



THE SECURITIES ACT)	Order No. 7730
Section 31.1)	
THE COMMODITY FUTURES ACT)	March 19, 2026
Section 14)	

Canadian Investment Regulatory Organization Use of the Restricted Fund

WHEREAS:

- (A) Section 31.1 of *The Securities Act* (the “Act”) and section 14 of *The Commodity Futures Act* (the “CFA”) provides the Manitoba Securities Commission (**Commission**) with the power to recognize, on the application, the self-regulatory organization if the Commission is satisfied that to do so would be in the public interest.
- (B) The Commission recognized the Canadian Investment Regulatory Organization (**CIRO**) as a self-regulatory organization by an order dated November 15, 2022, as amended and restated on May 11, 2023, subject to terms and conditions (**Recognition Order**).
- (C) On April 25, 2025, the Commission received a request from CIRO (**Application**) seeking approval to use its Restricted Fund (the **Restricted Fund**) for the Disgorgement Distribution Program (the **Program**), both as defined in Schedule 1 of this **Order**, in accordance with subparagraph 16(1)(a)(v) of the terms and conditions in Appendix A of the Recognition Order¹.
- (D) The Restricted Fund collects monetary sanctions, meaning any fines or other monetary amounts, including disgorgement, ordered in or arising from an enforcement proceeding

¹ Section 16 of the Terms and Conditions states that all Monetary Sanctions collected by CIRO may only be used, directly or indirectly, in the public interest as follows:

- (a) As approved by the governance committee,
 - (i) For the development of systems or other related expenditures that are necessary to address emerging regulatory issues and are directly related to protecting investors or the integrity of the capital markets, provided that any such use does not constitute normal course operating expenses,
 - (ii) For education or research projects that are directly relevant to the investment industry, and which benefit the public or the capital markets,
 - (iii) For specific funding related to a whistleblower program, provided that any such use does not constitute normal course operating expenses,
 - (iv) To contribute to a non-profit, tax-exempt organization, the purposes of which include protection of investors, or those described in paragraph (a)(ii);
 - (v) For such other purposes as may be subsequently approved by the Commission; or
- (b) For reasonable costs associated with the administration of CIRO’s investor office, investor advisory panel and CIRO’s hearings.

or any other measure taken by CIRO, to support specific initiatives and not for general operational use. The Restricted Fund may only be used, directly or indirectly, in the public interest as specified in subsection 16(1) of the terms and conditions in Appendix A of the Recognition Order.

(E) CIRO is seeking approval to use the Restricted Fund for:

1. Distributions of the disgorged funds collected (designated and segregated within the Restricted Fund) to eligible investors under the Program; and
2. Payment of certain administrative costs of the Program from the general Restricted Fund.

(F) CIRO has submitted that:

1. CIRO is seeking approval from the Commission under the Recognition Order to use the Restricted Fund, as described, to implement the Program, which was published for public consultation on February 1, 2023 and October 21, 2024;
2. The disgorged funds collected by CIRO will be designated as a stand-alone category, segregated and accounted for separately from other funds within the Restricted Fund, tracked on a case-by-case basis, for distribution to eligible investors under the Program;
3. Certain administrative costs for the Program will be deducted from the general Restricted Fund and are not expected to be significant;
4. These administrative costs are anticipated to include costs of notices, banking fees, external legal costs, and miscellaneous costs;
5. Only in exceptional circumstances will external legal advice be sought and due consideration will be given to minimizing reliance on such external advice;
6. CIRO intends to rely on its existing resources and structure to provide notices to investors, assess claims and conduct most of the distributions in-house;
7. Administrative costs will not include sanction collections, which may sometimes require external counsel and/or bankruptcy trustee, as these processes will be done outside of the Program;
8. To preserve, to the fullest extent possible, the designated disgorged funds available for distribution to eligible investors, CIRO intends to pay certain administrative costs as described above from the general Restricted Fund;
9. In rare cases of complex distributions requiring an external administrator, at the administrator's reasonable discretion, such administrative costs may be deducted from the designated disgorged funds;
10. The administrator will determine whether or not a distribution will be made, and the administrator will have discretion not to pursue a distribution if the amounts collected and administrative costs do not justify the efforts of the distribution;
11. After all claims are received and reconsiderations are completed, the administrator will distribute the available disgorged funds on a pro rata basis; and
12. Residual amounts, if any, left after the distribution will be moved to the general Restricted Fund and made available to be used for the administrative costs of the Program and other purposes.

(G) Staff recommends that CIRO be permitted access to the Restricted Fund for the Program, as described in the CIRO representations, for the following reasons:

1. Use of the Restricted Fund for the purposes of the Program aligns with CIRO's public interest mandate of protecting investors from unfair, improper and fraudulent conduct by CIRO members and fostering market integrity and confidence in the capital markets;
2. The specified use of the Restricted Fund for the Program is consistent with the intent of section 16 of terms and conditions in Appendix A of the Recognition Order that monetary sanctions be used for public interest and investor protection purposes; and
3. Use of the Restricted Fund will be limited, as described in the CIRO representations, and subject to the specific terms and conditions set out in Schedule 1 of this Order.

(H) Based on the Application and that CIRO will use the Restricted Fund in a way that is consistent with the CIRO representations above, the Commission has determined that it is in the public interest to allow CIRO limited access to the Restricted Fund.

IT IS ORDERED:

1. **That**, under section 31.1(4) of the Act and section 14 of the CFA, CIRO may use the Restricted Fund for the purposes of the Program.
2. **PROVIDED** that CIRO complies with the terms and conditions contained in Schedule 1 of this Order.
3. **THAT**, this Order comes into effect on March 19, 2026.

BY ORDER OF THE COMMISSION



Director

SCHEDULE 1

The Canadian Investment Regulatory Organization Restricted Fund Application: Terms and Conditions

Definition

1. In this Schedule:

“Disgorgement Distribution Program” means CIRO’s proposed program to distribute disgorged funds to harmed investors.

“Restricted Fund” means any fund resulting from Monetary Sanctions as defined in the Recognition Orders.

Policies and Procedures

2. Prior to implementation of the Disgorgement Distribution Program, CIRO will provide the Commission with appropriate policies and procedures related to the Disgorgement Distribution Program. CIRO must not implement the Disgorgement Distribution Program until the Recognizing Regulators notify CIRO that they have no questions or comments on the policies and procedures.

Quarterly Reporting

3. Following the implementation of the Disgorgement Distribution Program, CIRO must file with the Commission, by including in its quarterly reports to the Recognizing Regulators, the following information and documents:
 - a. a list of disgorgement orders and for each case,
 - i. whether a distribution will be made, or there will be no distribution, including the reasoning for no distribution,
 - ii. whether the distribution will be performed in house or by an external administrator, including the rationale for such determination, and
 - iii. estimated administrative costs, including external legal advice, or third-party costs, if any.
 - b. a final post-distribution report for each distribution made under the Disgorgement Distribution Program, including:
 - i. total funds collected by CIRO under the disgorgement order,
 - ii. the method of distribution,
 - iii. the estimated or total number of harmed investors, if known,
 - iv. total number of applicants and type of claims,
 - v. the total number of eligible applicants who received a payment,
 - vi. total value of all approved claims,
 - vii. total funds distributed to eligible applicants, the percentage of each eligible applicant’s approved claim amount paid under the distribution,
 - viii. the amount of administrative cost paid from the disgorged amount,
 - ix. the total of all administrative costs paid from the general Restricted Fund, and
 - x. reconsiderations requested by applicants and final decisions by CIRO.