

A new structure enters the ring: CISO's Incorporated Approved Person compensation proposal

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The Canadian Investment Regulatory Organization's (CISO) [proposed Incorporated Approved Person model](#) could materially change how client-facing advisors structure their businesses and receive compensation with significant impacts to sponsoring firms. The proposed rule amendments, published on July 9, 2026, would introduce a harmonized incorporated compensation option for client-facing Approved Persons across CISO regulated dealers. Comments are due November 6, 2026.

CISO would preserve the existing employee and agent models, and repeal the directed commission option currently available to certain mutual fund dealing representatives.

At a high level, the corporation would need to obtain the appropriate registration, or an exemption from registration, as well as CISO approval. Under the current proposal, the individual registrant would have to be the sole holder of voting shares; ownership of non-voting shares would be limited to the advisor and certain family members; and activities outside the sponsoring dealer relationship would require advance dealer approval, and would be confined to permitted ancillary or regulated financial services activities.

A written tri-party agreement among the dealer firm, corporation and individual advisor would be required. It would have to address specified matters, including the dealer's supervisory responsibility; require that all securities and derivatives business for the dealer be conducted through the corporation; and address client disclosure and other compliance obligations.

Amendments to securities legislation and/or to National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* would likely be required before advisor corporations could conduct securities-related activities.

It remains unclear whether comparable policy work will be undertaken for non-CIRO registrants.

BLG held a webinar on September 22, 2026, to discuss the proposal's rules on eligibility and ownership, tax considerations, disclosure and implementation issues. For more information, see BLG's Insight, [*One step closer to harmonization: CIRO's proposed Incorporated Approved Person Compensation model*](#) (July 23, 2026), or contact your usual BLG lawyer for information from the webinar.

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