



BY EMAIL

March 25, 2024

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

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
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Dear Mesdames/Sirs,

Re: CIRO Position Paper: Policy options for leveling the advisor compensation playing field

Investia Financial Services Inc. (**Investia**) and iA Private Wealth Inc. (**iAPW**) (together, **iA Wealth**) appreciate the opportunity to comment on the Canadian Investment Regulatory Organization (**CIRO**) Position Paper: *Policy options for leveling the advisor compensation playing field* (the **Position Paper**) published on January 25, 2024.

Investia is a mutual fund dealer (**MFD**) and exempt market dealer with the Autorité des marchés financiers, and is a dealer member of CIRO registered as a MFD. iAPW is a dealer member of CIRO that is registered as an investment dealer (**ID**), MFD and derivatives dealer.

Investia and iAPW focus on creating and preserving wealth for Canadians by working with independent advisors. We believe strongly in the critical role of advisors and their delivery of advice to Canadian investors.

Introduction

iA Wealth appreciates the opportunity to provide comments on the conceptual options presented in CIRO's Position Paper. iA Wealth supports harmonization within the industry and appreciates that CIRO's goal is to deliver efficient and effective regulation in our industry. We share CIRO's view that advisors of dealer member firms (**Advisors**) would benefit from more thoughtful and

effective options for structuring their business beyond the current directed commissions regime available to MFD Advisors.

Summary

iA Wealth supports permitting Advisors to conduct financial sector activities under an incorporated entity, with a consistent regulatory approach across all jurisdictions. iA Wealth submits that Advisors should have the ability to structure their business activities with or without the use of a corporation. Incorporation may provide the welcome potential for Advisors to take advantage of the many benefits of structuring their business affairs as a corporate entity which we believe is also in the best interests of clients.

Discussion

iA Wealth believes Advisors should have the opportunity to gain access to the benefits commonly associated with incorporation – benefits that are readily available to businesses generally but not presently available to Advisors. Providing options for structuring an Advisor’s business empowers Advisors and ultimately provides greater client choice, helps reduce the advice gap and may facilitate transition and succession planning for Advisors.

CIRO MFD Rule 2.4.1 currently permits Approved Persons who conduct business on behalf of a dealer member firm to direct their commission revenue to an unregistered corporation (excluding Alberta), subject to paragraph 2.4.1(b). The rules are silent as regards the unregistered corporation conducting non-registrable activities. We support the continuation of an approach that does not distinguish between activities that the corporation may be permitted to undertake and that is available to both ID and MFD Advisors. We note that dealer members should not be liable or responsible for supervising non-registrable activities beyond the current CIRO requirements.

iA Wealth would also appreciate further consideration being given to permitting Advisors to combine their financial sector activities under one corporate entity by, for example, operating both their securities and insurance business under a single corporate entity.

iA Wealth strongly believes that there should be consistency in regulatory rules across all jurisdictions: like activities should be regulated in a like manner, regardless of the jurisdiction where the dealer member, Advisor or client is located. We would also like to point out the importance of considering the realities of Québec based firms. While CIRO MFD rules do not apply to Québec activities, we invite CIRO to collaborate with its Québec counterparts in the spirit of aligning standards and regulations in all jurisdictions. More generally, we would ask that CIRO, the Canadian Securities Administrators and other relevant provincial/territorial regulatory bodies collaborate to ensure consistency in structuring options and regulatory requirements for all Advisors in all jurisdictions.

We also recommend that regulatory rules relating to incorporated entities be centrally located under CIRO authority to prevent duplication, misalignment or conflict. If the proposals will require registration with the applicable Canadian securities regulatory authorities, then we would ask that an exemption be provided from the application of their rules post-registration to permit CIRO oversight only, as they have done historically in similar circumstances.

We do not believe that CIRO should duplicate what is already in place under Canadian securities legislation relating to portfolio manager firms, as this is a highly complex business model. It is

important that any incorporated entity approach avoid the significant time, expense and risk inherent in the portfolio manager model.

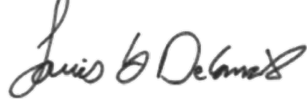
We would appreciate further deliberation be given to who could qualify as a shareholder under any incorporated entity approach and suggest consideration be given to third parties who meet regulatorily determined criteria. We note that business investment provides capital that allows Advisors to increase the speed by which they can grow their business and enables them to keep up to date with, and purchase, new technology as it becomes available. Limiting shareholders to Advisors and their family members may not bring sufficient new capital to grow businesses.

iA Wealth also supports an appropriate transition period, particularly for MFD Advisors moving from the existing directed commission approach.

iA Wealth appreciates CIRO's openness to considering incorporation concepts that allow Advisors to have meaningful choice in the structure of their business. We equally appreciate this opportunity to provide our comments on the Position Paper.

Yours sincerely,

Investia Financial Services Inc.



Louis H. DeConinck
President

iA Private Wealth Inc.



Stéphan Bourbonnais
Chief Executive Officer