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Delivered By Email:

Member Regulation Policy
Canadian Investment Regulatory Organization
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Dear Sirs and Mesdames:

RE: Letter from SIMA to CIRO commenting on CIRO Proposed Dual Registration Amendments – Proposed CIRO Rules

The Securities and Investment Management Association (**SIMA**) continues to support CIRO's Rule Consolidation Project (**Consolidation Project**) and appreciates the opportunity to comment on CIRO's Proposed Dual Registration Amendments – Proposed CIRO Rules (the **Proposal**) published on February 12, 2026.

SIMA empowers Canada's investment industry and is now the leading voice for the securities and investment management industry. The industry oversees approximately \$4 trillion in assets for over 20 million investors and participates in the Canadian capital markets. Our members – including investment fund managers, investment and mutual fund dealers, capital markets participants, and professional service providers – are committed to creating a resilient, innovative investment sector that fuels long-term economic growth and creates opportunities for all Canadians.

We operate within a governance framework in which we gather input from our member working groups. The analyses and recommendations of these working groups are submitted to the SIMA board or board-level committees for direction and approval. This process ensures submissions that reflect the input and direction of a broad range of SIMA members.

Summary

SIMA supports CIRO's Proposal, as it meaningfully advances the goal of a simplified regulatory framework (**Framework**) through the elimination of the dual registration construct, the removal of the CIRO 270-day proficiency upgrade requirement (subsection 2620(2)(i)), the reduction of duplicative regulatory requirements, and the codification of existing exemptive relief, thereby enhancing transparency and predictability of regulatory expectations. The proposed amendments will also appropriately enable Investment Dealers (**IDs**) to operate mutual fund divisions within the ID without separate Mutual Fund Dealer registration and, more broadly, introduce greater flexibility in how firms may structure and organize hybrid operating models within the unified

framework being established through CIRO's Rule Consolidation Project. This shift builds on prior rule harmonization and is complemented by proficiency reforms that support advisor mobility, clearer career development pathways, and more efficient deployment of talent across firms. SIMA is pleased to note that the Proposal also reduces regulatory burden and operating costs, while improving client outcomes through greater continuity of service and a reduced need for account transfers as representatives expand their scope of practice.

To facilitate IDs' full understanding and use of the proposed Framework, and ensure they can fully realize its intended benefits, we recommend that CIRO:

- more clearly articulate that the principles-based Framework is designed to provide IDs with broad latitude in determining their operating models; and
- provide guidance on its supervisory expectations, while reinforcing that such guidance is not intended to prescribe specific organizational structures.

In our view, clearly articulating this intent would reduce interpretive uncertainty, avoid overly prescriptive outcomes, and promote consistent, risk-based implementation across Dealer Members.

Given that this Proposal will amend the current version of the proposed CIRO Rules, we also support CIRO's decision to coordinate the collection of stakeholder feedback on this Proposal with Phase 6 of the Rule Consolidation Project by aligning both submission deadlines to June 12, 2026.

Responses to Consultation Questions

The following are SIMA's responses to CIRO's Consultation questions.

Question #1: Implementation approach

Do you agree that the proposed approach under which an investment dealer can operate a mutual fund division without the need to also be registered as a mutual fund dealer simplifies registration requirements and provides a unified framework across all Dealer Members? Please explain.

Answer #1

The Proposed Dual Registration amendments appropriately enable IDs to operate a mutual fund division without requiring separate Mutual Fund Dealer registration. More broadly, they introduce increased flexibility in how IDs may structure and organize their business operations within a unified regulatory framework.

Because this flexibility extends beyond the specific concept of a "mutual fund division" and allows firms to adopt a range of operating models based on their business mix, scale, and client needs, we recommend that CIRO clarify, either in the amendments or through accompanying guidance, that the Framework is intended to support flexible business models rather than prescribe a particular organizational construct. Explicitly articulating this principle would reduce interpretive uncertainty, promote consistent implementation across Dealer Members, and reinforce the objective of a principles-based, efficient regulatory regime.

Question #2 – Proficiency for Mutual Fund Dealer Member Supervisors

Are there any remaining rule requirement or operational constraints that have not been addressed as part of the Proposed Dual Registration Amendments? If yes, please explain.

Answer #2

We do not believe there are material rule requirements or operational constraints that have not been addressed in the Proposed Dual Registration amendments. In our view, the Proposal appropriately advances a simplified, unified framework and provides Investment Dealers with greater flexibility in how they structure and operate their businesses.

As we noted in our response to question #1 above, we believe that it would be helpful for CIRO to clarify, either within the amendments or through guidance, that the Framework is principles-based and intended to provide firms with broad latitude in organizing their business lines, provided appropriate supervisory frameworks are implemented that are effective, risk-based, and aligned with CIRO's expectations relating to members conduct and investor protection. Clearer articulation of this intent would help avoid overly conservative or prescriptive interpretations, support consistent implementation, and ensure firms fully realize the benefits of the new Framework.

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In closing, SIMA reiterates its support for the objectives of the Proposed Dual Registration Amendments – CIRO Rules and appreciates CIRO's extensive engagement through the consultation process.

We would be pleased to provide further information or answer any questions you may have. Please feel free to contact me by email at amitchell@sima-amvi.ca or, by phone 416-309-2300.

Yours sincerely,

THE SECURITIES AND INVESTMENT MANAGEMENT ASSOCIATION



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