



Canadian Securities
Administrators

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For Immediate Release

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Canadian securities regulators propose prohibiting the use of chargebacks in the distribution of investment funds

Toronto and Montreal – The Canadian Securities Administrators (CSA) has published, for a 90-day comment period, [proposed amendments](#) that would prohibit the use of chargebacks in the distribution of investment funds offered by prospectus.

Dealers or dealing representatives sometimes receive an upfront commission or payment when their client purchases securities. Chargebacks occur when clients redeem their securities before a fixed schedule, and the dealing representative is required to pay back all or part of the upfront commission or payment.

The CSA is concerned that the use of chargebacks poses an inherent significant conflict of interest as they may incentivize advisors to prioritize their own financial interest over that of their clients.

“Prohibiting the use of chargebacks in the distribution of investment fund securities can further align investment advice with a client’s best interest,” said Stan Magidson, CSA Chair and Chair and CEO of the Alberta Securities Commission. “The proposed amendments prioritize investor protection and foster fairer compensation practices.”

The proposed amendments are in alignment with the 2025-2028 CSA Business Plan. Under the Business Plan, the CSA will propose and enact regulatory amendments, or other regulations, to ban chargebacks in the distribution of investment fund securities, not solely mutual funds, to improve investor protection and maintain investor confidence in Canadian capital markets.

The proposed amendments are available on [CSA members’ websites](#). The comment period closes on September 24, 2025.

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

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