

The implementation period should generally not exceed 12 months. CIRO should consider:

- standardized agreements and application documents;
- a streamlined approval process for corporations owned and controlled by existing Approved Persons;
- coordinated applications between CIRO, the CSA jurisdictions, and Dealer Members;
- published service standards for application processing;
- reasonable and transparent fees; and
- the ability to submit preliminary applications before the formal implementation date.

The framework should not become so expensive or administratively burdensome that incorporation is practically available only to the largest advisory practices.

Conclusion

I strongly encourage CIRO and the CSA to proceed with the Incorporated Approved Person compensation option.

The proposal would provide greater national consistency, improve tax certainty, recognize the genuine business nature of self-employed advisory practices, support investment in client service, and facilitate better continuity and succession planning.

Incorporation should not be viewed as a special tax concession. It is a conventional business structure that would allow advisors to retain and reinvest business earnings while remaining fully accountable to their Dealer Member, CIRO, the applicable securities regulators, and their clients.

Thank you for considering my comments.

Sincerely,

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