

March 25, 2024

Member Regulation Policy  
Canadian Investment Regulatory Organization (CIRO)  
Suite 2000  
121 King Street West  
Toronto, Ontario M5H 3T9

[memberpolicymailbox@ciro.ca](mailto:memberpolicymailbox@ciro.ca)

cc: OSC Market Regulation, [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca)  
BCSC Capital Markets Regulation, [CMRdistributionofSRDocuments@bcsc.bc.ca](mailto:CMRdistributionofSRDocuments@bcsc.bc.ca)

Re: Manulife Wealth supports Policy option three for leveling the advisor compensation playing field

Dear CIRO Member Regulation Policy,

Manulife Wealth is writing to CIRO in support of option three, the registered corporation approach, outlined in CIRO's recent policy paper on advisor compensation.

There are numerous benefits to pursuing this model, many of which are outlined in the paper and the most important of which is continued and improved investor protection. The registered corporation model would give CIRO regulatory jurisdiction over these corporations, which would allow for a strong capacity to oversee the owners of the corporation and the activities they pursue through the corporation. Approved Persons operating within the corporate structure and under corporate direction would be enabled to conduct registerable activities.

If necessary, minor housekeeping amendments to securities legislation or rule updates could be created easily to enumerate rights for clients, as well as provide appropriate guardrails for both corporate ownership and the activities the corporation and its agents are permitted to conduct. Legislative amendments and rule changes could be considered if required to support effective Dealer Member and CIRO/CSA oversight or, if necessary, to more clearly make Approved Persons accountable to CIRO, the sponsoring Dealer Member, and clients.

Although the consultation paper notes that the registered corporation approach will introduce some additional regulatory burden on the industry, we do not see this model as imposing significant additional regulatory burden initially for us and believe that over the long-term it would actually lower our overall regulatory burden. We see the increased supervisory capabilities, benefits to investor protection, and alignment with the spirit of the *Canadian Competition Act* as beneficial outcomes that will help level the playing field for all financial institutions in Canada.

Further, we would like to indicate support for the submission and position of the Investment Industry Association of Canada (IIAC).

In particular, Manulife Wealth is in strong alignment with the propositions that a) incorporation options for all dealers and advisors should be supported, and b) any incorporation model(s) created by CIRO should include both registerable and non-registerable activity.

While we are particularly in support of the registered corporation approach because it aligns with Manulife's business needs, we also recognize that limiting incorporation to just one incorporation model may not be necessary and that CIRO could instead encourage availability of different options so that dealers and advisors may better adjust to their operational, business, and client concerns.

We believe strongly that whatever approach to incorporation is taken, ensuring that the approach is consistent and harmonized across Canada with a uniform start date is of utmost importance. Such an approach should provide a clear timeline which includes the understanding that systems must be built and new operational norms must be put into practice.

We also believe that to retain proper oversight, an advisor's corporation must be directly owned by the registrant and/or their immediate family members. Without this guardrail, we will see a dynamic emerge where third-party organizations buy out these advisory businesses, leaving only the advisor registered with us and no meaningful relationship with, or oversight over, the actual owner of the business.

This problem would compound in a situation where a third-party organization purchased a large cohort of advisor corporations and began coordinating their business activities as a network, functionally operating as one entity but with oversight fragmented by individual advisors with minimal decision-making authority over the individual corporations. In our view, this would defeat the regulatory intent behind the registered corporation approach set out in the policy paper.

Thank you for the opportunity to provide our thoughts on how CIRO can pursue the levelling of the advisor compensation playing field. My colleagues and I are available for further discussions if you have any questions or comments regarding Manulife's submission.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard McIntyre".

**Richard McIntyre**

President & CEO, Manulife Wealth

E [Richard.McIntyre@manulife.ca](mailto:Richard.McIntyre@manulife.ca)

T 416 687 3506