



**Chambre  
de la sécurité  
financière**

## **Brief from the Chambre de la sécurité financière**

Presented to the Public Finance Commission as part of consultations on Bill  
92, *An Act to amend various provisions mainly in the financial sector*

This English version is for information purposes. The original French version prevails.

May 17, 2025

# EXECUTIVE SUMMARY

Bill 92, An Act to amend various provisions mainly in the financial sector, was tabled in the National Assembly on April 8, 2025, by Quebec's Minister of Finance, without prior consultation with the main public protection organizations in the sector. This bill proposes a major structural reform of the regulatory framework for financial sector professionals.

Among the proposed measures:

- The merger of the Chambre de la sécurité financière ("CSF") and the Chambre de l'assurance de dommages ("ChAD") to create a new private self-regulatory organization, the Chambre de l'assurance ("ChA");
- The transfer of supervision of 21,909 mutual fund representatives in Quebec to the Canadian Investment Regulatory Organization ("CIRO"), a pan-Canadian organization, as well as the transfer of 291 education savings plan representatives to the Autorité des marchés financiers ("AMF");
- A transformation of the current legal model, moving from a public and statutory framework to a private contractual model.

## **Issues: Bill amending various provisions mainly in the financial sector**

The CSF supports the modernization of professional regulation in the financial sector and the harmonization of mutual fund representative supervision across Canada. However, in order to ensure the success of this reform and public protection, the government must take time to analyse all issues and consult industry stakeholders to properly understand the scope of the proposed changes.

Bill 92 profoundly modifies the regulatory system for financial sector professionals in Quebec and poses major risks to public protection:

### **1. Rushed reform with underestimated impacts**

The CSF, like several other key sector organizations, was not consulted despite its central role and its 34,000 professionals. It believes the reform is based on incomplete and rushed foundations.

### **2. Risks to continuing education and advisor competence**

The transfer of 21,909 representatives to CIRO would end a successful Quebec-specific continuing education model, with less stringent requirements expected from CIRO.

### **3. Loss of multidisciplinary approach**

The reform would significantly complicate matters for representatives holding multiple licences, as they would be subject to different rules and oversight by separate bodies. This would harm consumer service, particularly in regional areas.

### **4. Gaps in public protection**

The proposed reform brings profound changes to the legislative framework whose implications for public protection have been insufficiently evaluated, particularly regarding the functions and powers of the syndic and discipline committee.

- Fragmentation of complaint handling;
- Reduction of syndic and discipline committee powers;

- Absence of emergency mechanisms such as provisional suspension;
- Disciplinary void during transition;
- Absence of clear appeal rights;
- Breach of investigation confidentiality in the new private framework.

#### **5. Financial impacts and unrealistic timeline**

Bill 92 will indeed deprive the CSF of more than 40% of its current revenues (approximately \$6.4 million on a recurring basis), which will necessarily result in reduced services for the public and members.

### **Recommendation and action to take to ensure public protection and reform success**

The CSF believes that Bill 92 must be modified and enhanced, as it is incomplete in several respects, its timelines are unrealistic, and its implementation as drafted will endanger public protection.

The CSF wishes that the principles and system established in Quebec since 1970 for professional regulation, to ensure public protection, be respected.

That the government begin, if it wishes, the implementation of Bill 92, but suspend the coming into force of articles affecting the CSF, while finding solutions to enable an orderly transition and ensure stakeholder consultation, considering as a priority:

- Taking into account all aspects affecting public protection and the disciplinary process;
- Establishing protocols between the AMF, CIRO and the CSF to develop an effective collaboration regime in which solutions to overlap problems are identified and applied and where applicable rules are clear, consistent and well-defined, both for those subject to them and for the public;
- Maintaining high standards in professional development and continuing education developed by the CSF for all disciplines, including mutual funds and education savings plans;
- Reviewing mechanisms and timelines related to the merger to ensure winning conditions are in place and achievable for the benefit of all stakeholders including consumers.

In summary, the CSF supports modernizing the regulation of financial sector professionals and harmonizing mutual fund representative supervision across Canada, but cannot support the tabled bill whose costs, operational impacts and consequences for Quebec's public have not been adequately analyzed.

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# PRESENTATION

The Chambre de la sécurité financière (“CSF”) is a self-regulatory organization established and governed by the Act respecting the distribution of financial products and services (“LDPSF”) whose mission is to protect the public. Established 25 years ago, the CSF contributes significantly to the proper functioning of the financial sector by ensuring the professional regulation, training, ethics and discipline of its 34,000 members.

These professionals practise in Quebec as financial security advisors, group insurance and annuity advisors, financial planners, mutual fund representatives, and education savings plan representatives.

The CSF is unique in Canada because it regulates five professions related to the financial security of Quebecers. This multidisciplinary approach strengthens public protection, promotes professional excellence, reinforces ethics, encourages innovation, and limits costs. The CSF is funded by its members and does not cost the state anything. As a self-regulatory organization, the CSF operates under the supervision of its regulator, the Autorité des marchés financiers (AMF).

# INTRODUCTION

**The CSF first wishes to express its desire to collaborate with the government, the AMF and any other stakeholder in a successful evolution of the regulation of financial product and service distribution in Quebec. It is in this spirit that we participate in the consultations on Bill 92.**

## a) Recalling the context of a major reform

- The CSF understands that the context created by the gradual arrival in Quebec's financial ecosystem of the Canadian Investment Regulatory Organization ("CIRO") brings changes.
- CIRO, which resulted from the merger of different organizations, mainly regulates firms and securities brokers across Canada, including Quebec, and their registered persons.
- CIRO's field of intervention has also included mutual funds since 2023. Consultations are still ongoing to standardize consolidated rules across Canada, including in Quebec.
- CIRO's arrival is viewed positively by large financial institutions for whom rule harmonization across Canada favors regulatory simplification and cost reduction.
- It is in this evolving context that Bill 92 intervenes.

## b) From CIRO to Bill 92

- In January 2023, the AMF recognised CIRO as a self-regulatory organisation in Quebec, notably for the regulation of collective savings. More recently, the AMF delegated its responsibilities relating to the registration of dealers and registered individuals (including collective savings advisors) to it.
- Also in 2023, the AMF and the government decided that collective savings advisors would remain regulated and supervised by the CSF in matters of ethics, continuing education and discipline. They currently number 21,909.
- The CSF participated in CIRO's consultations on the harmonisation of collective savings rules, emphasising the importance of establishing mechanisms to avoid overlaps in the responsibilities assigned to CIRO and the CSF. The CSF also participated in the call for comments concerning CIRO's mandatory continuing education (MCE) last spring.
- The two regulatory organisations have different approaches. CIRO regulates firms, which must ensure the integrity of their advisors (called a top-down approach), while the CSF regulates individuals who commit to integrity and who work within firms or on their own account (called a bottom-up approach).
- The CSF has always believed that its cohabitation with CIRO should be well organised since the AMF and the government maintained that CIRO's presence in Quebec would not affect the CSF's mandate, functions or powers. That is to say, the AMF would delegate to CIRO the regulation of collective savings dealers (firms) for which the AMF had responsibility and the CSF would retain the ethical and disciplinary regulation of representatives. The CSF and CIRO were then to conclude collaboration protocols, as exist between the AMF and the CSF.
- However, Bill 92 changes this by merging the CSF and the Chambre de l'assurance de dommages ('ChAD') to form a new organisation, the Chambre de l'assurance ('ChA'), and by substantially transforming the powers and operating mode that previously prevailed in the legislative regime (LDPSF).
- Bill 92 also removes the regulation of approximately 22,000 collective and education savings plan advisors from the CSF's remit. The CSF has exercised this responsibility for 25 years and has developed recognised expertise in this area. The bill proposes transferring this responsibility to CIRO, which has not yet developed expertise in collective savings matters in Quebec, and to the AMF for education savings plan representatives.

# 1. A surprising bill in its scope and implementation timeline

The CSF was taken aback by the scale and pace of the changes brought about by Bill 92. This is the most significant reform to the regulation of the distribution of financial products and services in Quebec since the CSF was established 25 years ago.

**Although Bill 92 includes some advances in public protection, it also includes measures with multiple impacts that seem to disregard Quebec's philosophy of professional regulation and create gaps in public protection. However, the bill includes measures that seem to disregard Quebec's professional regulatory philosophy, creating gaps in public protection.**

Such a far-reaching reform would have required in-depth discussions within the financial ecosystem. However, since the CSF was not consulted, despite its regulation of 34,000 financial services professionals, we were unable to contribute positively to this reform.

## **The AMF already has oversight power over the CSF, which is an SRO**

One of the most surprising changes is the transformation of the CSF, which is currently an organization established and governed by law, into a private nonprofit organization (NPO) within the new Chambre de l'assurance (ChA), resulting from the merger of the CSF and the Chambre de l'assurance de dommages (ChAD). The AMF already possesses all the necessary powers to regulate and supervise the CSF, and these powers will remain unchanged under the new Chambre de l'assurance. However, it does not seem that the implications of this reform for public protection have been fully evaluated. The reform largely replaces statutory regulation of financial product and service distribution with a private, contractual model.

The CSF's regulation is inspired by the model applicable to professional orders recommended in 1970 by the Castonguay-Nepveu Commission<sup>1</sup>. It was established by the LDPSF 25 years ago based on four principles that served to regulate professionals covered by the Professional Code:

1. The necessity of collective control over the professional activities of representatives;
2. The requirement for the control organization to be public because it exercises a decentralised state mission.
3. Financial sector professionals are best placed to assess their peers' actions and behaviours.
4. The autonomy of control organizations from the State.

### **Disappearance of the existing legal framework**

The changes proposed by Bill 92 would eliminate the existing statutory and regulatory framework for regulating Chambre members. These changes create risks, fragment regulation, raise legal and operational questions, and create uncertainty. We have identified risks related to applicable standards, oversight mechanisms, the powers of the oversight body, and decision-making bodies.

**To a large extent, Bill 92 proposes a regime to be developed by CIRO, the AMF, and the ChA, which may not be reassuring to consumers. The bill aims to replace a complete, uniform, and functional legal regime with one that will largely be defined and operated by private organizations.**

**A reform of this scope requires listening, consultation, and meticulous planning.**

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<sup>1</sup> [Report of the Commission of Inquiry on Health and Social Welfare, Quebec, 1970, Part V, Volume VII, Tome I, "Les professions et la société".](#)

## Advances in public protection

Bill 92 includes interesting advances in public protection. We favorably welcome:

- The extension of Tribunal administratif des marchés financiers (Financial Services Compensation Fund) protection to services rendered by investment dealers;
- The expansion of Financial Markets Administrative Tribunal powers;
- The strengthening of real estate brokerage license issuance rules; and
- The strengthening of AMF oversight of trading platforms.

## 2. Serious concerns

### a) Weakening of a successful continuing education model

The LDPSF's professional regulation of financial services professionals is innovative. It oversees five evolving professions in tune with Quebec society while relying on advisors' individual responsibility. This Quebec-specific model promotes professional excellence, multidisciplinary, skill development, ethical conduct, and continuing education. Other regulators in Canada envy it, and it has inspired several professional orders regarding continuing education.

With a critical mass of professionals, the Chambre has developed a vast range of training, either independently or in collaboration with partners, covering all ethical, economic, social, and cultural aspects of financial services. The Chambre constantly invests in training development because the context of Quebec society's transformation requires advisors with thorough knowledge of their industry, as well as of the ethical requirements and responsibilities incumbent upon them in an ever-evolving socio-economic environment.

In 2024, the Chambre recorded over 44,000 registrations for training available on its secure digital platform. This represents a 2,341% increase compared to 2022.

However, this undoubtedly successful training system will be destabilized, disorganized, and underfunded by the transfer of 21,909 mutual fund advisors to CIRO. Additionally, according to recent CIRO consultations, Quebec's public protection would weaken since continuing education rules would likely be less demanding than the current framework. CIRO would indeed leave firms responsible for advisors' continuing education, reducing transparency regarding training completed by the representative and making training recognition optional.

#### **Canadian harmonization and Quebec disorganization**

It would be simpler and more favorable to skill development and consumer protection for the 6,000 Quebec investment dealers regulated by CIRO to be trained under the proven CSF system. This would strengthen the existing credible and recognized system. However, instead of consolidating achievements and favoring public protection, Bill 92 could undermine continuing education. While Canada is harmonizing, Quebec is disorganizing. This is one of the most unfortunate consequences of the proposed reform.

## b) Fragmentation of regulation: the end of multidisciplinary

The CSF's regulatory framework is based on two principles enshrined in its founding legislation: the professionalization of representatives and the multidisciplinary nature of intermediaries and their regulators.

- **Professionalization** obligates representatives to personally and individually respect ethical and competence standards, regardless of their firm's economic interests. This approach is unique to Quebec and not CIIRO's.
- **Multidisciplinary** allows the Quebec public to have access to a single SRO under conditions that have no equivalent in Canada:
  - Access to products and services in all financial security disciplines by a representative who can hold multiple licenses;
  - Integrated and harmonized regulation and oversight in all disciplines;
  - Intervention by the same SRO (the CSF) and supervision by the same regulator (the AMF);
  - A single integrated regulatory model.

These foundations are strongly shaken by Bill 92.

### **Risk of service reduction and loss of profession attractiveness**

Bill 92 plans to remove more than 22,000 members from the CSF's purview. These include mutual fund representatives, who will now be supervised by CIIRO, and education scholarship representatives, who, according to information received from the AMF, will be supervised directly by CIIRO. More than 6,400 of these representatives will have to be members of both the new ChA and CIIRO because they hold multiple practice licenses. These representatives, who are mostly active in SMEs, will see their regulatory burden increase because they will have to satisfy two sets of continuing education rules and respond to two disciplinary oversight organizations. Thus, they will also have to assume additional costs and fees. These representatives serve over 2 million consumers throughout Quebec.

We furthermore deplore that, in the regulatory analysis filed by the Ministry of Finance on January 29, 2025, it is indicated that only proposed modifications targeting trading platforms will have an impact on businesses. This is not our interpretation.

The CSF's multidisciplinary regulation allows advisors to obtain licenses for several disciplines, facilitating their professional development and promoting growth for firms and SMEs. This approach is also beneficial for consumers, who receive better service according to a holistic approach. Furthermore, consumers do not have to wonder which oversight organization to contact with questions about their advisor's obligations or to file a complaint.

Bill 92 complicates multidisciplinary work by allowing different regulatory regimes to coexist. This will likely lead to license abandonment by advisors and SMEs, resulting in fewer multi-service offerings for consumers.

## **Further reflection**

Before implementing such a reform, we believe it is important to analyse the potential impact of regime fragmentation on SMEs, their representatives, and, in particular, the consumers they serve, especially in regional areas. While we understand that certain financial institutions no longer wish to be regulated by the Chambre, its members — who provide 100% of its funding — were not consulted, nor were consumers of financial services. This is an unfortunate omission, given that they are at the heart of the reform and will bear its consequences.

## **A system that benefits both Quebecers and the State**

The multidisciplinary approach to financial services enables us to respond to the multiple needs of Quebec consumers by helping them to prepare for retirement, finance their children's education, deal with unforeseen events in the event of death or illness, and navigate economic and financial uncertainties. These services prevent situations of financial and social vulnerability and distress that lead to people needing to rely on the state's social safety net.

While transferring mutual fund representative regulation from the CSF to CIRO responds to the objective of regulatory harmonization and dealer demand in other jurisdictions, these changes nevertheless pose risks to public protection in Quebec.

## **The unexplained new regulation of education savings plan representatives**

Finally, the CSF has regulated education savings plan brokerage for over 25 years. According to information the AMF communicated to the CSF in April, the 291 representatives working in this field will transfer to the AMF's direct oversight and leave the CSF's jurisdiction. These representatives will continue to benefit from regulations tailored to their needs, especially regarding continuing professional development. However, we do not believe it would be advantageous for them to no longer be subject to CSF regulation, especially since CIRO does not oversee this discipline elsewhere in Canada.

### 3. Gaps in public protection

Bill 92 has the consequence of abolishing the CSF and partially entrusting its functions as well as those of ChAD to a new private organization incorporated under Part III of the Companies Act: the ChA. Multidisciplinary regulation would no longer be possible in the context where CIRO only supervises mutual fund dealer representative activities. This transformation upsets the complaint-investigation-discipline continuum and the legislative regime that supports it.

**The proposed reform therefore brings profound changes to the legislative framework whose implications and issues on public protection have been insufficiently evaluated.**

The CSF was not consulted upstream of Bill 92 and limited discussions that have taken place since its tabling, between the Ministry of Finance, the AMF and the CSF, have not allowed reaching a common and complete understanding of the issues we raise. It appears important that an assessment of the impact of proposed changes be made and solutions identified to address the issues raised, while reducing risks of weakening public protection mechanisms. This section identifies problems related to public protection that must be clarified.

#### a) Complexity of the regime in a fragmented structure

In the current framework, the CSF is essentially a one-stop shop where consumers can file complaints against financial services professionals. However, if Bill 92 were adopted, consumers using a multidisciplinary representative's services would have to contact CIRO, the ChA, the AMF, or the Financial Markets Tribunal ("FMT"), depending on the nature of the alleged fault. They may also have to contact several of these organizations simultaneously. Beyond this institutional complexity, there are numerous conflicts and jurisdictional disputes between these entities that representatives under investigation and their lawyers could exploit, causing delays, inefficiencies, and costs.

- Thirty days after its sanction, Chapter I of Bill 92 will take effect, at which point the CSF syndicate and investigators will become ChA employees. This will integrate them into a structure that regulates several difficult-to-reconcile disciplines. Property and casualty insurance differs greatly from financial security because the stakeholders, issues, training, and applicable standards are different.
- In the same vein, since AMF investigation powers would be delegated to the ChA as an SRO, which would itself delegate them to its staff, there would no longer be functional separation ensuring true independence of the syndic office as provided by the professional regime of the Professional Code that we have applied to the CSF for 25 years.
- Currently, the CSF Discipline Committee has jurisdiction to sanction violations of all laws and regulations, including the code of ethics, applicable to its members. Starting from the coming into force of Chapter V of Bill 92, the Discipline Committee's jurisdiction would be limited to applying codes of ethics and mandatory continuing education rules for ChA members, which would give rise to a significant reduction in its disciplinary scope of action. Article 38 of Bill 92 is clear to this effect since it states that "only the hearing of a complaint relating solely to provisions of the Chambre de la sécurité financière Code of Ethics [...] or the Chambre de la

sécurité financière Regulation on mandatory continuing education may be undertaken before the Discipline Committee [...]”.

- In disciplinary matters, the ChA would now be governed by the general provisions in Title III of the Act Respecting the Regulation of the Financial Sector (“LESF”) applicable to self-regulatory organizations (“SROs”). Thus, we would transition from a statutory control regime to a contractual regime based on member adherence to certain conduct standards. However, since it is an adhesion contract, it should be interpreted in favor of the adherent (i.e., the member) during a challenge or conflict. Furthermore, any clause outside the contract would be invalid unless proven to have been brought to the member’s attention.

## b) Weakening of syndic and investigator powers

Articles 337 to 343 of the LDPSF currently confer clear powers to the Chambre’s syndic and investigators allowing them to require documents or information from persons directly or indirectly affected by an investigation. If it concerns a representative, the syndic can prosecute them disciplinarily for refusing to comply with a document or information request.

Under the legal framework established by Bill 92, the syndic or an investigator could request documents or information but would have to demonstrate its usefulness. If refused, they would have to address the FMT to obtain a communication order, which would cause delays.

Compared to the current framework, this weakens the syndic’s and investigators’ investigative powers.

## c) Operating rules and reduction of syndic scope of action

Within the current legal framework, the CSF syndic has the power to investigate potential breaches of the LDPSF, the LVM or any of their associated regulations, including the Code of Ethics and the Regulation on Mandatory Continuing Education. However, since Article 38 of Bill 92 limits the Discipline Committee’s scope of action to hearing disciplinary complaints relating to the Code of Ethics and the Regulation on mandatory continuing education, it is unclear whether the ChA ‘syndic’ would be able to investigate other matters, despite this currently being permitted under the LDPSF. For example, if the syndic cannot investigate life insurance matters that they currently handle, who will?

Furthermore, it would be deplorable to subject a representative who serves clients—consumers of financial products and services—to two investigations by two different SROs for the same infractions.

In our opinion, in the current state of Bill 92, we observe a loss of competence and efficiency in the prevention, detection and repression of derogatory behaviors.

Moreover, we submit that the ChA would expose itself to a much greater risk of lawsuits challenging the validity of its investigative and complaint-hearing powers. This is particularly true given the operating rules that will be of an adhesion contract nature, with all the limitations that entails.

## d) Weakening of the Discipline Committee

The Discipline Committee currently has the power to issue orders to compel witnesses to appear or produce documents. But in the private regime provided by the reform, the Discipline Committee would not have such powers. In case of refusal, it would have to ask the FMT to render a communication order. Why risk weakening and burdening the process and disciplinary justice?

## e) Exclusion of the possibility to order provisional suspension in emergency situations

Although emergency measures could be obtained from the FMT, at the AMF's request, it would ultimately no longer be possible for the syndic, preventively, to request a representative's provisional suspension to urgently ensure public protection as currently permitted under Articles 376 of the LDPSF and 130 of the Professional Code. Indeed, it is not provided in Bill 92 that the syndic can address the FMT for this purpose.

## f) Legal void in disciplinary matters concerning mutual fund representatives and education savings plan representatives

Since 2009, the Discipline Committee's and syndic's jurisdiction over mutual fund dealer and education savings plan representatives stems from Article 149.2 of the Securities Act (LVM). Bill 92 repeals this article of the LVM, thus removing the Committee's and syndic's jurisdiction over mutual fund dealer and education savings plan representatives from the coming into force of the bill.

But no provision gives jurisdiction to the Discipline Committee and syndic over a mutual fund or education savings plan representative during the transitional period until AMF recognition of the "new system".

Who therefore would be responsible for investigating if consumers feel wronged by these representatives or if serious faults were committed by them? Should consumers wait for recognition of the "new system"?

Regarding provisional suspension of representatives in these disciplines, nothing has been provided in the new regime, since repeal of Article 149.2 of the LVM excludes CSF jurisdiction over them.

Furthermore, if a complaint concerning a mutual fund or education savings plan representative is filed with the Discipline Committee before Bill 92 takes effect, can it be heard after the law takes effect? Or, would the Discipline Committee have to find that it has no jurisdiction, resulting in further consequences?

## g) Important issues affecting the transition period

Bill 92 plans to remove from the ChA its powers over mutual fund advisors and education savings plan representatives, at the latest nine months following its sanction.

We submit that this transitional period is not sufficiently long since CIRO does not yet have expertise in mutual fund regulation in Quebec, has not finished drafting and implementing its rules and does not plan to do so before 2027. CIRO is itself in a transitional period in Quebec.

In such a context, it appears rushed to remove mutual fund and education savings plan discipline from CSF jurisdiction, or eventually from that of the ChA.

### **Solution paths**

To achieve the objective of simplification sought by Bill 92, we propose suspending the removal of mutual funds and education savings plans from the CSF's jurisdiction. This will allow us to work with stakeholders to find the best solution to ensure public protection. We also propose developing collaboration protocols between the AMF, CIRO, and the CSF to prevent disruptions that would not benefit consumers. These protocols could, for example, prevent overlaps between SRO jurisdictions and build on Quebec's regulatory achievements. During the 2023 CIRO recognition process, the AMF intended to establish such a collaboration regime. However, despite repeated CSF requests for cooperation, there has been no progress since then.

Furthermore, even if mutual fund representative regulation is transferred to CIRO and education savings plans transferred to the AMF, we submit that we will nevertheless have to conclude such protocols for some 6,400 multidisciplinary advisors who will be regulated by the AMF, CIRO, the ChA.

In this context, Bill 92 should provide an obligation imposed on the AMF, CIRO and the ChA to conclude such protocols within a reasonable timeframe that we evaluate, in light of our negotiation experience with CIRO, at least 12 months.

## h) New investigations and right of appeal

### **New investigations and new hearings**

Article 33 of Bill 92 provides that “syndic investigations [...] are continued by the Chambre de l’assurance”. Similarly, Article 38 provides that “hearing of a complaint before the Chambre de la sécurité financière Discipline Committee or the Chambre de l’assurance de dommages Discipline Committee continues or is undertaken before the Chambre de l’assurance Discipline Committee”. However, what about new investigation requests that could be filed, or hearings before the Discipline Committee that could begin, after the law takes effect? The bill does not address this issue.

### **Right of appeal**

Currently, parties to a disciplinary file have an appeal right enshrined in the LDPSF, in its Article 379. This article provides that an appeal is possible before the Court of Quebec following a Discipline Committee sanction decision. There is no such mechanism provided in Bill 92 for future ChA Discipline Committee decisions. This situation must be corrected otherwise professionals affected by a conviction and sanction will systematically address the Superior Court through judicial review applications, that is to a tribunal that does not have specialized jurisdiction in this field.

## i) Breach of information and investigation confidentiality

With Bill 92 coming into force, the CSF would no longer be an organization exercising a state mission nor even a legal person of public law subject to the Act respecting Access to documents held by public bodies and the Protection of personal information (“Access Act”). It would in its new form be a private NPO under Part III of the Companies Act and would be subject to the regime of the Act respecting the protection of personal information in the private sector (“PIPEDA”).

Under this latter law, confidentiality of “syndic” investigations, when the ChA is constituted as an SRO, could not be ensured, which would have the consequence of considerably weakening investigation integrity and effectiveness. There is indeed no provision of PIPEDA that ensures confidentiality of investigations conducted by private organizations, as is currently the case for public organizations and professional orders, in the Access Act regime or in that applicable to professional orders under the Professional Code.

With all respect, even if the AMF indicates that ChA investigation confidentiality could be attributed to it through power delegation, this contravenes all principles of law interpretation and application.

Because the law does not address the confidentiality of investigations conducted by the syndic and investigator, we believe it will be difficult to maintain their effectiveness.

Furthermore, we have difficulty understanding how an AMF delegation could ensure the confidentiality of ChA or CIRO syndicate investigations or render a recognition decision regarding the ChA.

The applicable PIPEDA rules are predominant rules aimed at protecting the right to privacy, itself enshrined by Article 5 of the Charter of Human Rights and Freedoms and Article 35 of the Civil Code. The AMF's broad powers do not allow it to contravene the Charter and exempt the ChA or CIRO from the predominant PIPEDA regime.

## 4. The merger of the CSF and ChAD and its impacts

The real gains from merging the CSF and ChAD could be limited, and the merger could be more complex than it appears. Furthermore, it appears that they intend to subsidize the merger with the CSF's accumulated assets due to its rigorous and prudent management of contributions paid by its members over the years.

### a) Very different professions

The aim is to unite two professions that have little in common. On one hand, life insurance which responds to planning aimed at personal security and long-term investment, and on the other hand, property and casualty insurance relating to goods. These are not the same risks, the same business models, the same training challenges, nor the same stakeholders that are involved. The new ChA will necessarily be a complex organization, composed of two distinct divisions that will offer little economies of scale or regulatory simplification.

### b) From a self-financed system that works to an unknown system

The CSF is currently self-financed, with the main source of revenue being member contributions. By moving collective savings representatives to CIRO and scholarship plan representatives to the AMF, and if the business model does not change, the reform will lead to major financing issues.

Bill 92 will indeed deprive the CSF of more than 40% of its current revenue (approximately \$6.4 million on a recurring basis), which will necessarily result in a reduction of services for the public and members. The CSF estimates that in the short term, even after reducing variable costs, there will be an insufficiency of income relative to expenses of approximately \$2.5 million. It is uncertain that the savings achieved with the ChAD merger would compensate for this anticipated recurring loss.

Considering the challenges facing future advisors, it would be interesting to consider a financing model that could approach the CIRO model, which also oversees firms in addition to representatives.

The financial products and services distribution sector is in full evolution, mainly due to technological advances of recent decades, AI, the large quantity of new products on the market, young investors' behaviors and consumers' more holistic expectations. This is why, in recent years, the CSF has devoted numerous efforts to training its members by democratizing access to quality training, so that together, we can act while ensuring the public interest.

### c) Rushed timeline

The regrouping operations outlined in Bill 92 are divided into three phases. The merger of the CSF and ChAD is scheduled for the thirtieth day after the bill is enacted. However,

this deadline is too short for two organizations operating in very complex and different environments to be brought together, which could lead to implementation problems.

In terms of good operational continuity and the mission of the two organizations involved in consumer protection, we submit that it would be very risky to move forward with such an ambitious timeline.

Moreover, we were unable to find anything in the regulatory impact analysis related to the costs of transforming financial systems, human resources, material assets, informational assets, or the cultural attributes that characterize the two organizations. For this reason, we believe that the conditions for success should be established prior to such a merger. Having refined mutual knowledge of the entities involved and a rigorous, detailed integration plan greatly minimizes the risk of merger failure and is, in fact, a guarantee of success.

Finally, the repeal of the LDPSF provisions that govern the CSF and ChAD and their continuation in the form of a new OAR, the ChAD, whose mandate, functions, powers, and governance rules are to be finalized for recognition by the AMF, leaves the CSF with a blank slate to fill in consultation with the ChAD. Given the deadlines set by Bill 92, it is unrealistic to complete all the planned steps within the allotted time. If a merger eventually occurs between the CSF and the ChAD, the timelines will need to be revised.

At the very least, it is hazardous to think that the CSF and ChAD could accomplish in a few months what the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC), now known as the Canadian Investor Protection Fund (CIPF), took several years to accomplish with their merger. They are still in the process of transitioning. For these reasons, and to avoid weakening the current framework and undermining public protection, it is necessary to review the parameters.

#### d) Costs of the merger for members

The regulatory impact analysis filed on January 29, 2025, and the bill itself do not address the financial impact that members and SMEs operating in this sector will have to bear as a result of this merger. In addition to fees related to creating the new administration, there will be complexity costs associated with operating the two organizations, as well as significant legal fees for implementing the new regulatory model and applying it.

## 5. Recommendation

Within the framework of these particular consultations, the CSF, wishing to contribute to the successful evolution of Quebec's financial sector regulation, makes this recommendation.

The government has the option of implementing Bill 92, but it should suspend the enforcement of the articles that affect the CSF. This will allow time to find solutions that allow for an orderly transition. The government should also consult with its partners while considering the following as a priority:

- Taking into account all aspects affecting public protection and the disciplinary process;
- The establishment of protocols between the AMF, CIRO and the CSF in order to develop an effective collaboration regime in which solutions to overlap problems are identified and applied and where applicable rules are clear, consistent and well-defined, both for those subject to them and for the public;
- Maintaining the high standards in professional development and continuing education developed by the CSF for all disciplines, including collective savings and scholarship plans;
- Reviewing the mechanisms and timelines relating to the merger to ensure that winning conditions are in place and achievable for the benefit of all stakeholders including consumers.