AUM Law Regulatory Update newsletter: Brief news (October 2026)

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At the CIRO booth: Dealer regulation and compliance developments

Client Focused Reforms guidance

The Canadian Investment Regulatory Organization (CIRO) is developing a series of three targeted compliance bulletins to help Dealer Members and Approved Persons apply the Client Focused Reforms (CFRs) in practice. The bulletins build on Joint CSA/CIRO Staff Notice 31-368 *Client Focused Reforms: Review of Registrants' Know Your Client, Know Your Product and Suitability Determination Practices and Additional Guidance,* and respond to recurring deficiencies and areas of uncertainty identified through compliance examinations. The first published guidance focuses on Know-Your-Client obligations and includes practical examples of how to determine risk profile based on a client's risk capacity and risk tolerance. Future guidance will cover Know-Your-Product and suitability determination obligations.

The guidance is intended to be proportionate to a dealer's business model, product shelf and client profile. The bulletins can be used to help dealer firms test the sufficiency of their existing processes.

Account transfers and bulk account movements

On July 23, 2026, CIRO published Bulletin 26-0161, *Modernization of requirements for account transfers and bulk account movements (IDPC Rule 4800, MFD Rule 2.12 and CIRO Rule 4800),* proposing modernized requirements for account transfers and bulk account movements by investment dealers and mutual fund dealers. While CIRO notes that dealer access to additional and more highly automated account transfer facilities protocols is also required to modernize the transfer process, some rule improvements could be made as well.

The proposed revisions to previously published draft amendments clarify that an account subject to a temporary hold cannot be transferred until the delivering dealer removes the hold. They also require delivering and receiving dealers to use best efforts to complete each transfer step as soon as practicable. CIRO has separated the timelines for notifying and acknowledging a transfer request, providing the asset list, and resolving impediments from the subsequent settlement timeline. Once the parties determine that no transfer impediments exist, or that all impediments have been resolved, the transfer must settle within five clearing days. The proposed amendments would also clarify that electronic communications between the dealers must be used where possible.

Extended hours trading

On October 8, 2026, CIRO published Guidance Note GN-3100-26-001, *Guidance on Extended Hours Trading* (Guidance). The Guidance reminds Dealer Members that extended sessions may involve considerations such as lower liquidity, wider bid-ask spreads and reduced-price discovery from those available during core market hours.

Dealer Members that offer extended-hours trading should ensure that their disclosure, supervision, policies and controls reflect those additional risks. CIRO expects public website disclosure explaining when extended sessions are available, how orders may be handled and executed, and how after-hours trading differs from trading during core market hours. The Guidance also identifies minimum elements for risk disclosure and considerations for best execution policy disclosure such as fragmented liquidity, venue availability and price differences outside core hours.

Enforcement and annual reports

CIRO released its 2025/2026 Enforcement Report on July 22, 2026, and its 2026 Annual Report on September 21, 2026. Together, the reports provide a useful view of the organization's post-amalgamation direction: integrated systems and processes, consistent oversight across dealer categories, modernization of regulation, and continued emphasis on investor protection and market integrity.

For more information, see BLG's Insight, *What CIRO is doing: Enforcement report for 2025–2026* (July 28, 2026), and BLG's dynamic CIRO resource, *Everything you need to know about the Canadian Investment Regulatory Organization*.

More room at the fundraising booth: Expanding the listed issuer financing exemption

On July 23, 2026, the Canadian Securities Administrators (CSA) published proposed amendments to National Instrument 45-106 *Prospectus Exemptions* relating to the Listed Issuer Financing Exemption (LIFE). The LIFE prospectus exemption is generally available to reporting issuers that have securities listed on recognized exchanges and have filed all required disclosure documents, subject to certain conditions. The proposal would make permanent the higher capital raising limits introduced by a 2025 blanket order: eligible listed issuers can raise up to $25 million (or up to $50 million for larger issuers) in a 12-month period. The CSA also proposes to revise the dilution calculation,

replace the current sufficiency-of-funds condition with a short-term liquidity requirement, permit certain successor issuers to use the exemption, and streamline related conditions and disclosure.

The proposal is focused on public companies, but it also matters to registrants that participate in financings or invest in issuers using the LIFE. Registrant firms should consider reviewing their financing and due diligence procedures, selling documents and representations, and processes for confirming issuer eligibility and offering limits. For more information, see BLG's Insight, *Canadian Securities Administrators propose new amendments to the listed issuer financing exemption (LIFE)*.

Rebuilding the public company pavilion: Modernizing public company regulation

On July 16, 2026, the Canadian Securities Administrators (CSA) published Consultation Paper 51-406, *Modernizing the Regulation of Public Companies* (Paper). The Paper seeks comment on possible changes to public company regulation, including whether: (i) the distinction between venture and non-venture issuers should be redesigned; (ii) some venture issuers should be permitted to use modified financial reporting requirements; (iii) private placement hold periods for reporting issuers should be changed; (iv) material change reporting could be clarified or streamlined; and (v) U.S. reforms to periodic reporting, capital raising and disclosure should inform the Canadian approach.

Although directed principally to reporting issuers, the consultation is relevant to registrants that underwrite, advise on or invest in public company securities. For example, one consultation question asks investors which aspects of a venture issuer's financial statements are most important to their decision-making and which are less relevant. Another asks whether the semi-annual reporting framework should be available voluntarily to all issuers. Firms should consider the potential effects on diligence standards, resale and liquidity analysis, issuer comparability, financial statement review, material change monitoring, trading restrictions, and investment mandates that distinguish between venture and non-venture issuers. The comment period closes November 13, 2026.

At the entry gate: Alberta updates KYC and trusted contact materials

On August 20, 2026, the Alberta Securities Commission (ASC) revised ASC Notice 31-701, *Account Opening Assistance*, and published updated sample Know-Your-Client (KYC) and Trusted Contact Person (TCP) forms.

The notice reiterates that registrants must take reasonable steps to establish a client's identity and obtain sufficient information to satisfy KYC and suitability obligations. The sample KYC form addresses personal and financial circumstances, investment needs and objectives, investment knowledge, risk profile, and investment time horizon. It also defines concepts such as risk profile and investment objectives, and requests concentration information, including the total amount of exempt securities held as a percentage of estimated net financial assets. Notably, the form includes a page devoted

to criteria for suitability notes, as well as an indicative checklist of other information that a registrant may need to obtain or provide, such as relationship disclosure information. The ASC describes the sample as a guide that firms should tailor to their needs and use in conjunction with a client discussion.

The accompanying TCP material is also a useful prompt for reviewing how firms request, document and refresh TCP information. Although the notice is directed particularly to account opening assistance for exempt market dealers in Alberta, firms elsewhere may find the forms useful as benchmarking tools.

When the outcome is the product: Prediction markets and event contracts

Event contracts do not fit neatly within existing regulatory categories, particularly when the underlying outcome involves sports or entertainment. Joint Canadian Securities Administrators (CSA) and Canadian Investment Regulatory Organization (CIRO) Staff Notice 91-307 – *Guidance Related to Event Contracts: Compliance with Regulatory Requirements*, published on August 27, 2026, explains the regulators' current approach to these products, which are also described as prediction contracts or prediction market contracts. For more information, see BLG's Insight, *Prediction markets and iGaming update: Forecasting more developments ahead*.

The notice focuses on event contracts based on sports or entertainment events or outcomes. CSA staff state that these products should not be regulated within securities and derivatives legislation. CIRO staff state that they do not consider it appropriate to approve applications by dealers to trade these types of contracts.

The notice does not resolve the treatment of every prediction market product. The assessment of event contracts based on other categories of events remains ongoing, and further guidance is expected.

A digital ticket to entry: Data portability and electronic KYC

On September 8, 2026, the Canadian Securities Administrators (CSA) Collaboratory published a report on its research and consultations concerning data portability, including the portability of electronic Know-Your-Client (e-KYC) data. The project explored whether investors could transfer their information between financial service providers more efficiently and securely. Participants generally supported that objective and recognized its potential to reduce duplication and improve the investor experience. They also identified possible regulatory barriers, privacy and consent concerns, and the need for standardized data.

Registrants were particularly concerned about meeting their KYC obligations when data collection is delegated through a portability service provider, and the requirement to have meaningful interactions with clients. In light of feedback received, the CSA is not proceeding at this time with the proposed live testing phase, although staff will continue to monitor developments in this area.

Securing the fairgrounds: Cybersecurity inspection results

A Canadian Securities Administrators (CSA) review of 73 registered firms found considerable variation in the maturity of cybersecurity practices. Published in July, Staff Notice 33-322, *Review of Registered Firms' Cybersecurity Practices and Additional Guidance*, draws on those examinations to address how firms assign responsibility for cyber risk, translate that responsibility into policies and training, assess vulnerabilities, oversee technology vendors, and prepare to respond when an incident occurs.

Practices varied considerably. Larger organizations were more likely to have mature programs, but the central lesson applies across the market: a cybersecurity framework should be proportionate to the firm's operations and demonstrable through records, testing and follow-up. Firms should be able to show who makes decisions, how risks and service providers are assessed, whether personnel are trained, how incidents are escalated, and how lessons from testing or actual events are incorporated into the control environment. If your firm requires assistance with reviewing policies and procedures, or designing training suggested by the guidance, please contact us.

For more information, see BLG's Insight, *Click carefully: Canadian Securities Administrators Staff Notice on cybersecurity practices* (July 31, 2026).

Across the border: Foreign-listed ETFs

Foreign-listed exchange traded funds (ETFs) are available to Canadian investors, but their distribution raises distinct product review, disclosure and suitability considerations. Joint Canadian Securities Administrators (CSA) and Canadian Investment Regulatory Organization (CIRO) Staff Notice 81-339, *Industry Practices Relating to Foreign-Listed Exchange-Traded Funds* (Joint Notice), published on July 29, 2026, concerns the marketing and sale in Canada of ETFs listed on a foreign exchange but not on a Canadian exchange. The Joint Notice clarifies the regulatory boundaries around promotion, product due diligence and client recommendations of these products.

Registered dealers are reminded that, when advising on or recommending such products, they remain responsible for applying Know-Your-Product (KYP), Know-Your-Client (KYC) and suitability requirements, including understanding material differences between Canadian and foreign products, such as currency exposure, tax treatment, trading hours, disclosure standards, investor remedies, costs and liquidity. Order-execution-only dealers are encouraged to provide enhanced disclosure of relevant factors before a client purchases a foreign ETF.

For more information, see BLG's Insight, *The ETF next door? CIRO and CSA set expectations for foreign ETFs* (August 25, 2026).

Keeping the midway running: Proposed IT system integrity rule

Earlier in October, the Canadian Securities Administrators (CSA) published proposed National Instrument 26-101 – *Information Technology System Integrity*. The proposal would consolidate and harmonize IT system requirements for marketplaces, recognized clearing agencies, trade repositories, information processors, and matching service utilities. Although the proposed instrument is not intended to make material changes to existing requirements, it would establish a foundation for future modernization aligned more closely with international standards. The proposal is directed to market infrastructure entities rather than registrants generally. Dealers, advisers and investment fund managers should nevertheless follow it closely – one consultation question about the second phase of the updates asks whether the obligations outlined in the National Instrument should apply to other market participants, including registrants and investment fund issuers. Comments are due January 29, 2027.

By

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