

April 22, 2026

The Honourable Craig Simailak , Chair
Minister of Community Services/Trade, Nunavut
craigsimailak@bakerlakemla.ca

The Honourable Dominic LeBlanc
President of the King's Privy Council for Canada
and Minister responsible for Intergovernmental
Affairs, Internal Trade
dominic.leblanc@parl.gc.ca

The Honourable Joseph Schow
Minister of Jobs, Economy, Trade and
Immigration, Alberta.
premier@gov.ab.ca

The Honourable Ravi Kahlon
Minister of Jobs and Economic Growth, British
Columbia
Ravi.Kahlon.MLA@leg.bc.ca

The Honourable Jamie Moses
Minister of Business, Mining, Trade and Job
Creation, Manitoba
Jamie.Moses@yourmanitoba.ca

The Honourable Jean-Claude D'Amours
Minister of Post-Secondary Education, Training
and Labour, New Brunswick
Jean-Claude.D'Amours@gnb.ca

The Honourable Tony Wakeham
Premier, Newfoundland and Labrador
TonyWakeham@assembly.nl.ca

The Honourable Caitlin Cleveland
Minister of Industry, Tourism, and Investment,
Northwest Territories
Caitlin_Cleveland@gov.nt.ca

Nova Scotia: The Honourable Tim Houston
(Premier).
premier@novascotia.ca

The Honourable Victor Fedeli
Minister of Economic Development, Job
Creation and Trade, Ontario
vic.fedeli@pc.ola.org

Dear Ministers:

RE: FINANCIAL ADVISORY SERVICES – CANADIAN FREE TRADE AGREEMENT

The Canadian Forum for Financial Markets/Forum Canadien des Marchés Financiers (“**CFFiM**”) is a values driven organization dedicated to supporting proposals to demonstrably grow healthy, competitive financial markets in Canada.

We write with respect to the Canadian Free Trade Agreement (“**CFTA**”) and its impact on the rules set by the Canadian Investment Regulatory Organization (“**CIRO**”) and provincial/territorial securities regulators, which restrict the ability of CIRO investment advisors to make use of corporations to provide advisory services and receive compensation. These restrictions conflict with the letter and spirit of the CFTA which calls for a conciliatory, cooperative, and harmonious resolution.

THE REGULATORY LANDSCAPE FOR ADVISORS

In Canada, individuals who provides advice to investors on behalf of an investment dealer or a mutual fund dealer (“**Advisors**”) are required to register with a provincial or territorial securities regulator and be approved by CISO, which operates as a self-regulatory organization within the meaning of Article 805 of the CFTA. As a result, Advisors are subject to provincial/territorial securities law as well as CISO’s dealer member rules.¹

The ability of Advisors to carry on business using a corporation is limited by CISO’s Dealer Member Rules and depends, in part, on whether Advisors are sponsored by a mutual fund dealer or an investment dealer. According to CISO’s rules, Advisors of a mutual fund dealer are permitted to receive compensation through a corporation but only in connection with *unregistered* activities. In contrast, Advisors of investment dealers are prohibited from receiving compensation of any kind through a corporation. Regardless of dealer type, CISO’s rules do not permit Advisors to carry out “registerable activity” through a corporation.

The inability of CISO Advisors to make use of a corporate structure contrasts with the rights and freedoms of other professional service providers in Canada. For example, despite providing comparable financial services as CISO Advisors, insurance advisors and provincially regulated portfolio managers are free to incorporate. Outside of the financial services, other professions that are permitted to incorporate include lawyers, doctors, dentists, and accountants. CISO has not identified nor is there any valid public policy rationale for preventing Advisors from incorporating as a condition of CISO membership or provincial registration.

CISO INCORPORATED APPROVED PERSON APPROACH

CISO’s rules on Advisor incorporation have given rise to criticism and reform efforts for over 25 years. Most recently, CISO has undertaken a review of its rules on Advisor incorporation as part of its larger post-amalgamation and rule consolidation project. On January 25, 2024, CISO released a policy paper to solicit feedback on how it may “level the playing field” by harmonizing the rules that apply to Advisors on the use of corporations to carry out activity and receive compensation (the “**CISO Policy Paper**”).² According to this Policy Paper, CISO is considering rule changes to allow Advisors of both mutual fund and investment fund dealers to engage in activities on behalf of a sponsoring dealer through a corporation and received related compensation (the “**Incorporated Approved Person**” approach) but that the scope of this approach will be limited to non-registerable activity pending “securities legislation changes” to enable corporations to engage in “registerable activity”. In other words, CISO has asserted that there is an unspecified legislative block at the provincial/territorial level that impedes its ability to introduce a full Incorporated Approved Person model for CISO Advisors.

¹ Currently, CISO’s mutual fund dealers are subject to CISO [Mutual Fund Dealer Rules](#) and investment dealers are subject to CISO’s [Investment Dealer and Partially Consolidated Rules](#). These rules were created by CISO’s predecessor SROs, the Mutual Fund Dealers Association of Canada and the Investment Regulatory Organization of Canada. CISO is in the midst of a rule consolidation project, which will result in a single ruleset for all CISO dealer members [collectively, the “**CISO Dealer Member Rules**”].

² CISO, [Policy options for leveling the advisor compensation playing field](#) (January 25, 2024).

Since that time, CIRO and the CSA have provided updates on the status of CIRO's proposal to implement an Incorporated Approved Person approach but have not confirmed whether the scope of that approach will include registerable activity or, in contrast, whether legislative changes are needed at the provincial/territorial level to permit full use of an Incorporated Approved Person approach:

- On October 29, 2025, CIRO published an update on its Incorporated Approved Person, which noted that, as a next step, CIRO would be finalizing its proposed rule amendments -including its recommended possible amendments to securities legislation to accommodate the use of personal corporations – and seeking approval on its proposal from the Canadian Securities Administrators.³
- On October 29, 2025, the CSA published a market update, which noted that CIRO “CIRO has assumed primary responsibility for determining the most appropriate harmonized approach related to allowable individual advisor relationships” and that the CSA continues to monitor the progress of CIRO's work.⁴ The CSA did not provide any insight into what any legislative changes are needed in order for CIRO to adopt a full Incorporated Approved Person approach.
- On April 2, 2026, the CSA released its 2025 end-of-year report, which noted that “CSA members are monitoring steps that CIRO is taking to harmonize compensation options between investment fund dealing representatives and mutual fund dealing representatives [...]”.⁵ Once again, The CSA did not provide any insight into what any legislative changes are needed.
- On April 10, 2026, CIRO released its Annual Priorities which stated in the current fiscal year CIRO intends to consult on and finalize its proposed Incorporated Approved Person rule amendments for review and approval by the CSA. CIRO has not specified when this proposal will be released nor has it confirmed whether the scope of this proposal will include both non-registerable and registerable activity.⁶

The CFFiM responded to the CIRO Policy Paper and subsequent updates by highlighting that there are no legislative blocks to Advisor incorporation and certainly no need for legislative amendments.

THE CANADIAN FREE TRADE AGREEMENT

As currently conceived, CIRO's Dealer Member Rules restrict Canadian Advisors from making use of a corporate entity to supply financial services to investors. Conversely, CIRO's Dealer Member Rules also restrict the business and compensation structures that are available to mutual fund and investment dealers in the provision of financial services. Moreover, to the extent that the restrictions in CIRO's Dealer Member Rules are rooted in any provincial/territorial legislative requirements, those requirements also serve to restrict the types of legal entities that are available to financial service firms.

These limitations appear to conflict with several provisions of the CFTA. Specifically, these limitations restrict the types of legal entities through which a financial service supplier may supply a financial service in contravention of Article 803(1)(b). These restrictions also appear to violate Article 308(1)(b), which

³ CIRO, [Update on the project to develop rule amendments relating to the proposed adoption of an incorporated advisor compensation option](#) (October 29, 2025).

⁴ [CSA market update](#) (October 29, 2025).

⁵ CSA Staff Notice 25-315, [2025 Annual Actives Report on the Oversight of the Canadian Investment Regulatory Organization and the Canadian Investor Protection Fund](#) (April 2, 2026).

⁶ [CIRO's 2026 Annual Priorities](#) (April 10, 2025).

requires parties to adopt impartial licensing and qualification procedure and Article 802(1)(f), which provides that the requirements for licensing and registration cannot be arbitrary. In contrast to Article 808, the restrictions that have been placed on the ability of CIRO Advisors to incorporate are not designed to achieve any legitimate objective for the financial services.

The key provisions of the CFTA are included at **Schedule “A.”**

IMPACT ON CANADIANS

The restriction placed on CIRO Advisors with respect to incorporation directly affects how financial service suppliers are established and conduct business. Flexibility in available business structures is a critical to enable financial service providers to scale and operate across jurisdictions. Incorporation has been widely adopted in other professional and financial service industries, with noted benefits including:

- the reinvestment of earnings into business growth.
- succession planning and continuity of advisory practices.
- equity participation and ownership diversification; and
- scaling of advisory services across provincial markets.

Advisors play a critical role in providing Canadians with access to investment advice. However, the level of access that an individual has to financial advice is largely dependent on the individual’s income and assets. These monetary thresholds can be substantial, rendering certain advisory services unavailable to low-income and medium-income Canadians. The declining availability of financial advice is exemplified by the diminishing number of CIRO firms and the rise of “do-it-yourself” investors.

The benefits of incorporation extend beyond advisors and include benefits to the health and competitiveness of Canada’s capital markets as a whole. Providing Advisors with the ability to incorporate would help to increase growth and competitiveness in CIRO’s advisor channel by providing dealers and Advisors with a degree of flexibility in their business and compensation arrangements. Although this structure may not be commercially appealing to some dealers and Advisors, it does not follow that all CIRO members and approved persons should be foreclosed from making use of incorporation should it fit their commercial interests.

CONCLUSION

Entrepreneurialism drives innovation and client-focused service in Canada’s financial advisory sector. Allowing adviser incorporation strengthens entrepreneurialism by facilitating reinvestment and innovation for investor benefit.

Given current economic and geopolitical headwinds, across federal and provincial governments, Canada has sought to vigorously pursue regulatory and policy reforms that support ease of doing business, economic competitiveness, and dynamism. Lifting the barriers to incorporation for CIRO Advisors would support the objectives of Chapter 8 to the CFRA by promoting competition, innovation, and mobility in the financial services market.

We welcome further engagement on this issue.

Respectfully submitted,

Canadian Forum for Financial Markets

cc.

gvingoe@osc.gov.on.ca

stan.magidson@asc.ca

David.Cheop@gov.mb.ca

BLEong@bcsc.bc.ca

kevin.hoyt@fcnb.ca

yves.ouellet@lautorite.qc.ca

LoyolaPower@gov.nl.ca

Roger.Sobotkiewicz@gov.sk.ca

securitiesregistry@gov.nt.ca

fred.pretorius@gov.yk.ca

valerie.seager@novascotia.ca

superintendent_nu@gov.nu.ca

sddowling@gov.pe.ca

akriegler@cira.ca

SCHEDULE A

Article 100: Objective

The Parties' objective is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open, efficient, and stable domestic market.

The Parties recognize and agree that enhancing trade, investment, and labour mobility within Canada would contribute to the attainment of this goal.

Article 102: Mutually Agreed Principles

1. The Parties are guided by the following principles:
 - a) the need to eliminate existing barriers and avoid new barriers to trade, investment and labour mobility within Canada and to facilitate the free movement of persons, goods, services, and investments in Canada.
2. In applying the principles set out in paragraph 1, the Parties recognize:
 - b) the right to regulate is a basic and fundamental attribute of government, and the decision of a Party not to adopt or maintain a particular measure shall not affect the right of any other Party to adopt or maintain such a measure.

Article 103: Extent of Obligations

- a) Each Party is responsible for compliance with this Agreement by its departments, ministries, and similar agencies of government.

Article 308: Licensing and Qualification Requirements and Procedures

1. Each Party shall ensure that:
 - a) licensing procedures and qualification procedures do not unduly complicate or delay the supply of a service.
 - b) licensing procedures and qualification procedures used by a Party, and decisions of a Party in authorization and licensing processes, are impartial; ~~and~~
 - c) licences and authorizations shall be granted as soon as the decision-maker determines that all relevant conditions have been met, and once granted, shall come into effect without undue delay, consistent with any terms and conditions applicable to the licence or authorization.

Article 800: Purpose

The purpose of this Chapter is to promote an efficient, open, and sound financial services sector within Canada.

Article 801: Scope and Coverage

- 1) This Chapter applies to any measure adopted or maintained by a Party relating to:
 - a) a financial service supplier of another Party
 - c) trade in financial services within Canada by a financial service supplier.

Article 802: Formal Requirements

- 1) A Party may require that an investor, or its investment, in a financial service supplier: (f) obtain a licence, registration, or certification, as a condition for carrying on business, or establishing or acquiring an enterprise in its territory, provided that such requirements are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination.
- 2) A Party may require that a financial service supplier (f) obtain a licence, registration, or certification, as a condition for supplying a financial service in or into its territory, provided that such requirements are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination.

Article 803: Market Access – Financial Services

- 1) A Party shall not adopt or maintain any measure that:
 - a) (i) & (ii) the requirement of an economic needs test
 - b) Restricts or requires specific types of legal entity or joint venture through which a financial service supplier may supply a financial service.
- 2) For a measure that falls solely within the scope of Article 801.1(c) to be inconsistent with paragraph 1, it must constitute a demonstrated barrier to:
 - a) the free movement of a financial service supplier.
 - b) the supply of a financial service; or
 - c) investment in a financial service supplier, within Canada, taking into account the totality of the circumstances.

- 3) For greater certainty, a mere difference between the respective financial regulatory frameworks of the Parties is not sufficient on its own to establish the existence of a demonstrated barrier in paragraph 2.
- 4) Nothing in paragraphs 1 through 3 prevents a Party from requiring a financial service supplier to:
 - a) supply certain financial services through separate legal entities if, under the law of the Party, the range of financial services supplied by the financial service supplier may not be supplied through a single entity.
 - b) be a resident of, or have a commercial presence in, a Province in order to supply a financial service; or
 - c) be incorporated in Canada, provided that the measure does not require incorporation under the law of a specific Party.

Article 805: Self-Regulatory Organizations

If a Party requires a financial service supplier of another Party to be a member of, participate in, or have access to, a self-regulatory organization to supply a financial service in or into the territory of that Party, or grants a privilege or advantage when supplying a financial service through a self-regulatory organization, then the requiring Party shall ensure that the self-regulatory organization observes the obligations of this Chapter.

Article 806: Prudential Carve-Out

- 1) Nothing in this Agreement prevents a Party from adopting or maintaining a measure for prudential reasons, including:
 - a) the protection of:
 - a. investors, depositors, or policyholders.
 - b. consumers of financial services, including enterprises; or
 - c. persons to whom a fiduciary duty is owed by a financial service supplier.
 - b) the maintenance of the safety, soundness, integrity, or financial responsibility of a financial service supplier; or
 - c) ensuring the integrity and stability of the financial system,
 - d) provided that the measure is not used as a means of avoiding the Party's commitments or obligations under this Agreement.

Article 807: Exceptions

Insurance

4. Article 803 does not apply to:
 - (d) any existing measure maintained by a Party that requires insurance and insurance-related services to be provided through a specific type of legal entity or form of organization.
 - (e) the continuation or prompt renewal of any measure referred to in paragraph (a); or
 - (f) an amendment to any measure referred to in paragraph (a) to the extent that the amendment does not decrease the

conformity of the measure, as it existed immediately before the amendment, with Article 803.

5. For greater certainty, a Party is not required pursuant to Article 803 to allow a type of legal entity or a form of organization for the supply of insurance or insurance related services that was not authorized in its laws as of the effective date of this Chapter.

Article 808: Legitimate Objective for Financial Services

1. If it is established that a measure falling within Article 801 is inconsistent with this Agreement, that measure is permissible provided that:
 - a) the purpose of the measure is to achieve a legitimate objective for financial services.
 - b) the measure is not more restrictive to trade in financial services than necessary to achieve the legitimate objective for financial services.
 - c) the measure is not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between Parties where the same conditions prevail; and
 - d) the measure is not applied in a manner that would constitute a disguised restriction on trade in financial services.