

## **Comments on the Position Paper: Policy options for leveling the advisor compensation playing field**

In reviewing this paper, I feel the title and the options presented do not align. In particular, only three options are presented for comment, those being:

1. Pure adoption of an Incorporated Approved Person approach
2. Pure adoption of a registered corporation approach, or
3. Interim allowed use of an enhanced directed commission approach while pursuing over the medium-term the adoption of either:
  - a. an Incorporated Approved Person approach, or
  - b. a registered corporation approach.

This explicitly leaves out the fourth option, to maintain an enhanced directed commission approach, which is the first option presented in the paper.

The concern of the policy paper does not seem to be “leveling” the compensation model for advisors, by allowing all advisors to have access to the preferred tax rates of a corporation, such as those that have been experienced by MFDA and FSCO regulated advisors. The true concern is enacting actual regulatory control over these corporations. As stated on page five regarding the current directed commission model, “...we have concerns about a lack of regulatory oversight over the activities Approved Persons carry out within the corporation to which commissions are directed under this arrangement, and whether the corporation is limiting its activities to non-registerable activities.”

Why does CIRO feel they need to have regulatory oversight of corporations used by Independent Financial Advisors? Why should regulations associated to corporations fall within CIRO’s scope of control? The advisors themselves are regulated by codes of conduct. Is that not sufficient?

Our current directed commission model pays into our Outside Business Activity through our dealer. Why should CIRO and the dealer be able to look within our corporation and determine how our corporation can be used?

Furthermore, how will the reality of Related Party Corporations be managed? If an advisor is an owner of multiple corporations, will all corporations be required to fall within these CIRO guidelines? If not, loopholes will exist.

Creating a further regulatory burden for advisors will not achieve the desired goal. I am running a reputable business providing trusted advice to clients. Why must I be further regulated? Each regulatory change pulls me further from my clients as I need to invest more and more of my time towards meeting the needs of these regulations. I understand the goal for the regulators is to ensure client protection, but I fail to see how the proposed corporate oversight benefits the client directly.

In conclusion, I believe that to level the compensation model, and to adhere to the truest goal of this paper, maintaining the directed commission model would be the best option. Allow all advisors under CIRO the same capabilities as what the MFDA and FSCO regulated advisors have experienced, and the goal of levelling the playing field will be achieved. This should not be an opportunity to enforce further regulator oversight under the guise of creating better compensation models for all, but rather an opportunity to lean-up an already overburdened regulatory body by eliminating red tape for former IROC members