Canadian Forum for Financial Markets
CFFiM
Forum Canadien des Marchés Financiers
FCMFi

CANADIAN FORUM FOR FINANCIAL MARKETS
FORUM CANADIEN DES MARCHÉS FINANCIER
www.CFFiM-FCMFi.ca

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Submitted via E-Mail

Attention:

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Canadian Investment Regulatory Organization
2600-40 Temperance Street
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Dear CIRO :

RE: INCORPORATED ADVISORS

The Canadian Forum for Financial Markets (CFFiM)/ Forum Canadien des Marchés Financiers (FCMFi) is dedicated to moving forward proposals to demonstrably grow healthy, competitive financial markets in Canada for the greater good. We are a mission-first, values-driven, purposeful, and reform-minded organization committed to Canada's broader economic interests.

The CFFiM writes in respect of the Update on the Project to Develop Rule Amendments Relating to Proposed Adoption of an Incorporated Advisor Compensation Option which was published on October 29, 2025 (the "**CIRO Bulletin**") and CIRO membership services communication November 7, 2025 ("**CIRO Communication**").

We offer the following, as a solutions partner, to stimulate regulatory modernization and inclusive growth needed to meet today's and the next decade's challenges.

A. THE PUBLIC CONCERN

The longstanding matter of advisor incorporation remains a significant issue of public concern.

The CFFiM appreciates CIRO's commitment to modernize its rules to reflect compensation structures that are available to other professionals (for example: medicine, law, accounting) in its recognition that many CIRO advisors want to incorporate.

Advisors play a key role in Canadians' financial health. The amount of money a Canadian has to invest can determine the level of advisory service received. These monetary thresholds to levels of personal advisory services received can be substantial, rendering certain advisory services unavailable to low-income and medium-income Canadians. Advisor incorporation permits better competition and innovation within a rapidly diminishing CIRO dealer network, with the ability to expand the advisory platforms available to most Canadians.

The CFFiM, therefore, agrees with CIRO's assessment that permitting incorporation could promote access to advice by allowing advisers to enter into and stay in the advice profession through a more financially viable compensation structure. It is also acknowledged that the CIRO Bulletin specifies that CIRO views investor access to regulated advice to be an investor protection issue; if greater investor access to regulated advice is achieved, CIRO's view is that investor protection would be enhanced by pursuing its amendments.

B. THE VALUE OF TRANSPARENCY IN RULE-MAKING

As a national regulator, CIRO strives to engage in transparent rule making. Transparency in CIRO's rule-making process enhances stakeholder trust, ensures accountability, allows for meaningful public and member consultations, and improves the quality and perceived fairness of its rules. Transparency benefits both the industry and investors by enriching understanding, public confidence, and trust. It is essential to effective and credible regulation.

C. TAX COMPLIANCE

Tax compliance remains the responsibility of each member and their individual registrants. CIRO's Communication therefore properly encourages Dealer Members to perform their own assessment of the tax impacts of the compensation options to be made available under the CIRO proposals, taking into consideration the business models they employ.

Though CIRO is not responsible for the tax compliance of its members, it has engaged in exceptional efforts in respect of tax considerations as referenced in the CIRO Bulletin and CIRO Communication.

D. REFERENCES IN CIRO BULLETIN AND COMMUNICATION

The CIRO Bulletin and CIRO Communication refer to CIRO's submission to the Canada Revenue Agency (in early July). According to CIRO's Bulletin, CIRO's submission included the following:

1. Why CIRO is pursuing its incorporated advisor proposal.
2. Significant elements of the CIRO proposal.
3. Certain tax considerations; and
4. A number of questions relating to these tax considerations for which CIRO wished to receive a CRA response ("CIRO CRA Submission")

The CIRO Communication confirmed that CIRO has been provided feedback from the CRA, which includes but is not limited to caselaw materials and CRA website materials (described as the "CRA-provided materials").

The CIRO Communication also advised it will finalize its rule amendment proposals taking into consideration "CRA Staff and CIRO advisor committee feedback." With respect to the latter, there are no public postings in relation to this committee.

E. PUBLIC PRODUCTION FROM CIRO BULLETIN AND COMMUNICATION

With a view to the public concern, the necessity of transparency in rule making and CIRO's exceptional efforts respecting tax considerations, the CFFiM is requesting that the following documents and information referred to in the CIRO Bulletin and CIRO Communication be made publicly available by CIRO at its earliest opportunity:

a) The CIRO CRA Submission
b) The CRA-Provided Materials
c) The CIRO Advisor Committee composition and feedback.

The public should have time to carefully consider and digest these materials in advance of CIRO's anticipated proposal in early 2026 so as to meaningfully engage in the public consultation process on a fully informed basis.

Respectfully,

The Canadian Forum for Financial Markets