

B.11

CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.1 CIRO

B.11.1.1 Canadian Investment Regulatory Organization (CIRO) – Proposed Amendments to the Mutual Fund Dealer Rules Respecting Disgorgement – Request for Comment

REQUEST FOR COMMENT

CANADIAN INVESTMENT REGULATORY ORGANIZATION (CIRO)

PROPOSED AMENDMENTS TO THE MUTUAL FUND DEALER RULES RESPECTING DISGORGEMENT

CIRO is publishing for comment proposed rule amendments to section 7.4.1 of the Mutual Fund Dealer (**MFD**) Rules to specifically provide for disgorgement, in order for the MFD Rules to conform with the Investment Dealer and Partially Consolidated (**IDPC**) Rules (the “**Proposed Amendments**”).

The current IDPC Rules explicitly address disgorgement and fines as distinct types of sanctions. In contrast, the MFD Rules do not explicitly provide for disgorgement. However, CIRO hearing panels adjudicating proceedings under the MFD Rules are empowered to impose fines of the same quantum, i.e. *finer not exceeding* the greater of \$5 million per offence or an *amount equal to three times the profit obtained or loss avoided as a result of committing the violation*. Therefore, the concept of disgorgement, i.e. the profit obtained or loss avoided as a result of committing the violation, has already been covered by the rules applicable to mutual fund dealers for many years. To add clarity and predictability for Mutual Fund Dealer Members and their Approved Persons, the Proposed Amendments intend to harmonize the drafting across the rule sets that allow CIRO hearing panels to order disgorgement by replicating the same provision that currently exists in IDPC Rules, and mirroring that drafting in the MFD Rules.

A copy of the CIRO Bulletin, including the text of the Proposed Amendments, is also available on the Commission’s website at www.osc.ca. The comment period ends September 22, 2025.