

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2000
121 King Street West
Toronto, Ontario M5H 3T9
e-mail: memberpolicymailbox@ciro.ca

2500 - 733 Seymour Street
Vancouver, BC Canada
V6B 0S6

Phone 604 664 2900
Fax 604 664 2666
Toll Free 800 810 7022

www.pifinancialcorp.com

Market Regulation
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2
e-mail: CMRdistributionofSROdocuments@bcsc.bc.ca

March 21, 2024

Dear Sirs/Mesdames,

Re: CIRO Notice 24-0029 Policy Options for Leveling the Advisor Compensation Playing Field

As Chief Compliance Officer and General Counsel to PI Financial Corp. (“PI”), a Dealer Member of the Canadian Investment Regulatory Organization (“CIRO”), I appreciate the opportunity to comment on behalf of PI on the above-mentioned CIRO Notice.

First, let me take this opportunity to say that PI appreciates CIRO’s efforts to consider methods to level the playing field between how Approved Persons governed by the CIRO Mutual Fund Dealer (“MFD”) Rules, and Approved Persons governed by the CIRO Investment Dealer and Partially Consolidated (“IDPC”) Rules, are compensated.

In terms of the policy options presented by CIRO, it is our view that the “enhanced directed commission” approach is the most expeditious path to offering Approved Persons governed by IDPC Rules a compensation approach which is relatively equivalent to the directed commissions currently available to Approved Persons governed by MFD Rules.

In order to implement the enhanced directed commission approach, CIRO has suggested a number of amendments to CIRO Rules which would: place limitations on corporate ownership; limit business activities within the corporation; and ensure compliance. PI agrees with those suggestions.



CIRO has also highlighted the concern that the enhanced directed commission approach “would not enable CIRO to determine whether an Approved Person that uses this approach is ensuring that the corporation to which the commissions are directed is limiting its activities to non-registerable activities.” We feel that this concern can be mitigated through: existing rules regarding outside business activities, and; contractual relationships between the approved person, the corporation and the Dealer Member.

PI takes no issue with a transition period to permit Approved Persons governed by MFD Rules to make the changes necessary to comply with an enhanced directed commission approach.

The above having been said, PI recognizes the eventual desirability of being able engage in registerable activities within the corporation (which the enhanced directed commission approach does not permit). In that regard, we feel that CIRO should engage in discussions with the CSA to obtain the required securities legislation amendments and ultimately implement the “incorporated approved person” approach.

With respect to the specific questions posed – specifically Question #1:

PI is of the view that interim allowed use of an enhanced directed commission approach while pursuing over the medium-term the adoption of the incorporated approved person approach is desirable.

In summary, PI is of the view that it does not serve the industry well to continue to have two distinct approaches to advisor compensation – one for Approved Persons governed by MFD Rules, and one for Approved Persons governed by IDPC Rules. Accordingly, we urge CIRO to implement changes to the Rules to permit the use of enhanced directed commissions for Approved Persons governed by IDPC Rules as quickly as possible.

Yours truly,
PI FINANCIAL CORP.

A handwritten signature in blue ink, appearing to read 'Richard W. Thomas'.

Richard W. Thomas
Senior Vice President Compliance & Corporate Secretary

RWT/ck

Cc: File

(Comment Letter re Notice 024-0029 March 2024)