



For Immediate Release
November 28, 2024

Canadian securities regulators propose amendments to the principal distributor model

TORONTO - The Canadian Securities Administrators (CSA) has published for [comment proposed amendments to the principal distributor model](#) in the distribution of mutual funds.

The proposed amendments clarify that a principal distributor may only act for mutual funds in the same mutual fund family and require disclosure of principal distributor arrangements and compensation to investors purchasing mutual fund securities distributed by principal distributors.

“Investor protection is at the heart of these proposed changes,” said Stan Magidson, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “By clarifying the principal distributor model and ensuring greater clarity in compensation, we aim to foster a more transparent and fairer marketplace for all participants.”

The CSA is also consulting on:

- whether there are circumstances in which a principal distributor should be allowed to have multiple relationships
- how dealers are using chargebacks when distributing mutual funds. The CSA is of the view that using chargebacks is a significant conflict of interest.

The proposed amendments are in alignment with the CSA’s 2022-2025 CSA Business Plan. The Business Plan highlights the importance of assessing whether additional mutual fund sales practice rule modernization is needed to improve investor protection and maintain investor confidence in Canadian capital markets.

The [proposed amendments](#) have been published for a 90-day comment period and are available on CSA member websites.

The CSA, the council of the securities regulators of Canada’s provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

- 30 -

For media inquiries, please contact:

Ilana Kelemen
Canadian Securities Administrators
media@acvm-csa.ca

Julia K. Mackenzie
Ontario Securities Commission
media_inquiries@osc.gov.on.ca

For investor inquiries, please [contact your local securities regulator](#)