

Everything you need to know about the Canadian Investment Regulatory Organization (CIRO): a dynamic resource

April 23, 2024

Welcome to BLG and AUM Law's dynamic resource on the [Canadian Investment Regulatory Organization](#) (CIRO). We invite you to bookmark and revisit this page which will be updated to reflect developments of importance to CIRO registered firms. Resulting from the amalgamation of the [Investment Industry Regulatory Organization of Canada](#) (IIROC) and the [Mutual Fund Dealers Association of Canada](#) (MFDA), CIRO has been operating since January 1, 2023 and has led to - and will continue to generate - significant changes in the registration and oversight of investment and mutual fund dealers across Canada, as well as new opportunities. This resource is designed to help you find, understand and act on CIRO-related topics, such as new developments, rules, registration requirements, enforcement and examinations and more.

2024 Developments

- On October 10, 2024 - **CIRO** released [Enhanced Cost Reporting - Proposed Rule Amendments](#). These amendments seek to harmonize CIRO member investment dealer and mutual fund dealer cost reporting requirements with the [Total Cost Reporting Enhancements recently introduced respecting in National Instrument 31-103](#). The proposed changes also include changes that aim to resolve some of the existing differences in client reporting requirements and practices of investment dealers and mutual fund dealers. Stakeholders are encouraged to comment. Comments are due January 8, 2025.
- On September 19, 2024 - **CIRO** released its [Annual Report for 2023-2024](#), alongside the inaugural [Investor Advisory Panel \(IAP\) Annual Report](#). These reports provide a comprehensive update on the activities of CIRO. The Annual Report includes enforcement, financial, and governance information that will be of interest to all CIRO stakeholders.
- On September 12, 2024 - **CIRO** released a [Rule Consolidation Project Update](#). The purpose of the Update is to provide information concerning Project Status and Timeline, Comment Period Participation and

Decisions Made to Date. The Decisions Made include the decision to not proceed to allow mutual fund dealers to offer managed accounts, but to allow mutual fund dealers to offer margin and use client free credit balances within their operations. CIRO plan to complete all Rule consultations and publish the complete Rules for comment during winter 2025-2026.

- **On July 18, 2024 - CIRO published for comment [Proposed Amendments Respecting Net Asset Value Orders and Intentional Crosses](#). The proposed amendments relate to the Universal Market Integrity Rules (UMIR) and will impact trading in Exempt Exchange-traded Funds (ETFs) where the execution price of the order references the net asset value (NAV) of the ETF as published by the issuer of the ETF in accordance with applicable securities legislation, and will **remove an outdated prohibition in the definition of “intentional cross” that prohibits an intentional cross where one side of the trade is jitney. Stakeholders have until October 18, 2024** to comment.**
- **On July 16, 2024 - CIRO released its [2023 - 2024 Enforcement Report](#). The report highlights the continuing integration and evolution of CIRO mutual fund dealer and investment dealer enforcement functions, selected cases, and statistics on activities during the year. It is an interesting read for all stakeholders.**
- **On June 27, 2024 - CIRO published an [Implementation Bulletin](#) announcing the approval of amendments to improve the clarity of the registration and proficiency requirements in the Investment Dealer and Partially Consolidate Rules (IDPC Rules). The amendments will be effective September 28, 2024.**
- **On April 25, 2024 - CIRO published for comment a [Proposed Integrated Fee Model](#). The proposed fee model is comprised of three components: Annual Dealer Member Fee, Application and Business Change Fees, and a Qualified Market Maker Discount. Annual Dealer Member Fees are proposed to be calculated based on the greater of a Minimum Fee, and an amount based on the Dealer Member’s total revenue, plus a component based on the number of Approved persons at the Dealer Member. There will also be a minimum threshold amount for Mutual Fund Dealers only. There is also allowance for Québec based Mutual Fund Dealers during the transition period to CIRO regulation. Stakeholders have until June 24, 2024 to comment. Read BLG Beyond AUM Law’s [article here](#).**
- **On April 18, 2024 - CIRO released for comment [Phase 3](#) of the proposed changes to harmonize the two rule sets currently applicable to investment dealers and to mutual fund dealers into one set of rules. The Phase 3 changes concern rules to be retained that are common to the IDPC and MFD Rules and have been assessed as not having a material impact on stakeholders. The Phase 3 Proposed DC Rules involve the adoption of rules relating to membership and member business activity approval matters, clearing and settlement of trades and trade delivery standards, and examination, and, investigation and enforcement rules. The comment period is open until July 17, 2024.**
- **On April 11, 2024 - CIRO released its inaugural [Three-Year Strategic Plan](#). The document is wide ranging and is an important read for all CIRO member dealers. CIRO set out their newly adopted Vision, Mission, and Values. They also identify Transformational Initiatives,**

including a proposal to “standardize KYC”, and provide a detailed list of Strategic Objectives for all divisions of CIRO. It is a bold plan that CIRO members should make themselves familiar with.

- **On March 13, 2024 - CIRO** released [CIRO Compliance Priorities Report for 2024: Helping Firms with Compliance](#). The document is wide ranging and is an important read for all CIRO member dealers. CIRO continue to align processes and procedures from the legacy organizations. Also, a focus on implementation and compliance with the Client Focussed Reforms continues.
- **On February 15, 2024 - CIRO** released [proposed amendments and draft guidance](#) with respect to **Fully Paid Securities Lending and Financing Arrangements** . These amendments are intended in part to enhance the framework regarding retail fully paid securities lending and include protections for retail investors who participate in these programs. The changes will impact dealers who participate in these programs. Comments are due by **April 15, 2024** .
- **On February 14, 2024 - the Autorité des marchés financiers (AMF)** published its final [Regulation respecting complaint processing and dispute resolution in the financial sector](#), which aims to harmonize **complaint handling across Québec’s financial sector**. In section 37, the AMF has exempted mutual fund and investment dealers from the regulation, subject to equivalent CIRO rules. However, some aspects of the regulation are not harmonized with what is currently in place in securities regulations. The regulation comes into force on July 1, 2025.
- **On January 25, 2024 - CIRO** released a position paper titled [Policy options for leveling the advisor compensation playing field](#). In the position paper policy options are presented to eliminate the anomaly which permits mutual fund dealer Approved Persons to direct commissions to a third-party corporation, while investment dealer approved persons cannot. Comments are requested before March 25, 2024.
- **[CIRO Approved for Financial Advisor Title Use](#)** - On January 23, 2024, the Financial Services Regulatory Authority of Ontario (FSRA) approved the Canadian Investment Regulatory Organization (CIRO) as a credentialing body under Ontario’s Financial Professionals Title Protection Act, 2019 (FPTPA). CIRO now has the authority to grant credentials that permit individuals to use the Financial Advisor title in Ontario. The categories of individuals approved by CIRO, that may use the Financial Advisor title are: Registered Representative; Mutual Fund Dealing Representative; Portfolio Manager; and Associate Portfolio Manager.
- **[Rule Consolidation Project - Phase 2](#)** - On January 11, 2024, CIRO released for comment Phase 2 of the proposed changes to harmonize the two rule sets currently applicable to investment dealers and to mutual fund dealers into one set of rules. The Phase 2 changes concern rules to be retained that are unique to the IDPC or MFD Rules and have been assessed as not having a material impact on stakeholders. The Phase 2 Proposed DC Rules involve the adoption of rules relating to margin, debt markets and Inter-Dealer Bond Brokers (**IDBBs**), and trading. The comment period is open until **March 11, 2024** .
- **On January 9, 2024 - CIRO** announced they will be moving their office, and as of February 12, 2024, they will be located at 40 Temperance

Street, Suite 2600, Toronto ON M5H 0B4. The move is part of a strategy to come together as one organization following the amalgamation of the former IIROC and MFDA.

2023 Developments

- On December 21, 2023 - CIRO released [Harmonized Sanction Guidelines and Enforcement Staff Policy Statements](#), which replace the previous versions from IIROC and the MFDA. The Sanction Guidelines set out the general principles and key factors for determining an appropriate sanction in enforcement matters. The Enforcement Staff Policy Statements provide stakeholders with policy guidance regarding enforcement issues.
- On December 6, 2023 - the CSA and CIRO released an updated [Client Focused Reforms FAQ](#), consisting of new guidance (starting at Q.43) on **Advisor Ranking Contests/Lists**.
- On November 30, 2023 - the Canadian Securities Administrators (CSA) set out a [proposed regulatory framework](#) for an independent dispute resolution service whose decisions would be binding. Under the proposed framework, it is expected that the Ombudsman for Banking Services and Investments (OBSI) would be the designated or recognized independent dispute resolution service for the investment industry. British Columbia Securities Commission (BCSC) supports the intended outcomes but is not participating in the proposal as it is considering legislative changes that may achieve the same results. **Autorité des marchés financiers (AMF) already provides conciliation and mediation services to consumers of financial products and services and is participating in the consultation by proposing to maintain the dispute resolution exemption applicable to Québec-registered firms. There is a 90-day comment period, and stakeholders are invited to provide comments in writing on or before February 28, 2024.**
- On November 23, 2023 - [CIRO](#) and the Chambre de la sécurité financière (CSF) announced that they have agreed to exchange Continuing Education (CE) course completion information for individuals who are subject to both CIRO's Mutual Fund Dealer CE Program and the CSF's CE Program requirements, which will reduce the duplication of reporting efforts for these individuals.
- [Rule Consolidation Project - Phase 1](#) - On October 20 2023, CIRO released for comment Phase 1 of the proposed changes to harmonize the two rule sets currently applicable to investment dealers and to mutual fund dealers into one set of rules. The Phase 1 changes deal principally the items covered in Rule 1000 of the current investment dealer rules, and, they relate to interpretation, definitions, exemptions and general standards of conduct. The comment period is open until December 19, 2023.
- [Request for Feedback on December 2022 SEC Market Structure Proposals and Potential Impact on Canadian Capital Markets](#) - On October 19, 2023 the CSA and CIRO released a Staff Notice requesting comment on significant market structure proposals under consideration by the SEC. The SEC proposals will have a likely impact on Canadian

Markets. The CSA and CIRO are seeking stakeholder feedback. The comment period is open until December 4, 2023.

- **Membership Disclosure - CIRO Official Brochure** On October 19, 2023, CIRO announce the availability of a revised Official Brochure, reflecting new content relevant to all dealer members and CIRO branding. Member dealers may begin to provide the new brochure to clients at any time. Investment dealer members will be required to distribute the new brochure by December 31, 2024. At present, there is no mandatory transition date upon which mutual fund dealers will be required to provide the CIRO Official Brochure. The new brochure can be found [here](#).
- **On October 12, 2023 - the CSA and CIRO jointly published CSA Staff Notice 31-364**, which serves as the Annual Report of the Joint Regulators Committee (JRC) of the Ombudsman for Banking Services and Investments (OBSI). The JRC comprises representatives from the CSA and CIRO and was formed with a mandate to facilitate information sharing and monitor the OBSI's dispute resolution process. The report outlines the activities and initiatives conducted by OBSI in 2022, including its progress toward creating an authority framework that would allow it to make binding awards.
- **CIRO receives delegation of powers for mutual fund dealers in Québec** On October 5, 2023, the Québec government and the Autorité des marchés financiers (AMF) approved a delegation of powers from the AMF to CIRO, which will allow CIRO to register mutual fund dealer representatives in Québec, as well as conduct compliance examinations for mutual fund dealers with activities in Québec. CIRO and the AMF will work on a timeline for implementation, which will include a transition period to allow Québec-registered mutual fund dealers to make the necessary systems changes to integrate into CIRO's platform. CIRO's regulatory requirements, with the exception of the rules necessary to ensure its smooth functioning, will not apply to the dealers' activities in Québec during this transition period.
- **CIRO Elects 14 Board Directors** On September 26, 2023 at the annual general meeting of members 14 Directors were elected to the Board. The new directors will all serve a two year term.
- **CIRO Releases First Annual Report** On September 25, 2023 CIRO released its first Annual Report. In the report CIRO outlined the progress made on its first year priorities. The report also highlights the organization's efforts to support Canadians by protecting investors, fostering healthy Canadian capital markets, and prioritizing industry transformation.
- **CIRO Releases Competency Profiles for Approved Persons (Investment Dealers)** On September 25, 2023 CIRO published updated Approved Person competency profiles. The previously published competency profiles were updated in response to comments received following notices published between 2020 to 2022. The updates also reflected regulatory changes made since initial publication, and address inconsistencies and improvements otherwise identified by CIRO.
- **Proposed Registration and Proficiency Amendments.** On Aug. 31, 2023, CIRO released for comment Proposed Clarifying Amendments to Registration and Proficiency Requirements in the Investment Dealer

and Partially Consolidated Rules (IDPC Rules). Comments are requested by Oct. 2, 2023.

- **Investment Dealer Anti-Money Laundering Compliance Guidance.** On Aug. 16, 2023 CIRO released updated guidance to assist investment dealers with their AML/ATF obligations. In the Guidance, CIRO outline the AML/ATF regulatory requirements and expectations applicable to Investment Dealers. They also include links to resources to assist Investment Dealers in meeting their obligations.
- **Client Research Project.** On August 4, 2023, CIRO released a bulletin stating they will request investment dealers and mutual fund dealers to provide detailed information on the investments held by their retail clients for the purpose of producing a Client Research Report. This is a continuation and expansion of the project undertaken in the past by the Mutual Fund Dealers Association (MFDA). CIRO intend to contact Dealer Members with significant retail investor holdings to obtain feedback, recommendations, and advice on how to make the report as beneficial as possible, and the process of collecting data, as efficient as possible.
- On August 3, 2023 - CIRO together with the CSA released **Joint Canadian Securities Administrators / Canadian Investment Regulatory Organization Staff Notice 31 - 363 Client Focused Reforms: Review of Registrants ' Conflicts of Interest Practices and Additional Guidance**, which summarizes their review and provides additional guidance on conflicts of interest practices by registrants.
- **Membership Disclosure Requirements.** On July 13, 2023, CIRO released a Rules Bulletin with detailed information to help dealer members update their membership disclosures from MFDA or IIROC names and logos, to the CIRO name and logo, by the deadline of December 31, 2024.
- **New Business Change Template.** On July 7, 2023, CIRO released a new “user friendly” template for dealer members to submit requests for business changes, along with a [webcast](#) to introduce the new template and review the business change notification requirement.
- **Proposed Proficiency Model.** On July 7, 2023, CIRO released for comment a new [proficiency model for Approved Persons](#), which reflects a shift from a course-centric model with exams tied to courses, to an assessment-centric model with some mandatory education and training. Feedback is due by September 20, 2023, with the goal of launching the new standards in 2026.
- **New SRO name.** On June 1, 2023, [the new SRO was renamed](#) the Canadian Investment Regulatory Organization (CIRO). Members must make all updates related to the new name and Membership Disclosure by December 31, 2024. Mutual fund dealers must comply with the [Canadian Investor Protection Fund \(CIPF\) Membership Disclosure Policy](#) by December 31, 2024.
- **Financial advisor title.** CIRO is working with FSRA and the OSC to have the authority to grant credentials and permit the use of the [financial advisor title in Ontario](#).
- **CIRO Annual Priorities for fiscal 2024 published.**
- **Dual Registration Process** published by [New SRO and broadcast by the CSA](#).
- Proposed amendments published to facilitate move to T+1 settlement.

- **Québec.** The [transition period for mutual fund dealers in Québec](#) to move from AMF oversight to CIRO oversight will end when the CIRO harmonized rule book is implemented. See [Québec Considerations](#) for more details.

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