

*CSA Staff Notice 25-311*

**2023 Annual Activities Report on the  
Oversight of Canadian Investment  
Regulatory Organization and  
Canadian Investment Protection Fund**

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**March 28, 2024**



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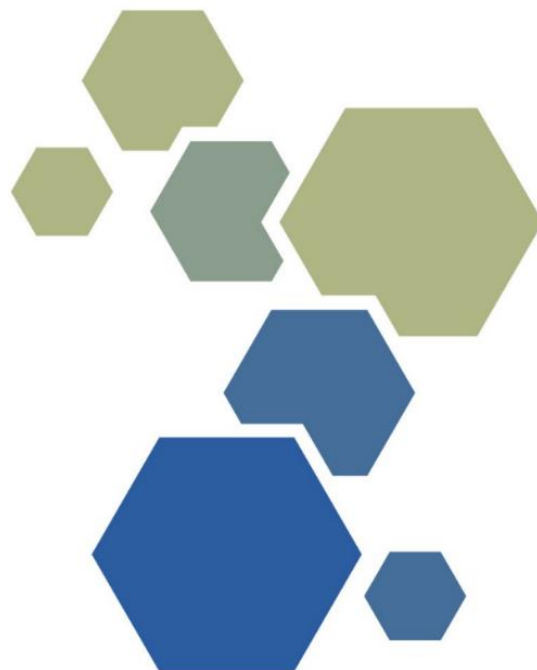


[csa-acvm-secretariat@acvm-csa.ca](mailto:csa-acvm-secretariat@acvm-csa.ca)



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# 2023 HIGHLIGHTS

**255** *Firms*

**109,777** *Approved Persons*

**\$4.5 Trillion** *Assets Under Management*

 *Over 100 Meetings*

 *8 Rules Approved*

 *5 Rules In Progress*

 *72 Materials Filed*

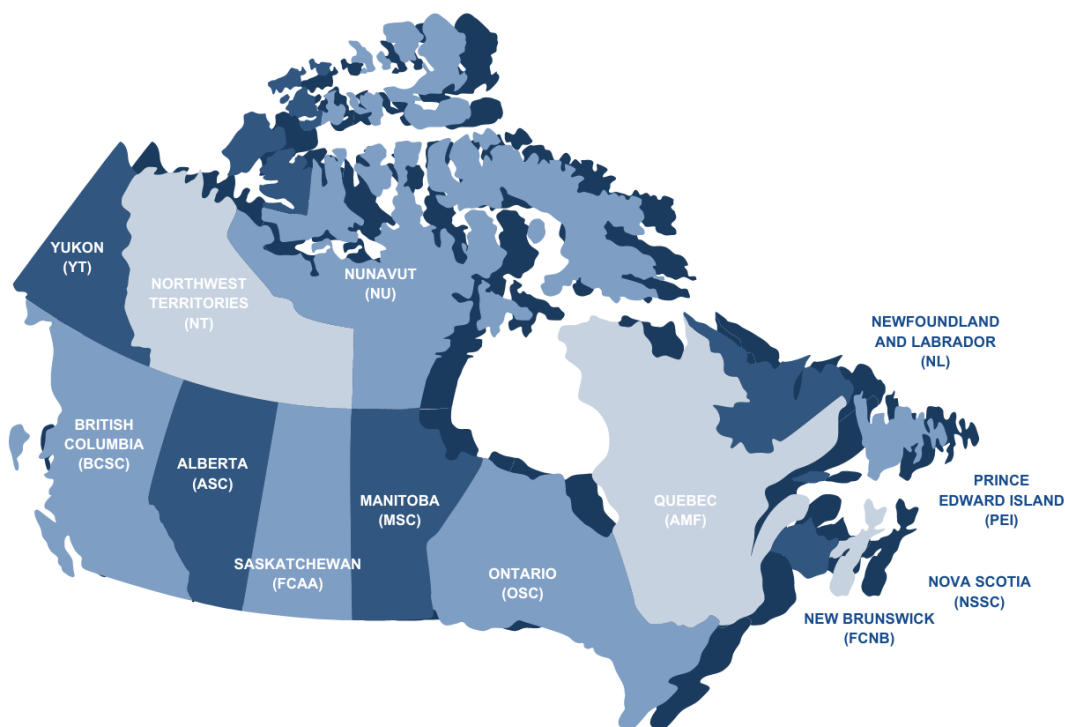
## WHO WE ARE

The Canadian Securities Administrators (**CSA**) is the council of Canada's provincial and territorial securities regulators. Its objective is to improve, coordinate and harmonize regulation of the Canadian capital markets to ensure the smooth operation of Canada's securities industry and protect investors.

Applicable legislation in each province and territory provides a securities regulator with the power to recognize a self-regulatory organization through a [Recognition Order](#). There is currently one recognized self-regulatory organization responsible for investment dealers and mutual fund dealers (**SRO**), the Canadian Investment Regulatory Organization (**CIRO**), which operates as a successor to the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**). IIROC and the MFDA amalgamated to continue as the New Self-Regulatory Organization of Canada (**New SRO**), effective January 1, 2023, which subsequently changed its name to CIRO on June 1, 2023.

There is currently one approved/accepted investor protection fund (**IPF**), the Canadian Investor Protection Fund (**CIPF**) formed through the amalgamation of two protection funds, the former Canadian Investor Protection Fund and the MFDA Investor Protection Corporation, on January 1, 2023. Analogous to the recognition of CIRO, CIPF has been approved/accepted<sup>1</sup> through [Approval Orders](#).

CIRO is recognized and CIPF is approved/accepted by the securities regulatory authorities in all thirteen provinces and territories (the **Recognizing Regulators** or **RRs**).



<sup>1</sup> In Québec, CIPF is an accepted contingency fund. In all other provinces and territories, CIPF is an approved compensation fund through individual Approval Orders.

Acronym	Name of Recognizing Regulator
BCSC	British Columbia Securities Commission
ASC	Alberta Securities Commission
FCAA	Financial and Consumer Affairs Authority of Saskatchewan
MSC	Manitoba Securities Commission
OSC	Ontario Securities Commission
AMF	Autorité des marchés financiers
FCNB	Financial and Consumer Services Commission of New Brunswick
NSSC	Nova Scotia Securities Commission
PEI	Prince Edward Island Office of the Superintendent of Securities
NL	Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador
YT	Office of the Yukon Superintendent of Securities
NT	Office of the Superintendent of Securities, Northwest Territories
NU	Office of the Superintendent of Securities, Nunavut Office

## EXECUTIVE SUMMARY

We are pleased to share CSA Staff Notice 25-311 *2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investor Protection Fund (Report)*, our Report which summarizes the key activities through which we conduct oversight of CIRO and CIPF.

This Report covers the period of January 1 – December 31, 2023 (the **Reporting Period**).

The amalgamations to form CIRO and CIPF were the result of the CSA's in-depth review of the SRO framework and started in 2019. After extensive stakeholder consultations and the publication of a consultation paper, which sought public input on key issues identified, CSA Position Paper 25-404 [New Self-Regulatory Organization Framework](#) was published on August 3, 2021 (**Position Paper**). The CSA took the position that the establishment of a new single enhanced SRO and, separately, the consolidation of the two IPFs into a single protection fund, independent from the SRO, is the best solution to address the issues that had been identified and to provide a framework for efficient and effective regulation in the public interest at this point and, as the capital markets continue to evolve, into the foreseeable future.

Much of our focus during the Reporting Period has been to work on various solutions outlined in the Position Paper to be implemented after the close of the amalgamation transactions. The nine [post-close initiatives](#) are being conducted alongside of our [continuing regular oversight](#), which includes our review of amendments to CIRO rules and CIPF policies and by-laws; review of required filings from CIRO and CIPF; and the CSA's 2023 Oversight Review of specific processes in three functional areas of CIRO. Post-close initiatives will continue to be an area of focus in 2024.

This Report is an important tool for engaging with our stakeholders. We hope that the Report in its new format will serve to: (i) improve transparency; (ii) foster public confidence in the regulatory framework; and (iii) explain our role in overseeing CIRO's and CIPF's compliance with securities regulation requirements. We welcome any questions or feedback that you may have.

## WHAT WE DO

The oversight of CIRO is coordinated through a [Memorandum of Understanding \(MOU\)](#) among the RRs. The MOU describes the oversight program used by the RRs to: (i) oversee CIRO's performance of its self-regulatory activities and services; and (ii) ensure that CIRO is acting in the public interest and complying with the terms and conditions of its Recognition Orders.

A [similar MOU](#) exists for the oversight of CIPF.

### Coordinators

Each MOU sets out that two RRs are designated as coordinators, tasked with the role of coordinating, communicating and scheduling activities of the oversight program between the RRs, and between the RRs and CIRO or CIPF (**Coordinators**).

The Coordinators serve for four years on a staggered rotation basis among the two designated RRs. During the Reporting Period, BCSC and OSC were designated as the inaugural Coordinators by consensus of all the RRs. One of two Coordinators will be replaced and thereafter each Coordinator will have a four-year term.

### Oversight Committees

As required by each MOU the following oversight committees have been established:

- The [CSA Market Regulation Steering Committee \(MRSC\)](#) is the forum for coordination and providing updates where issues relate to both CIRO and CIPF.
- [Oversight committees for CIRO and CIPF \(Oversight Committees\)](#) are operational committees under the oversight of MRSC. Each Oversight Committee acts as forum to discuss issues, concerns and proposals related to the oversight of their respective entities. The committees included representatives from RRs, with the Coordinators serving as the leads.

### CSA Oversight Program

Components of the SRO and IPF oversight program are outlined below.



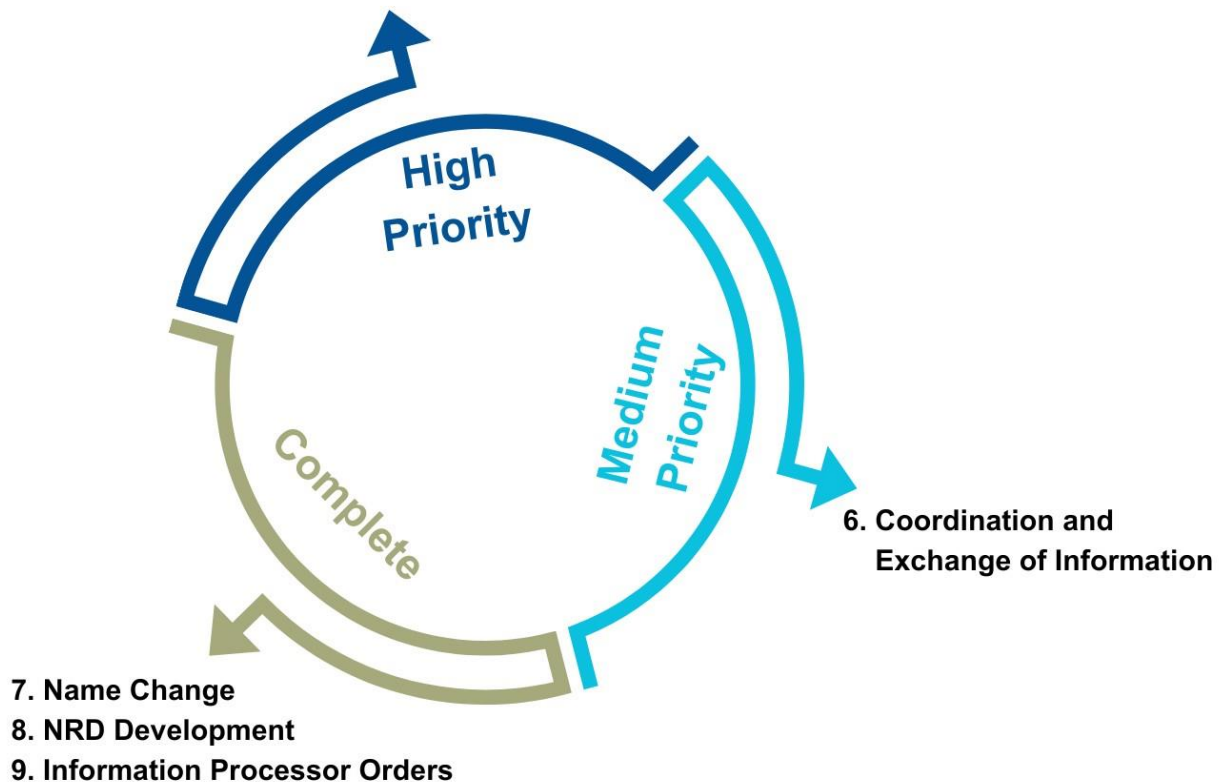
Oversight Function	Activities During the Reporting Period
Annual Risk Assessment	<ul style="list-style-type: none"> <li>• Evaluation of each entity’s potential inherent risks and mitigating controls in each functional area of the entity.</li> <li>• Evaluation can become the basis of future oversight activities.</li> </ul>
<a href="#">Review of Proposed Rules</a>	<ul style="list-style-type: none"> <li>• CIRO is required to seek approval from the RRs for proposed new rules, policies, and constating documents (collectively, the <b>rules</b>) and by-laws, and any changes to existing rules and by-laws.</li> <li>• CIPF is required to seek approval or non-objection of any changes to certain policies (e.g., coverage policy) and its by-laws.</li> <li>• A “housekeeping” rule change is one that has no material impact on investors, issuers, registrants, CIRO, CIPF, or the Canadian capital markets generally (e.g., changes of an editorial nature; changes necessary to conform to applicable securities legislation, statutory or legal requirements, accounting or auditing standards).</li> <li>• If a rule change is not classified as housekeeping, it is published for public comment.</li> </ul>
Review of Materials Filed	<ul style="list-style-type: none"> <li>• CIRO and CIPF are responsible for filing certain information (other than proposed rules or by-laws) with each RR.</li> <li>• This information includes, but is not limited to, reports on financial condition, regulatory self-assessment, risk management, systems integrity, market surveillance, internal audit, progress on compliance examination results, and enforcement matters.</li> <li>• During the Reporting Period, 72 filings were reviewed.</li> <li>• Staff of the RRs (<b>Staff</b>) reviewed issues and the materials filed, which informed the annual risk assessment.</li> </ul>
Meetings	<ul style="list-style-type: none"> <li>• During the Reporting Period, quarterly meetings were scheduled with CIRO and semi-annual meetings with CIPF to discuss the oversight process and to share information about emerging and/or ongoing regulatory issues and trends.</li> <li>• In addition to regularly scheduled bi-weekly meetings with CIRO and CIPF, numerous ad hoc meetings were held throughout the Reporting Period as part of the oversight of specific issues – primarily relating to the integration of the predecessor SROs and, separately, the predecessor IPFs, as well as proposed rule amendments and filing requirements.</li> </ul>
Oversight Reviews	<ul style="list-style-type: none"> <li>• A more in-depth process for Staff to make an independent assessment of whether and how CIRO or CIPF have met their regulatory obligations.</li> <li>• The scope of an oversight review is determined by the results of the annual risk assessment and/or specific issues that arise on a periodic basis.</li> <li>• As part of an oversight review, Staff may interview CIRO or CIPF staff, review written policies and procedures to understand the systems and processes in place, and examine files on a sample basis.</li> <li>• During the Reporting Period, the RRs jointly completed a risk-based oversight review of CIRO that targeted specific processes within the areas of: (i) corporate governance; (ii) trading review and analysis; and (iii) financial compliance of investment dealers and mutual fund dealers. The results of the oversight review have been published in a <a href="#">separate report</a> also on March 28, 2024.</li> </ul>



# POST-CLOSE INITIATIVES

After the amalgamation of the predecessor SROs and IPFs, during the Reporting Period, the Oversight Committees continued to work on various solutions outlined in the [Position Paper](#), published on August 3, 2021, to be implemented after the closing of the transactions. The Oversight Committees' work included monitoring post-close transition and implementation initiatives of varying priorities, as set out below.

1. Dual Registration Policy Matters and Exemptions
2. Dual Registration Applications
3. Directed Commissions
4. SRO Rulebook Consolidation
5. CIRO/CIPF New Co-operative Operating Agreement



	Post-close Initiative	Priority / Status	Scope
1.	Dual registration policy matters and exemptions	High	<ul style="list-style-type: none"> <li>CSA is considering dual registration matters and whether there are any potential challenges associated with these applications. Staff and CIRO staff are discussing novel issues related to the dual registration of investment dealers and mutual fund dealers.</li> </ul>
2.	Dual registration applications	High	<ul style="list-style-type: none"> <li>CSA and CIRO are working to complete an internal guide for reviewing dual registration applications. As policy issues are identified, they are being discussed among Staff working on Initiative #1 (dual registration policy matters and exemptions) and #2 (dual registration applications).</li> </ul>
3.	Directed commissions	High	<ul style="list-style-type: none"> <li>CSA is monitoring steps that CIRO is proposing relating to the compensation of investment dealing representatives and mutual fund dealing representatives, including the <a href="#">publication</a> on January 25, 2024 of a position paper requesting public comments on CIRO's proposed approaches.</li> </ul>
4.	SRO rulebook consolidation	High	<ul style="list-style-type: none"> <li>Staff to review and recommend for approval CIRO proposals to consolidate and harmonize the rulebooks for investment dealers and mutual fund dealers over five phases, which commenced in late 2023.</li> </ul>
5.	CIRO/CIPF New Co-operative Operating Agreement	High	<ul style="list-style-type: none"> <li>In 2022, the predecessor SROs and IPFs entered into a Transitional Agreement, that came into effect on January 1, 2023, designed to ensure that existing arrangements between the predecessor entities would continue to govern the relationship between CIRO and CIPF.</li> <li>CSA is monitoring the negotiation of the new Co-operative Operating Agreement, which will establish the respective responsibilities of CIPF and CIRO.</li> </ul>
6.	Coordination and exchange of information	Medium	<ul style="list-style-type: none"> <li>CSA continues to engage CIRO on the coordination and exchange of information, regarding the supervision of market related data and other information.</li> </ul>
7.	Name change	Complete	<ul style="list-style-type: none"> <li>The name change to CIRO was completed in July 2023, with changes made to the Recognition Orders, MOU, and SEDAR+.<sup>2</sup></li> </ul>
8.	National Registration Database (NRD) development	Complete	<ul style="list-style-type: none"> <li>NRD development to automate the dual registration process and enhancements to improve clarity with regard to dual-registered dealer firms.</li> </ul>
9.	Information processor orders	Complete	<ul style="list-style-type: none"> <li>Variation and restatement of the information processor's <a href="#">Designation Order</a>, effective June 1, 2023, to reflect the SRO amalgamation.</li> </ul>

<sup>2</sup> Similarly, CIPF's name change in French from "Fonds canadien de protection des épargnants" to "Fonds canadien de protection des investisseurs" came into effect on January 1, 2023.

# WHO WE REGULATE

## (A) CIRO



### (i) Regulatory Status

The RRs have given CIRO, as an SRO, the responsibility to govern the operations and business conduct of investment dealers and mutual fund dealers and their representatives, and the trading activity on members of CIRO that are marketplaces. The authority of CIRO to carry out certain regulatory functions is set out in the Recognition Orders, along with the terms and conditions that CIRO is to comply with in carrying out its regulatory functions.

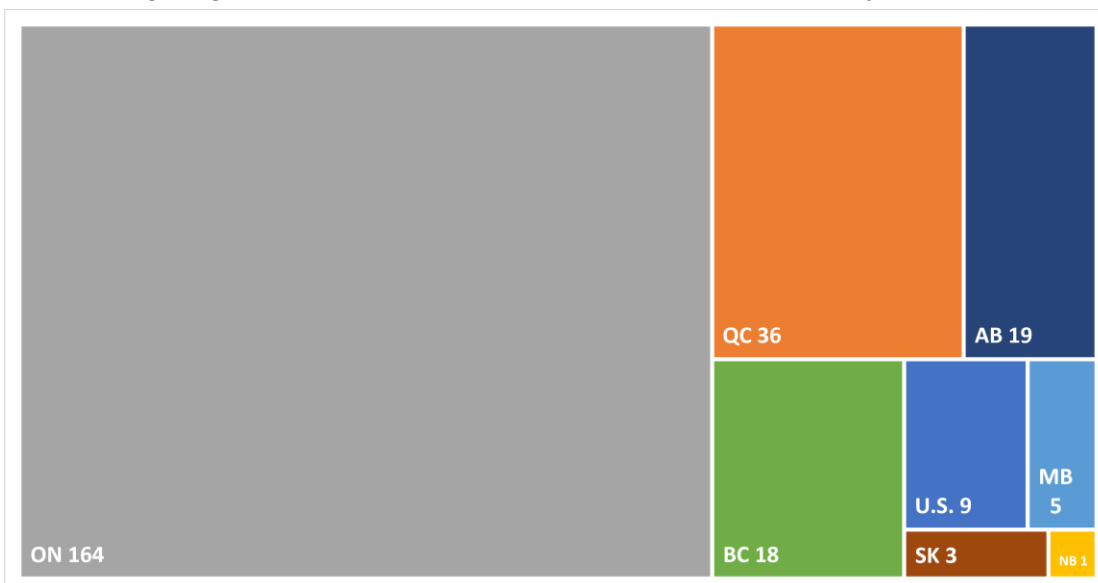
### (ii) Member Firm Statistics

As of December 31	2023	2022	% Change
Assets Under Management	\$4.5 Trillion	\$4.1 Trillion	9.8%
Approved Persons	109,777	108,987	0.7%
Firms			
Investment Dealer	169	173	
Mutual Fund Dealer	82	83	
Dually Registered	4	0	
Total	255	256	- 0.4%

The increase in CIRO’s assets under management was mainly attributable to an increase in equity markets during the Reporting Period.

### (iii) Member Firms by Head Office Location

The following diagram represents the distribution of member firms by head office location.



**(iv) Rule Reviews**

During the Reporting Period, seven CIRO rule amendments were [approved or not objected](#) to by the RRs. Five rule amendments [continue to be under review](#) as of December 31, 2023.

**(v) Materials Filed**

CIRO was responsible for filing certain information with Staff on a regular or ad hoc basis. During the Reporting Period, 60 filings were received from CIRO and reviewed by Staff.



\*Ad hoc filings include, for example, notifications about dealer members in financial distress, cybersecurity breaches and significant exemption requests.  
 \*\* Other filings include, for example, publications and miscellaneous reports.

**(vi) Meetings and Other Discussions**

During regular meetings held with CIRO, among other varied topics, the following key subjects were discussed and followed up by Staff.

Topic	Activities During the Reporting Period
SRO Transition Plan	<ul style="list-style-type: none"> <li>• Focus on core integration priorities including: branding initiatives; building of new Toronto office; Toronto and Calgary office moves; and migration of the mutual fund dealer information technology environment (e.g., networks, servers at data centres) to the existing investment dealer environment.</li> <li>• Completion of a revised Risk Management Framework, which incorporates the risks of both the investment dealer and mutual fund dealer environments. The Risk Management Framework was reviewed by Staff.</li> <li>• Completion of an integrated budget for CIRO’s 2024 fiscal year (<b>Fiscal 2024</b>), which was reviewed by Staff.</li> <li>• Completion of a statement of priorities for Fiscal 2024, and commencement of: (i) a strategic plan for 2025 – 2027 and (ii) changes to Board of Directors mandate and Board Committee mandates. Staff’s input continues to be provided before these documents are finalized.</li> </ul>

Topic	Activities During the Reporting Period
Short Selling	<ul style="list-style-type: none"> <li>• Joint CSA/IIROC Staff Notice 23-329 <a href="#">Short Selling in Canada</a> was published on December 8, 2022. The consultation resulted from: (i) concerns raised by the Capital Markets Modernization Taskforce; and (ii) issues identified during the CSA's work on CSA Staff Notice 25-306 <a href="#">Activist Short Selling Update</a>. The consultation provided an overview of the existing regulatory landscape surrounding short selling and requested public feedback on areas for regulatory consideration.</li> <li>• CSA/CIRO's responses to the public comment letters were published in Joint CSA/CIRO Staff Notice 23-332 <a href="#">Summary of Comments and Responses to CSA/IIROC Staff Notice 23-329 Short Selling in Canada</a> on November 16, 2023. CSA and CIRO have formed a working group to more broadly examine short selling issues in the Canadian market context.</li> <li>• CIRO also published on January 11, 2024 a <a href="#">rule proposal</a> to support and clarify the short selling framework by adding a new positive requirement in UMIR to have, prior to order entry, a reasonable expectation to settle a short sale. <a href="#">Proposed guidance</a> was published for comment on the same date to clarify various current and proposed requirements related to short sales and failed trades.</li> </ul>
Crypto Assets	<ul style="list-style-type: none"> <li>• CIRO's Membership Intake Team continued to review applications for: (i) new membership from crypto-asset trading platforms; and (ii) business change from existing CIRO investment dealers planning on expanding into the distribution of crypto asset products.</li> <li>• Future new rules and guidance, as well as standardized compliance procedures, relating to crypto assets are expected to be developed by CIRO in collaboration with Staff.</li> </ul>
Crypto Insolvency Simulation	<ul style="list-style-type: none"> <li>• CIRO conducted a crypto asset simulation on April 19, 2023, in which 14 firms participated. The focus of the simulation was to identify and understand the risks and issues associated with the suspension of a CIRO-registered crypto-asset trading platform. Knowledge gained from the simulation will be used to develop a crisis response plan.</li> </ul>
Arbitration Program Review	<ul style="list-style-type: none"> <li>• On February 1, 2023, CIRO published a consultation paper <a href="#">Proposal on Distributing Funds Disgorged and Collected through New SRO Disciplinary Proceedings to Harmed Investors</a>. The comment period closed on May 1, 2023 and CIRO staff are still in the process of reviewing the comments.</li> </ul>
Continuing Education	<ul style="list-style-type: none"> <li>• CIRO staff continued discussions regarding the harmonization of the mutual fund dealer and investment dealer continuing education (<b>CE</b>) programs – at the earliest at the end of the next CE reporting cycle, end of 2025.</li> <li>• First reporting cycle of the mutual fund dealer member CE program ended on November 30, 2023. In the last quarter of 2023, over 850 CE activities and 318,000 attendance records have been added to the CE reporting and tracking system (<b>CERTS</b>), and approximately 90 third-party (non-member) education providers have been added to CERTS since the commencement of the CE program.</li> <li>• In the last quarter of 2023, the investment dealer member CE accreditation program approved 579 distinct courses, and 2,807 distinct courses since the inception of in-house accreditation. This exceeds application volumes for the same period in previous years made through the former third-party provider of CE course accreditation services to IIROC.</li> </ul>

Topic	Activities During the Reporting Period
Proficiency Regime	<ul style="list-style-type: none"> <li>• CIRO has undertaken a multi-year initiative to enhance its proficiency regime with the intention of launching new standards in 2026.</li> <li>• High proficiency standards play a key role in investor protection, and the integrity and efficiency of capital markets.</li> <li>• Consultation paper <a href="#">Proposed Proficiency Model</a> was published on July 7, 2023 to seek feedback on a proficiency model for individuals at investment dealers, approved under the Investment Dealer and Partially Consolidated (IDPC) Rules. CIRO is proposing a shift from the existing course-centric model (i.e., exams tied to courses) to an assessment-centric model (i.e., exams based on competency profiles). The comment period ended on September 20, 2023 and CIRO staff are in the process of reviewing the comments.</li> <li>• CIRO Notice 23-0096 <a href="#">Proposed Clarifying Amendments to Registration and Proficiency Requirements</a> was published on August 31, 2023 to refine and clarify certain registration and proficiency requirements in the IDPC Rules. The comment period ended on October 2, 2023.</li> <li>• CIRO updated competency profiles for Approved Person categories at an investment dealer, in response to public comments where appropriate. The <a href="#">updated competency profiles</a> were published on September 25, 2023.</li> <li>• CIRO issued request for proposals aimed at selecting a vendor, or vendors, in 2024 to develop and maintain examinations, and deliver examinations for individuals at investment dealers.</li> </ul>
Client Focused Reforms (CFRs)	<ul style="list-style-type: none"> <li>• With the implementation of CFRs conflict of interest requirements on June 30, 2021 and the remaining CFRs requirements, including know your client, know your products and suitability requirements, on December 31, 2021, the CSA, IROC and the MFDA continued to harmonize their compliance modules specific to the CFRs.</li> <li>• Findings from the coordinated reviews by the CSA, IROC and the MFDA during 2022 on the enhanced conflict of interest requirements under the CFRs were published in Joint CSA / CIRO Staff Notice 31-363 <a href="#">Client Focused Reforms: Review of Registrants' Conflict of Interest Practices and Additional Guidance</a> on August 3, 2023.</li> <li>• The CSA and CIRO are continuing to conduct reviews in 2024 to assess registrants' compliance with other CFRs obligations, including the know your client, know your product, and suitability determination requirements that came into force on December 31, 2021. Together, the CSA and CIRO are discussing the findings and plan to publish additional guidance, which will include suggested practices for industry on compliance with these reform areas.</li> </ul>
Cybersecurity	<ul style="list-style-type: none"> <li>• Cybersecurity table top exercises were conducted for small and medium-sized investment dealer and mutual fund dealer firms in Toronto on October 26, 2023 and in Calgary on November 1, 2023. These were informal, discussion-based sessions to improve cybersecurity resilience, in which almost 200 individuals participated from 128 dealer members, four law firms, and three insurance companies. Participants discussed responses to a cybersecurity incident, walking through different scenarios.</li> </ul>
Modernizing Back-Office Arrangements / Subloans	<ul style="list-style-type: none"> <li>• CIRO is engaging with industry to discuss the modernization of rules around back-office arrangements and subordinated debt financing.</li> <li>• GN-4300-23-001 <a href="#">Direct Registration System Guidance</a> was published on October 12, 2023 and sets out the IDPC Rules requirements as they relate to the dematerialization of physical certificates and the recording of securities held with issuers in Direct Registration Systems.</li> </ul>

Topic	Activities During the Reporting Period
	<ul style="list-style-type: none"> <li>• Future topics for consultation include account transfers and arrangement between introducing and carrying brokers.</li> </ul>
Total Cost Reporting	<ul style="list-style-type: none"> <li>• CSA and Canadian Council of Insurance Regulators (<b>CCIR</b>) <a href="#">published changes</a> on April 20, 2023 to enhance total cost reporting (<b>TCR</b>) disclosure for investment funds and segregated funds. The TCR enhancements (<b>Enhancements</b>) will improve transparency and require annual reporting to clients to show the ongoing costs of owning mutual funds, exchange-traded funds, scholarship plans, and segregated funds.</li> <li>• Enhancements were jointly developed by the CSA, CCIR, the Canadian Insurance Services Regulatory Organizations and CIRO.</li> <li>• Enhancements will take effect on January 1, 2026.</li> </ul>
Other Initiatives	<ul style="list-style-type: none"> <li>• Staff engaged CIRO staff on other matters of regulatory concern, such as: <ul style="list-style-type: none"> <li>○ CIRO staffing matters;</li> <li>○ CIRO’s ongoing role in the surveillance of equity markets in real time, along with its monitoring of debt trading, cross asset trading between derivatives listed on the Montréal Exchange and the underlying securities, and Canadian crypto asset trading platform activity;</li> <li>○ Establishment of Office of the Investor to enhance investor education, perform investor research, and support CIRO’s Investor Advisory Panel;</li> <li>○ Examination of order execution only dealers and their business continuity plans; and</li> <li>○ Proposed delegation to CIRO of the AMF’s responsibility for examining the compliance of mutual fund dealers’ activities in Québec.</li> </ul> </li> </ul>



## (B) CIPF



### (i) Regulatory Status

CIPF is approved and accepted as an IPF<sup>3</sup> to provide protection within prescribed limits to eligible clients of CIRO dealer member firms suffering losses, if client property held by a member firm was unavailable as a result of the insolvency of a dealer member.

### (ii) Fund Statistics

CIPF maintains two separate funds designed to provide coverage to eligible clients of CIRO members: an Investment Dealer Fund (**IDF**) and Mutual Fund Dealer Fund (**MFDF**).

The IDF liquidity resources are available to satisfy potential claims for coverage by clients of CIRO members registered as an “investment dealer” or in the categories of both “investment dealer” and “mutual fund dealer”. The MFDF liquidity resources are available to clients of CIRO members registered as a “mutual fund dealer”, except for customer accounts located in Québec for which mutual fund dealers are not required to contribute to the MFDF and, accordingly, those accounts are not afforded coverage by the MFDF.

Both funds maintain their own insurance and lines of credit.

As of December 31	2023	2022	% Change
IDF <sup>4</sup>			
General Fund	\$543M	\$516M	5.2%
Insurance	\$440M	\$440M	-
Lines of Credit	\$125M	\$125M	-
MFDF			
General Fund	\$53M	\$50M <sup>5</sup>	6.0%
Insurance	\$40M	\$40M	-
Lines of Credit	\$30M	\$30M	-
<b>TOTAL</b>	<b>\$1,231M</b>	<b>\$1,201M</b>	<b>2.5%</b>

### (iii) Rule Reviews

During the Reporting Period, the RRs approved or did not object to [housekeeping amendments](#) to CIPF’s Coverage Policies and By-law No. 1.

<sup>3</sup> In Québec, CIPF is an accepted contingency fund. Please refer to Footnote #1 on page 4.

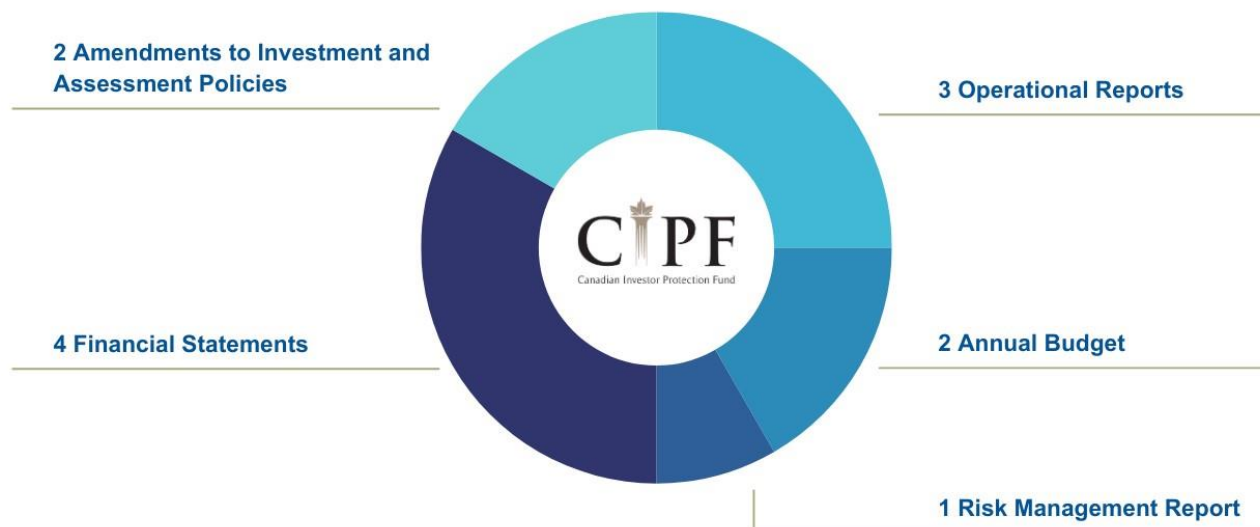
<sup>4</sup> Values relating to IDF’s and MFDF’s General Fund, insurance and lines of credit are from CIPF’s 2023 unaudited annual financial statements.

<sup>5</sup> The value of the MFDF General Fund as of December 31, 2022 differs from what was previously published in CSA Staff Notice 25-310 2022 Annual Activities Report on the Oversight of Self-Regulatory Organizations and Investor Protection Funds due the adoption at amalgamation and retrospective application of former CIPF’s accounting policy of valuing bonds at fair value.



**(iv) Materials Filed**

CIPF was responsible for filing certain information with Staff on a regular or ad hoc basis. During the Reporting Period, 12 filings were received from CIPF and reviewed by Staff.



**(v) Meetings and Other Discussions**

During regular meetings held with CIPF, among other varied topics, the following key subjects were discussed and followed up by Staff.

Topic	Activities During the Reporting Period
IPF Transition Plan	<ul style="list-style-type: none"> <li>• CIPF continues with its post-close integration efforts.               <ul style="list-style-type: none"> <li>○ Review of investment policies and strategies for the IDF and MFDF to determine if one policy for both funds should be implemented.</li> <li>○ Fit-for-purpose review of the investment dealer credit risk model to assess if it is appropriate to be extended to the mutual fund dealer universe. This is expected to be a multi-year project.</li> <li>○ Continuing to consolidate the predecessor IPFs’ enterprise risk management practices.</li> <li>○ Ongoing consideration with CIRO regarding dual registration and its impact on CIPF’s liquidity resources.</li> <li>○ Ongoing consideration with CIRO regarding introducing/carrying broker arrangements between investment dealers and mutual fund dealers, and its impact on where assessments should be directed and where losses should be claimed.</li> </ul> </li> </ul>
Review of Adequacy of Assets in the Funds	<ul style="list-style-type: none"> <li>• Separate general funds, insurance and lines of credit continue to be maintained for the funds covering investment dealers and mutual fund dealers.</li> <li>• For the IDF, CIPF continues to use a credit-risk based fund model to project its liquidity resource requirement and assist in the setting of its fund size (<b>IDF Model</b>). During the Reporting Period, CIPF’s Board reviewed the adequacy of the level of resources available in relation to the risk exposure of investment dealer member firms. No changes have been made to the methodology,</li> </ul>

Topic	Activities During the Reporting Period
	<p>parameters and input since October 2021 when former CIPF's Board reviewed and approved the IDF Model.</p> <ul style="list-style-type: none"> <li>• The fund size of MFDF continues to be in excess of its general fund size target of \$50 million. MFDF continues to have a secondary layer of insurance in the amount of \$20 million in respect of any losses to be paid out of the MFDF in excess of \$50 million. This is in addition of the original layer of insurance of \$20 million in respect of any losses to be paid out of the MFDF in excess of \$30 million.</li> </ul>
Crypto Assets	<ul style="list-style-type: none"> <li>• The Coverage Policy continues to state explicitly that crypto assets are excluded from CIPF's coverage.</li> <li>• CIPF will undertake regular reviews of the scope and terms of its Coverage Policy; however, the primary areas of interest for CIPF continue to be the custody, control and pricing of crypto assets.</li> <li>• CIPF staff participated in CIRO's crypto asset insolvency simulation on April 19, 2023.</li> </ul>
Insolvency Simulation Exercises	<ul style="list-style-type: none"> <li>• RRs participated in the first Phase 3 exercise of CIPF's insolvency simulations in Vancouver and Calgary on October 24, 2023, along with CIRO staff and insolvency professionals.</li> <li>• Focus of Phase 3 is on managing the insolvency of a mutual fund dealer/dual-registered member firm.</li> <li>• Second Phase 3 simulation will be held with stakeholders in Montréal in 2024.</li> </ul>
Meeting of International IPFs	<ul style="list-style-type: none"> <li>• CIPF participated in the meeting of international protection funds on May 26, 2023 in Hungary at the 2023 Forum of International Investor Compensation Schemes, which included a discussion on the coverage of crypto assets and simulations. CIPF's understanding is that no compensation fund globally covers crypto assets at this time.</li> <li>• Opportunity to exchange information with international compensation funds has been valuable.</li> </ul>
Insolvencies	<ul style="list-style-type: none"> <li>• During the Reporting Period, there were no CIRO member insolvencies whereby CIPF was actively involved.</li> </ul>

# COMPOSITION OF OVERSIGHT COMMITTEES

## Market Regulation Steering Committee

<b>AMF</b>	Dominique Martin	<b>MSC</b>	Paula White
<b>ASC</b>	Lynn Tsutsumi	<b>NL</b>	Scott Jones
<b>BCSC</b>	Mark Wang	<b>NSSC</b>	Doug Harris / Chris Pottie
<b>FCAA</b>	Liz Kutarna	<b>OSC</b>	Susan Greenglass
<b>FCNB</b>	Clayton Mitchell	<b>PEI</b>	Steven Dowling

## CIRO Oversight Committee


<b>AMF</b>	Jean-Simon Lemieux Roland Geiling Herman Tan	Pascal Bancheri Catherine Lefebvre Cheick Kaba Diakité	Serge Boisvert Lucie Prince
<b>ASC</b>	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
<b>BCSC</b>	Michael Brady Navdeep Gill Liz Coape-Arnold	Joseph Lo Zach Masum Michael Grecoff	Eric Lan Anne Hamilton
<b>FCAA</b>	Liz Kutarna	Curtis Brezinski	
<b>FCNB</b>	Amélie McDonald	Nick Doyle	
<b>MSC</b>	Paula White	Angela Duong	Jon Lamb
<b>NL</b>	Scott Jones		
<b>NSSC</b>	Doug Harris	Brian Murphy	Angela Scott
<b>NT</b>	Matthew Yap		
<b>NU</b>	Debora Bissou		
<b>OSC</b>	Joseph Della Manna Stacey Barker Dimitri Bollegala	Karin Hui Christopher Byers Felicia Tedesco	Scott Laskey Yuliya Khraplyva
<b>PEI</b>	Curtis Toombs		
<b>YT</b>	Rhonda Horte		

## CIPF Oversight Committee





<b>AMF</b>	Jean-Simon Lemieux Cheick Kaba Diakité	Lucie Prince	Herman Tan
<b>ASC</b>	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
<b>BCSC</b>	Michael Brady Eric Lan Liz Coape-Arnold	Joseph Lo Zach Masum	Georgina Steffens Anne Hamilton
<b>FCAA</b>	Liz Kutarna	Curtis Brezinski	
<b>FCNB</b>	Amélie McDonald	Nick Doyle	
<b>MSC</b>	Paula White	Angela Duong	Jon Lamb
<b>NL</b>	Scott Jones	David White	
<b>NSSC</b>	Doug Harris	Brian Murphy	Angela Scott
<b>NT</b>	Matthew Yap		
<b>NU</b>	Debora Bissou		
<b>OSC</b>	Joseph Della Manna Scott Laskey	Stacey Barker Christopher Byers	Karin Hui
<b>PEI</b>	Curtis Toombs		
<b>YT</b>	Rhonda Horte		

# RULE/BY-LAW/POLICY AND PROCEDURES AMENDMENTS

As of December 31, 2023

Completed	CIRO Rule/By-Law Amendments	Publication Date
	Housekeeping Amendments to IDPC Rules Regarding Margin Requirements for Securities Loan, Repurchase Agreements, and Reverse Repurchase Agreements with Term Risk	<a href="#">March 2, 2023</a>
	Amendments to Permit Reduced Margin for Swap Position Partial Offsets Held in Inventory	<a href="#">April 13, 2023</a>
	Amendments to IDPC Rules and Form 1 Regarding the Floating Index Margin Rate Methodology	<a href="#">May 18, 2023</a>
	Housekeeping Amendments to By-Law No. 1 and the Mutual Fund Dealer Rules of CIRO Regarding the Permanent Name Change of New SRO to CIRO	<a href="#">June 1, 2023</a>
	Housekeeping Amendments to UMIR	<a href="#">July 27, 2023</a>
	Amendments to UMIR and IDPC Rules to Facilitate the Investment Industry's Move to T+1 Settlement	<a href="#">October 26, 2023</a>
	Housekeeping Amendments to Mutual Fund Dealer Form 1	<a href="#">October 26, 2023</a>
Completed	CIPF Rule/By-Law Amendments	Publication Date
	Housekeeping Amendments to the CIPF Coverage Policies and By-law Number 1	<a href="#">July 27, 2023</a>

## As of December 31, 2023<sup>6</sup>

In Progress	CIRO Rule/By-Law Amendments	Publication Date
	Proposed Amendments Respecting Reporting, Internal Investigation and Client Complaint Requirements	<a href="#">January 13, 2022</a>
	Republication of Proposed Derivatives Rule Modernization, Stage 1 <sup>7</sup>	<a href="#">July 13, 2023</a>
	Republication of Proposed Amendments Regarding Margin Requirements for Structured Products <sup>8</sup>	<a href="#">July 20, 2023</a>
	Proposed Clarifying Amendments to Registration and Proficiency Requirements	<a href="#">August 31, 2023</a>
	Rule Consolidation Project – Phase 1	<a href="#">October 20, 2023</a>

<sup>6</sup> The following proposed amendments were published after the Reporting Period:

- On January 11, 2024, CIRO Rules Bulletin 24-0007 [Rule Consolidation Project – Phase 2](#) was published for comment. The public comment period ended on March 11, 2024.
- Also on January 11, 2024, CIRO Rules Bulletin 24-0003 [Proposed Amendments Respecting the Reasonable Expectation to Settle a Short Sale](#) was published for a 90-day comment period, ending on April 12, 2024.
- On February 15, 2024, CIRO Rules Bulletin 24-0067 [Proposed Rule Amendments – Fully Paid Securities Lending and Financing Arrangements](#) was published for a 60-day comment period, ending on April 15, 2024.

<sup>7</sup> Amendments regarding Derivatives Rule Modernization, Stage 1 were either not objected to or [approved](#) after the Reporting Period and published on January 18, 2024.

<sup>8</sup> Amendments regarding Margin Requirements for Structured Products were either not objected to or [approved](#) after the Reporting Period and published on February 22, 2024.

# QUESTIONS

If you have any questions or comments about this CSA Staff Notice, please contact any of the following:

**Michael Brady**

Coordinator  
Deputy Director, Capital Markets Regulation  
**British Columbia Securities Commission**  
604 899-6561  
[mbrady@bcsc.bc.ca](mailto:mbrady@bcsc.bc.ca)

**Joseph Della Manna**

Coordinator  
Manager, Market Regulation  
**Ontario Securities Commission**  
416 204-8984  
[jdellamanna@osc.gov.on.ca](mailto:jdellamanna@osc.gov.on.ca)

**Sasha Cekerevac**

Manager, Market Oversight  
**Alberta Securities Commission**  
403 297-7764  
[sasha.cekerevac@asc.ca](mailto:sasha.cekerevac@asc.ca)

**Jean-Simon Lemieux**

Director, Oversight of Trading Activities  
**Autorité des marchés financiers**  
514 395-0337, ext. 4366 or  
1 877 395-0337, ext. 4366  
[jean-simon.lemieux@lautorite.qc.ca](mailto:jean-simon.lemieux@lautorite.qc.ca)

**Curtis Brezinski**

Compliance Auditor, Capital Markets,  
Securities Division  
**Financial and Consumer Affairs Authority  
of Saskatchewan**  
306 787-5876  
[curtis.brezinski@gov.sk.ca](mailto:curtis.brezinski@gov.sk.ca)

**Amélie McDonald**

Legal Counsel  
**Financial and Consumer Services Commission  
(New Brunswick)**  
506 635-2938  
[amelie.mcdonald@fcbn.ca](mailto:amelie.mcdonald@fcbn.ca)

**Paula White**

Deputy Director, Compliance and Oversight  
**Manitoba Securities Commission**  
204 945-5195  
[paula.white@gov.mb.ca](mailto:paula.white@gov.mb.ca)

**Doug Harris**

General Counsel, Director of Market Regulation and  
Policy and Secretary  
**Nova Scotia Securities Commission**  
902 424-4106  
[doug.harris@novascotia.ca](mailto:doug.harris@novascotia.ca)

**Stacey Barker**

Senior Accountant, Market Regulation  
**Ontario Securities Commission**  
416 593-2391  
[sbarker@osc.gov.on.ca](mailto:sbarker@osc.gov.on.ca)