

July 17, 2024

Member Regulation Policy
Canadian Investment Regulatory Organization
Suite 2000
121 King Street West
Toronto, Ontario M5H 3T9

Dear Sirs / Madams,

Re: Request for Comment, Rules Bulletin 24-0145, Rule Consolidation Project – Phase 3

We are writing on behalf of Aviso Financial Inc, a dual registered dealer (investment division, mutual fund division, order execution only division, online advise division, and a correspondent division), here in after referred to as “Aviso”, in response to the request for comment issued by the Canadian Investment Regulatory Organization (CIRO) on Rule Consolidation Project – Phase 3, published April 18, 2024.

General Comment – Regulatory Evolution

Aviso supports the integration and harmonization objective of the Rule Consolidation Project. We feel that the Rules Consolidation Project is an important opportunity to deliver harmonized, risk-based rules that are reflective of the different product and service offerings that Dealer Members may provide (e.g., options, discretionary managed, FPSL).

We would like to take this opportunity to comment that rule differentiation driven principally by dealer category of registration has the potential to create an uneven playing field and may perpetuate a divisional approach for our dual registered dealer. To that end, we wish to ensure the Rules consider the impact to and provide clarification on the expectation of a dual registered dealer when a Proposed DC Rule is applicable to only an Investment Dealer Member or only a Mutual Fund Dealer Member.

Specifically, with regards to proposed Rules 2217 (1) and (2), we do not understand the differentiating risk driving the Rule requirement for an investment dealer, while that rule is excluded for a mutual fund dealer; and, how that difference will fairly apply to a dual registered dealer. We, instead, submit the rationale for excluding the requirement for mutual fund dealers equally applies to investment dealers and, in our specific case, a dual registered dealer.

CIRO Proposed Rule

2217. Signage and disclosures

(1) An Investment Dealer Member using shared office premises must have appropriate signs and disclosure which differentiates the entities sharing the premises.

(2) The legal names under which the Investment Dealer Member and each of the other entities in the shared office premises operates must be clearly displayed in a prominent location, such as the office entrance door or reception area.

CIRO Commentary

The MFD Rules do not have equivalent requirements and it is far more common for mutual fund dealers affiliated with banks or insurance companies to use the branch network/office premises of their affiliate bank/insurance company to meet with clients.

We are not proposing that this requirement apply to mutual fund dealers sharing office premises with other regulated Canadian financial service entities as we believe:

- *the burden associated with requiring this disclosure at each branch/office location where there are only one or a small number of mutual fund dealer advisors present would be significant, and*
- *prominently disclosing the mutual fund dealer name in a branch/office with predominantly bank/insurance company employees would likely do little to address potential client confusion as to which company they are dealing with and may in fact increase confusion.*

The Aviso business model principally operates out of shared office premises with other financial services entities, often with only a small number of advisors present. We would submit the prevalence of one category of dealer registration using a shared premise distribution model (or lack thereof) is not an equal methodology for a risk-based policy decision. For the rule to be risk-based it might be based on the number of registrants in a shared location. Further, should a dealer member(s) have a mutual fund registrant and an investment registrant in the same shared premises, would they be subject to different rules, which could increase the potential for client (and registrant) confusion.

Although the requirement would be adequately addressed through the existing CIPF decal, we feel this Rule requirement should be removed for all Dealer Members. In addition to the requirements of Rule 2283, we are supportive of disclosures to clients to clearly identify which entity the client is dealing with to be provided at account opening, and within the Relationship Disclosure Document.

CIRO Questions

Where a question has not been included, we may not have meaningful comment at this time, and may seek a future opportunity to do so, if applicable.

Question #1 - Process used for publishing for public comment

Many of comments received as part of the first phase of our Rule Consolidation Project indicated that once the initial publication of the five phases is complete, any subsequent republication of the proposed rules should be as an entire rulebook (i.e. not as separate phases). Should we republish the entire set of proposed Dealer and Consolidated Rules prior to their approval?

Aviso Comment:

Yes, we would be in favor of republishing the entire set of proposed Dealer and Consolidated Rules prior to their final approval. We would envision that the republished entire set would also include any changes that CIRO expects to make as a result of the feedback received from the first round of comments.

Question #2 - Implementation

Many of comments received as part of the first phase of our Rule Consolidation Project indicated the Dealer and Consolidated Rules should be implemented all at once (and not in phases). Should we implement the entire set of proposed Dealer and Consolidated Rules at the same time? How long a period should we allow for the implementation of the proposed Dealer and Consolidated Rules?

Aviso Comment:

We would request that if a rule change had a heavy technology impact, a longer implementation timeline is afforded.

Question #4 - Membership disclosure policy

The current membership disclosure requirements applicable to investment dealers and mutual fund dealers have the following key differences:

- the mutual fund dealer policy requires that both the CIRO logo and a link to the CIRO website be included on account statements, whereas the investment dealer policy only requires the CIRO logo (the proposed Membership Disclosure Policy found in Appendix 5 extends the mutual fund dealer requirement to all Dealer Members)
- the investment dealer policy requires that the CIRO decal be displayed at all public-facing business locations, whereas the mutual fund dealer policy does not have a similar requirement (the proposed Membership Disclosure Policy found in Appendix 5 removes this requirement for all Dealer Members)
- the investment dealer policy requires that the CIRO official brochure be provided to clients at account opening or upon request, whereas the mutual fund dealer policy does not have a similar requirement (the proposed Membership Disclosure Policy found in Appendix 5 extends the investment dealer requirement to all Dealer Members)

Do you agree with the changes highlighted above and the proposed Membership Disclosure Policy found in Appendix 5? If not, please explain.

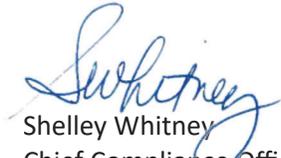
Aviso Comment:

Cognizant of the value of raising awareness of CIRO for the investing public, with regards to the proposed changes to the membership disclosure policy:

- We would encourage CIRO to reconsider requiring a link to the CIRO website to be included *on the front of each account statement*. An addition of this nature is a design change where space is already limited, requires engagement and coordination with various service providers, and as such is significantly costly, as compared to the usefulness to the audience it is intended for. In many instances, a client would not receive the disclosure in a hyperlink format and would still have to manually type the address in a web browser. Conversely, a requirement for a link to the CIRO website on the Dealer Member website homepage is a better investor experience.
- Further to our comments above regarding removing the requirement for signage in full legal name of the Dealer Member at shared premises, we support removing the CIRO decal requirements at public-facing business locations, including a further alignment of the CIPF Disclosure Policy. Specifically, it is unclear if the CIPF Decal may be placed without the CIRO Decal. Alternatively, we are supportive of meaningful client disclosure at account opening, reinforced during the investment relationship (e.g., statements, confirms), and not on a physical location, would serve to better support the client's understanding.
- We support the harmonization of the Rule to provide the official CIRO brochure to clients at account opening or upon request.

Thank you for the opportunity for this dialogue. Please let us know if you have any questions.

Sincerely,



Shelley Whitney
Chief Compliance Officer
Aviso Financial Inc

Cc: 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