

Appendix 4 – Impact Analysis of the Phase 4 Proposed DC Rules

Impact Assessment Table

In the impact assessment table below, we list:

- the major policy elements of the Phase 4 Proposed DC Rules,
- a description of the intended policy benefits of each element, and
- an assessment of its impact on clients, investment dealers, mutual fund dealers, and CIRO itself.

Conclusions

Individual approval rules

We concluded that, if approved, the individual approval rules would result in reduced potential for regulatory arbitrage by harmonizing across Dealer Members:

- the Approved Person regime and corresponding proficiency requirements,
- general requirements for Directors and Executives,
- the requirement to manage significant areas of risk, and
- CIRO review procedures for approvals and Membership.

We have assessed the impact of these changes as having an overall positive impact on clients, Dealer Members and CIRO staff. While there could be some negative impacts to mutual fund dealers regarding the Approved Person requirements and corresponding approval process, we concluded these impacts were outweighed by the overall positive impacts these changes would have.

Business conduct and client account rules

We concluded that, if approved, the business conduct and client account rules would result in a more consistent application of substantive requirements. Although such obligations were significantly harmonized pursuant to the Client Focussed Reforms, the DC Rules adopt an approach that provides all Dealer Members with consistent obligations, but more operational flexibility as to how that is achieved.

Overall Assessment

We have assessed the impact of the changes being introduced as part of the Phase 4 Proposed DC Rules as having an overall positive impact on clients, Dealer Members, and CIRO Staff. While there may be some negative impacts to mutual fund dealers, we concluded these impacts were outweighed by the overall net-positive impacts the Phase 4 Proposed DC Rules would have.

Cost Estimate

We do not know the dollar magnitude of the collective impacts of the Phase 4 Proposed DC Rules, and we cannot determine it without detailed stakeholder feedback. For example, the harmonization of the CFO requirements will require many mutual fund dealers to hire for a new role. However, the remaining Phase 4 Proposed DC Rules are not expected to have any significant monetary costs to mutual fund dealers and clients (though more time may be required for mutual fund dealers to allow Approved Persons in scope through to proceed through the CIRO Approved Person process).

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Delegation and automation					
Introduction of requirements when using automation.	Ensure the use of automation within a Dealer Member is properly regulated.	<i>Neutral</i> – No change for clients.	<i>Minor Positive</i> – investment dealers will have clarity regarding the applicable requirements when using automation.	<i>Minor Positive</i> – mutual fund dealers will have clarity regarding the applicable requirements when using automation.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clear requirements when reviewing material changes to business activities proposing to use automation.
Investment product					
Introduction of investment products definition.	Ensure harmonization and clarity for investment dealers and mutual fund dealers with respect to specified investment products.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No significant impact or imposition of a new substantive requirement on investment dealers.	<i>Neutral</i> – No significant impact or imposition of a new substantive requirement on mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent and clear requirements.
Approved Person regime, proficiency requirements, and managing significant areas of risk					
Extend existing CIRO approval process and corresponding proficiency requirements to Approved Person categories of mutual fund dealers where those categories are not subject to an underlying securities legislation registration requirement, i.e. Supervisors, Executives, Directors, and Chief Financial Officers.	Ensure a level playing field for investment dealers and mutual fund dealers, increase investor protection and confidence, and minimize industry confusion.	<i>Minor positive</i> – clients of mutual fund dealer members will indirectly benefit from a CIRO approval process (an increased level of review) and increased proficiency requirements in those categories where none existed previously.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Net negative</i> – mutual fund dealers will be required to obtain CIRO approval for the affected categories of Approved Persons, some of which will also now be subject to proficiency requirements where no proficiency requirements previously applied	<i>Minor negative</i> – CIRO staff will receive more approval requests, which will increase the administrative work required to process these applications

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Allow Approved Person categories of mutual fund dealers that rely on registration and proficiency requirements under National Instrument 31-103 to meet Approved Person requirements.	Avoid undue regulatory burden on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact on CIRO.
Harmonize defined Approved Person category for registered representatives and dealing representatives across Dealer Members.	Clarify that these individuals fulfill the same general functions across both types of Dealer Members.	<i>Minor positive</i> – limit client confusion in respect of which Approved Person categories are permitted to participate in the registerable activity of ‘dealing’ via their sponsoring Dealer Member.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Minor negative</i> – the change in title may require internal and external communication.	<i>Neutral</i> – We do not anticipate any impact on CIRO.
Harmonize defined Approved Person category for Supervisors and branch managers across Dealer Members.	Clarify that these individuals fulfill the same general functions across both types of Dealer Members.	<i>Minor positive</i> – limit client confusion	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Minor negative</i> – the change in title may require changes to client communication	<i>Neutral</i> – We do not anticipate any impact on CIRO.
Maintain proficiency requirements for Supervisors across Dealer Members.	Avoid undue regulatory burden on mutual fund dealers.	<i>Neutral</i> – Note that there may be some minor confusion for clients with accounts at investment dealers and mutual fund dealers if that the Supervisors of those accounts are subject to different proficiency standards.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact on CIRO.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Clarifying the definition of Executive.	Reduce industry confusion.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Minor positive</i> – decrease in approval applications for individuals who are not intended to be captured under the definition of Executive.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Minor positive</i> – the clarification will lead to a decrease in requests for clarification and approval applications for individuals who are not intended to be captured under the definition of Executive.
Harmonize rules regarding the management of significant areas of risk across Dealer Members.	Ensure a level playing field for investment dealers and mutual fund dealers, increase investor protection and confidence and minimize industry confusion.	<i>Minor positive</i> – clients of mutual fund dealer members will indirectly benefit from having significant areas of risk covered by individuals whose proficiency and experience has been approved by CIRO.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – mutual fund dealers can opt to rely on existing Executive roles, namely UDP and CCO to fulfill the proposed role, assuming their oversight structure is sufficient for their business and they meet all requirements under the Proposed DC Rules	<i>Neutral</i> – We do not anticipate any impact on CIRO
Harmonize defined title and Approved Person category for Directors across Dealer Members.	Clarify that these individuals fulfill the same general functions across both types of Dealer Members.	<i>Minor positive</i> – limit client confusion.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact on CIRO.
Amendments to the general requirements for Directors.	Reduce industry confusion.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Net positive</i> – reduce regulatory burden and align requirements with corporate law for investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Minor positive</i> – the clarification will lead to a decrease in requests for clarification and approval applications for individuals who were not intended to be captured under the definition of Director.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Apply the CFO requirement across Dealer Members.	Ensure a consistent level of financial subject matter expertise, ensure CFO contribution to Form 1.	<i>Minor positive</i> – clients will indirectly benefit from increased financial subject expertise and oversight.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Net negative</i> – mutual fund dealers will need to have a CFO. Note that this impact may change according to the scalability principle (see the question posed in section 5 of this Bulletin).	<i>Net positive</i> – consistent financial subject expertise will facilitate discussions with Dealer Members on financial matters.
National Registration Database					
Apply NRD requirements across Dealer Members.	Ensure a level playing field for investment dealers and mutual fund dealers and minimize industry confusion.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact on CIRO.
CIRO review procedures for approvals and Membership					
Streamline the decision review process for regulatory decisions.	Create consistency in the decision review process.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Minor positive</i> – investment dealer member applicants who have been refused a proficiency or continuing education exemption will have access to a Hearing Panel for review.	<i>Minor positive</i> – mutual fund dealer member applicants who have been refused a proficiency or continuing education exemption will have access to a Hearing Panel for review.	<i>Minor negative</i> – additional reviews by a Hearing Panel will increase CIRO's administrative work.
Clarifying changes to titles, definitions, and section headings.	Clarify the scope of sections and Rules.	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Neutral</i> – We do not anticipate any impact on mutual fund dealers.	<i>Neutral</i> – We do not anticipate any impact on CIRO.
Application of the regulatory decision process and review regime across Dealer Members.	Ensure consistency in CIRO's authority to decide on applications and ensure consistent procedural safeguards and review	<i>Neutral</i> – We do not anticipate any impact to clients.	<i>Neutral</i> – We do not anticipate any impact on investment dealers.	<i>Net negative</i> – mutual fund dealer members will be subject to more thorough procedures and the possible imposition of terms and	<i>Minor negative</i> – More thorough procedures relating to both Approved Persons and mutual fund dealers will

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	opportunities across Dealer Members.			conditions on both their Approved Persons and Membership.	increase CIRO's administrative work
Improved opportunity to be heard by the Board on Membership applications, applicable across Dealer Members.	Ensure consistency in CIRO's authority to decide on applications and ensure consistent procedural safeguards that apply across Dealer Members	<i>Neutral</i> – We do not anticipate any impact to clients	<i>Minor positive</i> – investment dealer applicants will have an opportunity to be heard by the Board on the decision it intends to make	<i>Minor positive</i> – mutual fund dealer applicants will have an opportunity to be heard by the Board on the decision it intends to make, instead of a right of review by the Board after the Board renders a decision	<i>Minor negative</i> – Increased procedural obligations and safeguards will increase CIRO's administrative work
Business conduct and Client account rules					
Harmonization of conflicts of interest policies and procedures requirements.	Ensure harmonization and clarity for investment dealers and mutual fund dealers.	<i>Minor positive</i> – Clients of either type of <i>Dealer Member</i> will benefit from conflict of interest policies and procedures.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – No significant impact or imposition of a new substantive requirement on mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Personal financial dealings – application to employees.	Ensure prohibition on engaging in personal financial dealings with clients also applies to employees of all CIRO <i>Dealer Members</i> .	<i>Positive</i> – Clients will benefit from the requirements for <i>Dealer Members</i> to manage this potential source of conflicts of interest.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> – <i>mutual fund dealers</i> will have to amend their internal policies and compliance tracking procedures to ensure compliance with this provision.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of exceptions regarding personal financial dealings – accepting any consideration.	Ensure a level playing field by applying IDPC Rules exceptions to both investment dealers and mutual fund dealers.	<i>Neutral</i> – No anticipated impact for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the same exceptions as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Harmonization of prohibition regarding settlement agreements without the Dealer Member's approval.	Ensure a level playing field by applying IDPC Rules prohibition on settlement agreements without the <i>Dealer Member's</i> approval to both investment dealers and mutual fund dealers.	<i>Minor Positive</i> – Client protection will benefit from the harmonized prohibited financial dealing.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – No material impact on mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding borrowing from clients.	Ensure a level playing field by applying IDPC Rules prohibition and exceptions regarding borrowing from clients to both investment dealers and mutual fund dealers.	<i>Neutral</i> – No anticipated impact for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the same exceptions as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding lending to clients.	Ensure a level playing field by applying IDPC Rules prohibition and exception regarding lending to clients to both investment dealers and mutual fund dealers.	<i>Neutral</i> – No anticipated impact for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the same exception as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding control or authority.	Ensure a level playing field by applying harmonized prohibition and exceptions to both investment dealers and mutual fund dealers regarding accepting control or authority over a client's affairs.	<i>Minor Positive</i> – Avoid the issues and complications that arise when the arrangement is required to be unwound at the time it takes effect.	<i>Positive</i> – Better able to manage conflicts before they occur by prohibiting <i>Approved Persons</i> from accepting control or authority over clients' affairs.	<i>Neutral</i> – This does not represent a change for mutual fund dealers.	<i>Positive</i> – CIRO staff who monitor compliance will have consistent requirements and will be subject to fewer exemption requests.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Introduce a provision regarding beneficiary status and estate bequests.	Provide an explicit provision regarding the prohibition and exceptions concerning beneficiary status or receiving a bequest from a client's estate.	<i>Positive</i> – Enhance client protection in the context of such conflicts of interest.	<i>Minor Positive</i> – Provide clear compliance criteria to help address conflicts of interest involving beneficiary status and estate bequests.	<i>Minor Positive</i> – Provide clear compliance criteria to help address conflicts of interest involving beneficiary status and estate bequests.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent and explicit requirements.
Introduce a harmonized referral arrangements provision.	Provide extra clarity via a harmonized provision applicable to both investment dealers and mutual fund dealers that is consistent with National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.	<i>Neutral</i> – No change for clients.	<i>Minor Positive</i> – Provide extra clarity regarding referral arrangements.	<i>Neutral</i> – This provision is currently contained in MFD Rules	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements
Know-Your-Client.	Specify that the requirement to establish whether the client is an insider of a reporting issuer, or of any other issuer whose securities are publicly traded is imposed only on investment dealers.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – Such obligations are not required of mutual fund dealers.	<i>Neutral</i> – No change for CIRO.
Harmonization of requirements regarding identifying partnerships or trusts and corporations.	Ensure a level playing field by adopting the IDPC Rules provisions requiring disclosure of the names and addresses of all trustees	<i>Minor Negative</i> – Mutual fund dealer clients may have to provide more disclosure in certain cases.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> – mutual fund dealers will have to collect more client information in certain cases.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	and known beneficiaries and settlors of the trust. Also, require that the names of all directors of a corporation be disclosed within 30 days of opening the account.				
Obligation to keep current.	Ensure that KYC information is updated with a requirement that mutual fund dealers review the client's information within 12 months when transacting in securities that require registration, under securities legislation, as an Exempt Market Dealer.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Neutral</i> – No change for CIRO.
Harmonization of requirements regarding account opening policies and procedures – opening new client accounts.	Standardize requirements by applying the IDPC Rules provisions to both investment dealers and mutual fund dealers that specifically set out the elements that must be included in policies and procedures in respect of account opening.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will have consolidated obligations in the same set of provisions as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding updating client accounts.	Standardize requirements by applying the IDPC Rules provisions to both investment dealers and	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> - mutual fund dealers will be subject to the same principles based	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	mutual fund dealers requiring that policies and procedures specifically address that significant changes to client information are approved in the same manner as a new client account application.			requirements as investment dealers.	
Current client account information.	Standardize requirements by adopting a provision permitting mutual fund dealers to use a copy of a client's current account information where they are transacting in securities that require registration under securities regulation as an Exempt Market Dealer, where the account was approved in the past 12 months.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Neutral</i> – No change for CIRO.
Harmonization of requirements regarding relationship disclosure.	Standardize requirements by applying the IDPC Rules provisions to both investment dealers and mutual fund dealers relating to relationship disclosure.	<i>Positive</i> – More comprehensive relationship disclosure.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> - mutual fund dealers will have to adapt to more comprehensive relationship disclosure.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Accepting specific account types.	Adopt modified provisions clarifying the acceptance of specific account types that can be offered by investment dealers, namely	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – Clearer rule requirement drafting for investment dealers.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	derivatives accounts, discretionary accounts, and managed accounts.				
Use of “investments” and “securities” terminology.	Adopt the MFD Rules approach of including a broader “investments” definition in addition to the narrower definition of “securities”.	<i>Positive</i> – More comprehensive application of sales conduct requirements.	<i>Neutral</i> – The core sales conduct requirements already apply to most investment products. The broader “investments” definition should have only minor impacts depending on the nature of the product.	<i>Neutral</i> – The proposed approach is retained from the current MFD Rules.	<i>Minor Positive</i> – CIRO staff who monitor will have comprehensive application of sales conduct requirements depending on the nature of the product.
Harmonization of requirements regarding the leverage risk disclosure statement.	Standardize requirements by applying the IDPC Rules provisions to both investment dealers and mutual fund dealers regarding the leverage risk disclosure statement.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – The requirements are substantially similar to existing mutual fund dealer obligations .	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding retail client suitability determination.	Standardize requirements by applying the IDPC Rules provisions to both investment dealers and mutual fund dealers regarding the determination of whether it is suitable for a retail client to continue having an account and the scope of products, services and account relationships.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – Not a new burden for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding retail client suitability – account portfolio.	Standardize requirements by applying the IDPC Rules requirement to both investment dealers and mutual fund dealers that the client’s account	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – Not a new burden for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	portfolio of investments that would result from the investment action is suitable for the retail client and puts the retail client's interest first.				
Harmonization of requirements regarding retail client suitability – response time.	Ensure a level playing field by applying the IDPC Rules requirement to both investment dealers and mutual fund dealers that responses to specific events or changes in the client's account occur within a reasonable time.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – <i>mutual fund dealers</i> will have more flexibility without impairing investor protection.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding retail client suitability – advising.	Enhance investor protection by applying MFD Rules provisions to both investment dealers and mutual fund dealers regarding advice/recommendations following a non-suitability determination.	<i>Minor Positive</i> – More comprehensive response requirements following a non-suitability determination.	<i>Minor Negative</i> - investment dealers will have to adapt policies and procedures accordingly.	<i>Neutral</i> – Not a new burden for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Require steps be taken after an unsuitable investment is found in a client account.	Require remedial steps to address unsuitable investments in order to protect the client's interests.	<i>Minor Positive</i> – More comprehensive leverage strategy requirements.	<i>Neutral</i> – this represents existing practice and will not impose an additional burden.	<i>Neutral</i> – Not a new burden for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding retail client suitability – leverage strategies.	Ensure a level playing by adopting a provision requiring <i>Dealer Members</i> to have policies and procedures to assess the suitability of leverage	<i>Minor Positive</i> – More comprehensive leverage strategy requirements.	<i>Minor Negative</i> - Investment dealers will have to adapt policies and procedures accordingly.	<i>Neutral</i> – Not a new burden for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	strategies, the process of approval for such strategies, and related documentation requirements.				
Harmonization of requirements regarding advertisements, sales communication and client communication.	Ensure a level playing field by applying the IDPC Rules requirement to both investment dealers and mutual fund dealers regarding the review and approval of advertisements, sales communication and client communication.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be able to apply a risk-based approach to review.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding prohibited communications.	Ensure a level playing field by applying the MFD Rules provision to both investment dealers and mutual fund dealers prohibiting images that convey a misleading impression.	<i>Net Positive</i> – More comprehensive communication requirements.	<i>Minor Negative</i> – Investment dealers will have to adapt policies and procedures accordingly.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Withdraw the prohibition detailed at MFD Rule 2.8.2(e).	Reduce regulatory burden by not including the client communication prohibition at MFD Rule 2.8.2(e).	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will have clearer client communication requirements.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.
Harmonization of requirements regarding reasonable assurance.	Ensure a level playing field by applying the IDPC Rules provision to both investment dealers and mutual fund dealers requiring reasonable assurance that employees and <i>Approved</i>	<i>Minor Positive</i> – More comprehensive communication requirements.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> – mutual fund dealers will have to adapt policies and procedures to more comprehensive communication provision.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	Persons are familiar with communication policies and procedures and that measures are taken to ensure compliance.				
Harmonization of requirements regarding advertisement retention periods.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers regarding retaining copies of all advertisements, sales literature and correspondence and all records of supervision for the applicable retention periods.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will have more specific communication retention requirements.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.
MFD Rule 2.8.3 - Rates of Return.	Reduce regulatory burden by not including the requirement for specific disclosure and approval for any reference to rates of return for accounts other than in the investment performance reports at MFD Rule 2.8.3.	<i>Neutral</i> – No significant change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will have clearer misleading information requirements.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.
Harmonization of requirements regarding the delegation of Supervisory tasks.	Ensure a level playing field by applying the IDPC Rules provision to both investment dealers and mutual fund dealers which permits delegation of <i>Supervisory</i> tasks,	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Positive</i> - mutual fund dealers will require fewer exemptions as the default position is to permit delegation, unless otherwise stated.	<i>Positive</i> – CIRO staff who monitor compliance will have consistent requirements and fewer exemption requests.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	unless specifically prohibited.				
Responsibilities of UDP/CCO/CFO.	Ensure a level playing field by applying the IDPC Rules regarding these responsibilities to the applicable categories of Approved Persons of both investment dealers and mutual fund dealers.	<i>Minor positive</i> –Limits client confusion by streamlining and harmonizing responsibilities across dealers.	<i>Neutral</i> – No change for investment dealers.	<i>Net-neutral</i> – the principles-based requirements for UDP and CCO are largely consistent with existing responsibilities. The minor negative of new responsibilities being assigned to a CFO are offset by these responsibilities no longer falling under the purview of the UDP and CCO.	<i>Net-neutral</i> – Requirements that impact CIRO staff will be streamlined across dealers. Potential additional volume (given more Approved Persons are now in scope) may be mitigated by efficiencies of scale.
Harmonization of requirements regarding the governance document.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers requiring the filing of a governance document setting out the organizational structure and reporting relationships of the Dealer, as well as any notice of material changes to the information in the document.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> – Notices of material change to governance document will be an additional regulatory requirement.	<i>Minor Positive</i> – Ensure that CIRO has current governance information.
Harmonization of requirements regarding the supervision of shared office premises.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Negative</i> – mutual fund dealers will have to adapt policies and procedures accordingly.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	requiring policies and procedures that specifically address the supervision requirements to ensure compliance with the requirements related to shared office premises.				
Harmonization of requirements regarding supervision by designated persons.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers regarding the designation of appropriate Supervisors.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> - mutual fund dealers will be subject to the same principles-based requirements as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding account supervision policies and procedures.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers regarding account supervision policies and procedures.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the same principles-based requirements as investment dealers and the requirements will be centralized in one location, but some amendments to policies and procedures will be required.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Harmonization of requirements regarding daily and monthly trade supervision.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers regarding daily and	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the more principles-based but	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
	monthly trade supervision.			similar requirements as investment dealers.	
Identifiable account types for Supervisory purposes.	Enhance investor protection by adopting the MFD Rules requirement for mutual fund dealers to make certain account types readily identifiable for <i>Supervisory purposes</i> .	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Neutral</i> – No change for CIRO.
Harmonization of requirements regarding the supervision of new Registered Representatives and Investment Representatives.	Standardize practice by applying the IDPC Rules provision to both investment dealers and mutual fund dealers regarding close supervision of new <i>Registered Representatives and Investment Representatives</i> dealing with retail clients for six months after their approval.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – No change for investment dealers.	<i>Minor Positive</i> – mutual fund dealers will be subject to the same principles-based requirements as investment dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have consistent requirements.
Supervision of specific account types.	Adopt modified version of IDPC provisions clarifying the supervision of specific account types that can be offered by investment dealers, namely derivatives accounts, discretionary accounts, and managed accounts.	<i>Neutral</i> – No change for clients.	<i>Neutral</i> – Clearer rule requirement drafting for investment dealers.	<i>Neutral</i> – No change for mutual fund dealers.	<i>Minor Positive</i> – CIRO staff who monitor compliance will have clearer requirements.