



September 22, 2025

VIA EMAIL

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Re: CIRO Bulletin 25-0218 – Proposed Amendments to the Mutual Fund Dealer Rules – Disgorgement (the "Consultation")

The Canadian Advocacy Council of CFA Societies Canada (the "**CAC**")¹ appreciates the opportunity to provide the following general comments on the Consultation and on the amendments to explicitly provide for disgorgement in the Mutual Fund Dealer Rules (the "**MFD Rules**").

We strongly support CIRO's proposed amendments to harmonize the IDPC and MFD Rules regarding disgorgement provisions. This harmonization brings much-needed clarity and predictability to CIRO's regulatory framework. The proposed amendments appropriately recognize that the concept of disgorgement has long been recognized implicitly in the rules applicable to mutual fund dealers, and appropriately sets to make that recognition in the rules explicit and consistent in drafting across rule sets.

We are particularly pleased that CIRO intends to implement these amendments in 2026 to enable expeditious rollout of the disgorgement distribution program across all dealer member types. As we noted in our prior commentary on both CIRO's and the OSC's

¹ The CAC is an advocacy council for CFA Societies Canada, representing the 12 CFA Institute Member Societies across Canada and over 21,000 Canadian CFA charterholders. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

As the global association of investment professionals, CFA Institute sets the standard for professional excellence and credentials. The organization is a champion of ethical behaviour in investment markets and serves as the leading source of learning and research for the investment industry. CFA Institute believes in fostering an environment where investors' interests come first, markets function at their best, and economies grow. With more than 200,000 charterholders worldwide across 160 markets, CFA Institute has ten offices and 160 local societies. Find us at www.cfainstitute.org or follow us on LinkedIn and X at @CFAInstitute.



disgorgement frameworks, timely implementation is essential to maximize investor protection benefits and build confidence in these regulatory processes.

While we applaud this harmonization effort, several concerns from our previous commentary on CIRO's disgorgement distribution framework remain unaddressed and warrant continued attention:

Our May 2023 comments highlighted that IIROC's historical collection rate of approximately 13% on disgorgement orders raises fundamental questions about program efficacy. We continue to urge CIRO to prioritize disgorgement collection over fines and costs, explore and develop innovative collection solutions and legal enablement, and provide continued transparency about collection rates and processes. Without meaningful improvements in collection effectiveness, even well-designed distribution frameworks will fail to deliver tangible benefits to harmed investors.

We remain concerned that adding and expanding another regulatory process for wronged investors further complicates a fragmented and complex landscape of investor remedy and redress options. As we noted previously, investors have a litany of available options when things go wrong and must navigate multiple potential avenues including firm complaint processes, CIRO complaints, arbitration, OBSI, and civil courts. Clear communication about the distinct purposes and potential limitations of pursuing disgorgement versus restitution and complaints processes remains essential to prevent investor confusion and manage expectations appropriately. Despite the many available options, most come with a significant investor burden between time and financial cost, and deliver typically underwhelming outcomes to a wronged investor.

We have residual questions about program efficacy and would encourage CIRO to maintain transparency about program costs and effectiveness metrics, and to take innovative steps to deliver value-for-process in service of wronged investors.

Concluding Remarks

We commend CIRO for this important step toward better investor protection and regulatory consistency, and urge prompt implementation of these amendments. It's our strongly-held view that the success of disgorgement distribution ultimately depends on addressing the fundamental collection and process design challenges we have previously identified, and that more needs to be done to earn wronged investors' confidence and trust.

We thank you for the opportunity to provide these comments and would be happy to address any questions you may have. Please feel free to contact us at cac@cfacanada.org on this or any other issue in the future.

(Signed) *The Canadian Advocacy Council of
CFA Societies Canada*

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