July 22, 2026

Me Philippe Lebel
Secrétaire et directeur général du secrétariat et des affaires juridiques
Autorité des marchés financiers

Subject: Response to the consultation on the governance and management rules for firms, independent partnerships and independent representatives, and the duties of responsible officers

Dear Mr. Lebel:

We commend the Autorité des marchés financiers ("AMF") for initiating a comprehensive review of the governance framework applicable to firms, independent partnerships and independent representatives, and the duties of responsible officers. We fully support the AMF's stated objectives of strengthening governance, improving accountability, enhancing compliance oversight, and protecting consumers. Greatway also supports the AMF's broader effort to clarify expectations through written policies and procedures, enhanced oversight, conflict management, and responsible-officer accountability.

However, we respectfully submit that the proposed section 11.11 of the *Regulation respecting firms, independent representatives and independent partnerships* (the "Firm Regulation") should be clarified so that it regulates remuneration and onboarding activities without unintentionally restricting, and potentially eliminating, a legitimate and long-established business model that has successfully expanded access to financial advice throughout Québec and Canada.

The proposal refers to remuneration offered to a representative "as part of an onboarding process" while the AMF's explanatory notice states that remuneration following recruitment would be permitted only where the representative provides onboarding coaching that is contingent, proportional and time-limited to a maximum of one year. Greatway fully supports the proposition that a representative should not receive remuneration merely for having recruited another representative, and it is not asking the AMF to permit compensation to unlicensed persons for activities that require certification or remuneration paid solely for recruitment.

Greatway's concern is that, without clarification, the proposal would effectively prohibit compensation structures based on ongoing override or service compensation paid to a representative who continues, after onboarding, to perform documented supervisory, mentoring, training, compliance-support, quality-assurance, business management or client-service functions for another representative or team of representatives.

The proposal therefore risks reaching beyond addressing abusive recruitment practices and may fundamentally alter the economic model and legitimate compensation structure for continuing organizational responsibilities upon which many Managing General Agencies ("MGAs") operate. Consumer protection and preservation of legitimate distribution models are not mutually exclusive objectives. The regulatory framework can achieve both.

MGAs have
Played a Critical Role in Financial Inclusion

MGAs and RBOs have become one of the most effective mechanisms for expanding access to life insurance and financial advice. Unlike traditional agency systems that rely on centralized employment models, these firms allow experienced advisors to build organizations composed of independent entrepreneurs who receive ongoing mentoring, education, supervision and operational support.

This model has expanded advisor participation, improved distribution in underserved communities, created entrepreneurship opportunities, increased financial literacy, enabled succession planning, and supported long-term advisor retention.

Many Canadians, including newcomers, multicultural communities and rural consumers, first gain access to financial advice through recruiting-based organizations. The success of these organizations is attributable not merely to recruitment, but to continuous investment in advisor development over many years.

Ongoing Override and Service Compensation is not
Compensation for Recruitment Alone

The consultation notice properly distinguishes between a referral reward, onboarding remuneration and remuneration paid merely for having recruited another representative. However, we respectfully submit that the final regulation should also distinguish payments for ongoing override and service compensation for post-onboarding functions. As noted above, override ongoing and service compensation recognize a representative's continuing responsibilities to their team, including supervision, supervisory, mentoring, training, compliance-support, quality-assurance, business management or client-service functions ongoing mentoring and ethical guidance, field training, compliance-support, case consultation, product education, quality assurance, leadership development, retention, business planning, and succession development.

These obligations continue throughout the representative's career, not merely during the first year of onboarding a new representative. Consequently, ongoing override and service compensation may compensate for continuing supervisory and management duties rather than the one-time act of introducing a recruit. Indeed, many leaders continue supporting representatives for ten, fifteen or twenty years. Limiting all such compensation to only one year would assume that all meaningful supervisory activity concludes after onboarding. That is simply inconsistent with how continuing supervision, mentoring and compliance support operate in practice.

The Proposal may Produce Unintended
Consequences

Although well intentioned, an uncertain or overly broad application of the proposed restriction may have several unintended consequences.

- *Reduced Investment in Long-Term Advisor Development.* Advisors would have diminished incentive to devote substantial resources to mentoring representatives in their teams after the first year. Ironically, this may reduce supervision rather than improve it.
- *Reduced Market Entry.* Many advisors invest considerable time and financial resources developing new representatives before realizing any economic return. Removing long-term override and services compensation would make those investments commercially unsustainable. Smaller organizations would likely reduce recruitment efforts, limiting opportunities for new entrants.
- *Reduced Consumer Access.* Recruiting-based organizations often serve markets underserved by traditional financial institutions. Weakening this model may reduce access to insurance advice in multicultural, rural and emerging communities.

- *Reduced Competition.* Large institutions possessing salaried distribution channels would gain a structural competitive advantage, while independent firms and their representatives would face disproportionate economic disruption. The result may be increased market concentration rather than greater consumer choice.

The Existing Model Already Contains
Significant Consumer Protection Safeguards

Ongoing override and service compensation does not relieve representatives of their statutory obligations. Every licensed representative remains personally responsible for acting in the client's interest, complying with the Distribution Act, satisfying suitability obligations, maintaining continuing education, and complying with supervisory requirements. Likewise, firms remain responsible for governance, compliance systems and supervision.

The proposed governance reforms, including strengthened responsible officer obligations, written policies, risk management, supervision, documentation, and compliance reporting, already significantly enhance consumer protection. The proposal also includes specific requirements concerning conflicts of interest and incentives, including the rule that incentives must not influence the performance of obligations to the detriment of the client in the new section 11.19 of the Firm Regulation. We respectfully submit that ongoing compensation connected to continuing services should be governed through those provisions rather than being treated as prohibited or time-limited onboarding remuneration.

Recruitment Incentives are not Inherently
Contrary to Consumer Protection

The proposal appears to treat recruitment-based compensation as a potential source of improper incentives. We submit that this distinction should be refined. Compensation alone does not create misconduct. Regulation should focus on ensuring that client interests remain paramount, that supervision remains effective, that conflicts are identified, that governance is robust, and that compensation does not encourage unsuitable sales. The AMF's proposed rules on policies and procedures, conflicts of interest, incentives and responsible-officer oversight provide an appropriate framework for that purpose, without the need for imposing an additional prohibition or time-limit on onboarding remuneration.

In many industries, including law, accounting, real estate, securities, franchising and insurance, professionals benefit from developing successful organizations. The existence of such incentives does not inherently create conflicts of interest.

Suggested Regulatory Alternatives

Instead of applying a one-year onboarding limitation in a manner that could impair long-term override or service compensation, the AMF could adopt targeted safeguards that directly address consumer risk while preserving legitimate compensation for continuing services. We ask that you consider the following principles-based alternatives:

- Clarify that ongoing overrides and service compensation remains permissible only where the recipient performs documented training, supervisory, mentoring, compliance-support or client-service responsibilities.
- Require periodic review of these arrangements by the responsible officer to ensure continued supervisory involvement.
- Require reasonable proportionality between such ongoing compensation and demonstrable supervisory functions.

- Support a principles-based, outcomes-focused framework requiring firms to demonstrate that compensation structures do not compromise suitability, independence or client interests.

Consistency with the AMF's Stated Objectives

The consultation paper emphasizes good governance, effective supervision, accountability, risk management, compliance and consumer protection. Recruiting-based organizations can fully satisfy these objectives without prohibiting or time-limiting override and service compensation. Indeed, successful MGAs and RBOs frequently invest heavily in supervision because organizational success depends upon developing competent and compliant representatives over many years. However, we are sincerely concerned that the AMF's proposal will in fact disincentive long-term supervision and mentorship of representatives.

We therefore respectfully recommend adding language substantially similar to the following, either in section 11.1 of the Firm Regulation or in accompanying interpretative guidance:

> *"For greater certainty, this section applies only to remuneration paid for recruitment or onboarding tasks. It does not apply to remuneration paid to a representative for services performed after the onboarding process, including ongoing supervision, mentoring, training, compliance support, quality assurance, client-service support, or other business-management responsibilities, provided that such remuneration is not paid merely for recruiting another representative and is governed by the firm's or independent partnership's policies and procedures respecting incentives, conflicts of interest, supervision and compliance."*

Alternatively, Greatway respectfully requests confirmation from the AMF that the one-year limitation applies only to remuneration for onboarding tasks and does not restrict commissions, shared commissions, override commissions, service fees or other compensation reasonably connected to documented continuing services after onboarding. Any such compensation would remain subject to the proposed governance, conflict-of-interest, incentive, recordkeeping and responsible-officer oversight requirements.

Conclusion

The proposed governance reforms represent an important modernization of Québec's regulatory framework and should be commended. However, the proposed section 11.11 should be clarified so that the one-year limit applies only to remuneration for recruitment or onboarding tasks and is not intended to impose blanket prohibitions or restrictions on compensation for bona fide post-onboarding services.

In our view, the issue is not whether recruitment should be rewarded. The issue is whether ongoing leadership, supervision, mentoring, training, compliance support and client-service responsibilities should continue to receive appropriate compensation where they are documented, supportable, and subject to appropriate governance controls. A carefully calibrated regulatory framework can distinguish between improper recruitment incentives and legitimate compensation for continuing organizational responsibilities.

We respectfully urge the AMF to adopt an approach that preserves recruiting-based organizations while strengthening governance, transparency and consumer protection. Such an approach would better achieve the AMF's stated objectives of protecting consumers, enhancing governance, ensuring consistent compliance, and maintaining a dynamic, competitive, innovative, and diverse financial services sector.

Respectfully yours,

[redacted]

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