VIA E-MAIL - CMRcomments@bcsc.bc.ca

December 15, 2025

Capital Markets Regulation
British Columbia Securities Commission
1200 - 701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia V7Y 1L2

Re: British Columbia Securities Commission Notice and Request for Comment - Proposed Amendments to BC Instrument 22-502 Registration by the Investment Industry Regulatory Organization of Canada

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OVERVIEW

The Portfolio Management Association of Canada (**PMAC**) is pleased to have the opportunity to submit the following comments on the British Columbia Securities Commission (**BCSC**) Notice and Request for Comment - *Proposed Amendments to BC Instrument 22-502 Registration by the Investment Industry Regulatory Organization of Canada* (**Consultation**).

PMAC represents over 330 investment management firms registered to do business in Canada as portfolio managers (**PMs**) with the members of the CSA. PMAC's members encompass both large and small firms managing total assets in excess of $4 trillion as fiduciaries for institutional and private client portfolios. PMAC's mission statement is "advancing standards". We are consistently supportive of measures that elevate standards in the industry, enhance transparency, improve investor protection, and benefit the capital markets as a whole.

KEY RECOMMENDATIONS

1. **Implement strong oversight of any registration functions delegated to CIRO in order to maintain high standards**
2. **Evaluate CIRO data security capabilities to ensure registrant information is protected**
3. **Conduct a review of the CSA, BCSC and CIRO's data collection, sharing and retention policies and consider whether changes are required before delegating registration functions to CIRO**

Delegation of registration responsibilities to CIRO

As PMAC has noted in previous comments on the decision by some CSA jurisdictions to delegate additional registration functions to CIRO, it is imperative that registration standards remain as high as they are under the CSA members' current registration process. Registration is the primary avenue for the provincial securities regulators to exercise their gatekeeper function. Rigorous reviews of candidates' integrity, proficiency and solvency are a cornerstone of investor protection.

We have stated previously that CSA staff have the knowledge, expertise and experience to properly conduct these reviews, and we do not see a policy reason to make a change. However, given that other CSA jurisdictions have already delegated firm and individual registrations for mutual fund dealer members, we acknowledge that BCSC doing the same would harmonize the practice across CSA jurisdictions. We maintain that any delegation of registration responsibilities must be subject to robust supervision by the BCSC and the CSA. As is detailed below, we are of the view that no additional delegation should be considered for registration categories other than dealers and their individual registrants.

The Consultation document notes that registration and oversight of CSA-regulated firms will not be delegated, and we agree that this should continue. PMAC has consistently advocated to maintain direct regulation of PMs, IFMs and EMDs by the CSA and to not delegate the regulation of these registrants (including registration) to CIRO, given the

duplication that would result.[1] We cannot overstate the importance of this issue to our members – approximately 70% of which are registered as both PMs and investment fund managers (**IFMs**).

Furthermore, we believe that all fiduciary asset management should be directly regulated by the CSA, consistent with international practices. The CSA should strengthen its oversight of any discretionary asset management supervision under CIRO, and have the authority to audit discretionary activity, similar to the U.S. Securities and Exchange Commission (**SEC**) model, where all fiduciary management is subject to the *Advisers Act*.[2]

As noted above, registration is a key gatekeeper function, and standards must not be diluted. We believe that any functions delegated to CIRO should be subject to enhanced oversight. The BCSC and CSA should also conduct oversight of CIRO's registration responsibilities and on-going registrant compliance review functions. There should be transparent public reporting with respect to this oversight activity, including details of what it includes.

We strongly believe that the BCSC and other CSA jurisdictions should have the power to review registration applications and refuse registration or impose terms and conditions where appropriate, and to impose terms and conditions, suspend or terminate any firm or individual's registration or take other action necessary to protect investors and uphold securities laws, rules and regulations. In addition, we believe that the CSA should re-align its responsibilities with CIRO, such that the CSA would conduct compliance audits of all firms or individuals who exercise discretionary management over client accounts, regardless of their registration category, similar to the SEC model.

We also recommend that the BCSC first assess CIRO's ability to properly staff the registrations department and retain qualified employees to ensure that CIRO service levels are reasonable before delegating additional responsibilities to CIRO. We are aware

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[1] PMAC submissions:
CSA Consultation Paper 25-404 – New Self-Regulatory Organization Framework
CSA Consultation Paper 25-402 Consultation on the Self-Regulatory Organization Framework
Canadian Capital Markets Modernization Taskforce (CMMT)

[2] *Investment Advisers Act of 1940*, 15 U.S.C. §§ 80b-1–88b-21

that registration delays have become a significant concern at both the CSA and CIRO, and we understand that staffing issues may be a contributing factor to these delays.

Data security

Following the recent cybersecurity incident at CIRO, PMAC wrote to the CSA to express our concerns regarding the CSA's data collection and retention policies, and the sharing of information among members of the CSA and with CIRO.

We refer you to this correspondence, a copy of which is attached, and also available on the PMAC website. Before additional responsibilities are delegated to CIRO, we urge the BCSC and the CSA to take steps to evaluate whether CIRO's systems are secure and that any vulnerabilities that led to the cybersecurity incident have been resolved. We also urge the CSA to review what registrant information should be collected and shared with CIRO, and how long the information is retained.

CONCLUSION

We thank you for the opportunity to respond to the Consultation. We would be pleased to discuss any of our comments with you at your convenience. Please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 504-7491.

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

"Katie Walmsley"	*"Warren M. Rudick"*
Katie Walmsley	Warren M. Rudick
President	Director
	Chair of Industry, Regulation & Tax Committee
	Chief Counsel, Wealth and Asset Management Canada & Global Chief Counsel, Distribution Law, Manulife Investment Management

VIA EMAIL

October 29, 2025

Mr. David Fountain
Chief Information Officer
Canadian Securities Administrators
20 Queen St. W.
Toronto, Ontario
M5H 3S8

Dear Mr. Fountain:

Re: Canadian Securities Administrators' data privacy policies

We are reaching out to you regarding the recent Canadian Investment Regulatory Organization (**CIRO**) cybersecurity incident. This incident raised broader concerns regarding the Canadian Securities Administrators' (**CSA**) data collection and retention policies, and the sharing of information among members of the CSA and with CIRO.

We understand that the CSA are monitoring the handling of the cyber breach as part of their oversight of CIRO, and expect you are in the process of conducting a full-scale review of the CSA's data protection risks to avoid a future security breach of the National Registration Database (**NRD**) or other CSA member systems.

The intent of this letter is to highlight some of the key privacy concerns the CIRO cyber breach raised and to recommend, as part of your review, some areas of prioritization for the CSA.

CIRO incident

We initially spoke to you about this incident on September 10 and you referred us to CIRO staff. We spoke with CIRO staff (Jennifer Armstrong, GC and Corporate Secretary and Elsa Renzella, SVP Compliance and Registration) on September 17, and they were very helpful in responding to our questions. We appreciate the work that CIRO has been doing to respond to this incident, and its prompt communication with members and industry representatives, including PMAC. The FAQ on the CIRO

website is very helpful, and we note that it has been updated to respond to additional questions. CIRO staff informed us that they have been in regular contact with your team at the CSA regarding the breach and CIRO's response plan.

Information sharing

When we spoke with CIRO Staff, they informed us that the CSA provides CIRO with access to the NRD, and that CIRO receives a daily download of information from NRD regarding individuals registered with CIRO or a CIRO-related entity (MFDA, IIROC, IDA). This includes previous registrants; it seems that CIRO has records going back several decades.

In response to our questions about the information that is shared with CIRO from the NRD system, we were told that CIRO receives only historical information related to CIRO registration, and that current NRD information (for individuals who are currently only registered with a CSA-registered entity) is not included.

Our concerns

This incident raised broader concerns about the CSA's data collection and retention policies for NRD and other systems, and with the sharing of this information among CSA jurisdictions and with CIRO. We are particularly concerned about personal information that may pose more identity fraud risk and that may not be needed for regulatory purposes, beyond a certain length of time. We understand that CIRO is conducting an evaluation of its data collection polices and expect that the CSA and CSA member jurisdictions are also conducting a review of their policies. We have outlined below some suggested areas for possible examination.

1. **Types of personal data collected**

Consideration should be given as to whether all of the personal information collected in Form 33-109F4 is necessary for regulatory purposes, such as individuals' personal attributes (height, weight, hair colour, etc.), passport number, immigration information and other personal information as defined by applicable privacy legislation.

2. **Purpose of collection and use**

We recommend that the CSA and member jurisdictions' policies on data collection state the purpose of the data being collected and how it is relevant to the CSA and relevant jurisdictions' mandates. Unless this information serves a specific regulatory purpose, we would recommend that it not be collected.

3. Data retention and destruction

If it is determined that the personal information is required, we recommend limiting the length of time the information is maintained in NRD and other systems, with consideration of a maximum 7-10 year retention period. We were informed by CIRO staff that some CSA members keep records for many decades. This seems excessive, especially where the individuals are no longer employed in the securities industry.

The CSA and member jurisdictions' policy reviews could include a consideration of whether certain information collected from registrants during the registration process can be destroyed after a period of time, even while they remain registered. We also recommend improved transparency with respect to record retention policies.

4. Data sharing and transfers

a. Sharing information with CIRO

Many of our individual members who were previously registered with a CIRO entity were not aware that their historical registration information was being provided to CIRO. Any instances of data-sharing with third parties, including the security measures for such transfers, would be important information to share with registrants.

We do not believe that CIRO has a regulatory need for data related to individuals who are no longer registered with a CIRO-registered firm. We ask that the CSA discontinue sharing this information and that CIRO delete the information from its systems.

b. Sharing information across CSA jurisdictions

We are also concerned about similar sharing of information between CSA jurisdictions on NRD. For example, if an individual is registered in only one CSA jurisdiction, is their information being shared across the CSA, and is there a regulatory need for this sharing of information?

c. Sharing information with staff

Moreover, we are not aware of the current policy with respect to sharing information with CSA and CIRO staff. We are concerned that individual employees within the CSA and CIRO may have access to information that is not relevant to their specific functions.

Granting employees access to individuals' personal information carries inherent risks, including the potential for misuse or unauthorized disclosure.[1] To mitigate these risks, best practice would be to strictly limit access to roles and functions where it is essential for the performance of job responsibilities. Additionally, access should be subject to appropriate oversight, including supervision and monitoring mechanisms, to detect and prevent any potential abuse or violation of data protection policies.

5. Other information

While this letter has focused on the personal information of individual registrants, we understand that firm and client information was also compromised during the CIRO incident. If firm and client information is also being collected and retained by CSA members, we recommend that a review of data security and retention policies also be conducted with respect to this information.

6. Communication and next steps

This data breach has caused considerable concern amongst the industry. It would be helpful for the CSA to provide a notification (via NRD, for example) regarding any precautions individuals should be taking to protect their personal information, and what steps the CSA is taking on their behalf.

In terms of next steps, it is our firm belief that any plans to delegate further responsibilities to CIRO with respect to the registration function must be paused and reconsidered at this stage to allow the CSA and CIRO to complete their review of this breach, to implement necessary changes, and to focus on their core regulatory responsibilities.

We trust that these concerns will be addressed in your review and that the CSA and CIRO will take this opportunity to modernize their data collection, retention and sharing policies. We also expect that the CSA and CIRO will provide additional transparency, which we believe is essential to re-building the trust that has been impacted by this unfortunate incident.

[1] See Posadzki and Haws, *RBC employee accused of accessing Carney's bank profile in alleged wider scheme*, Globe & Mail, September 25, 2025

We would be pleased to discuss the foregoing with you and to lend our support to your work.

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

"*Katie Walmsley*"

Katie Walmsley, President

cc. Jennifer Armstrong, *General Counsel and Corporate Secretary, Canadian Investment Regulatory Organization*

Stan Magidson, *Chair, Canadian Securities Administrators, Chair and Chief Executive Officer, Alberta Securities Commission*

David Cheop, *Vice-Chair, Canadian Securities Administrators, Chair and Chief Executive Officer, Manitoba Securities Commission*