



OMG Wealth Management Inc.

VIA ENCRYPTED EMAIL

March 25, 2024

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2000, 121 King Street West
Toronto, ON M5H 3T9

Dear CIRO:

We would first like to thank CIRO for its commitment and efforts to optimize rules and regulations for the benefit of Canadian investors, as well as for the benefit of CIRO member firms and representatives.

We have reviewed and discussed CIRO's position paper on policy options for leveling the advisor compensation playing field. We would like to submit the following responses to the three questions posed for your consideration.

Question # 1 on Which of the Three Rulemaking Options We Prefer and Why

We generally agree with CIRO's preliminary position of pursuing the Incorporated Approved Person approach. We also fully support CIRO's strategy to proceed with the interim allowed use of an Enhanced Directed Commission approach while pursuing over the medium term the adoption of the Incorporated Approved Person approach.

As a firm which is focused on the needs of business owners and high-net worth individuals and families, it is our observation that the increasing complexity of the securities industry, and the broader financial services industry, is often best met by teams of professionals, rather than by individuals. The ability to incorporate for securities services would enhance the ability of professionals to sustain and grow their businesses to deliver optimal service to investors. In addition, where professional teams may leverage the talents of both registered and non-registered employees, we see the ability to hire non-registered employees within the corporation as a benefit.

All of our firm's advisors are dually licensed for both securities and insurance. As such, we have a deep recognition and understanding of the potential benefits of directing compensation to advisors' corporations for insurance commissions. It is our view that flexibility for compensating our advisors promotes the recruitment and retention of high quality professionals to the securities industry, which ultimately enhances service to investors. Therefore, the potential extension of this opportunity is welcomed by us, and it also benefits the public.

Question #2 on Any Other Requirements not Discussed in the Position Paper

In reading the position paper, we noted that the approach recommends that the activities of the Incorporated Approved Person allow for the corporation to participate in “other licensed activities in the financial services industry”. We are fully supportive of this provision as we believe requiring investors to engage with, and to be aware of multiple entities in their service delivery might create confusion.

However, the approach includes the requirement to form a professional corporation, which is a vehicle available only to specific professionals under provincial legislation, and presently does not include certain other financial service providers, including insurance professionals. As such, there would appear to be a conflict in the desire for the ability for professionals to deliver comprehensive financial services through a single legal entity, and the type of entity mandated under this approach.

We recognize the intent of the requirement of the professional corporation with respect to liability of the approved persons, and do not oppose this requirement. We do, however, believe that it would be best if a single legal entity could be used by professionals for the delivery of their services to clients. Therefore, we believe that part of CIRO’s pursuit of the optimal approach would include working with other bodies in the financial services industry towards achieving a unified solution.

Question #3 – on Other Matters not Discussed which should be considered in Policy Options

We note that under the Incorporated Approved Person Approach, registration of the corporation would be required in any jurisdiction in which the approved person conducts business. We understand that this registration is important for effective oversight for CIRO and provincial regulators. We would encourage regulators ensure that the registration process is as efficient as possible in order to maximize the benefits of the approach being pursued.

We would welcome the opportunity to discuss our responses further with CIRO if appropriate.

Sincerely,



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