RULE 4800 | OPERATIONS – TRADING AND DELIVERY STANDARDS FOR NON-CENTRALLY CLEARED TRANSACTIONS, ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4801. Introduction

(1) Rule 4800 sets out the following requirements relating to *Dealer* operations:

Part A - Trading and delivery standards applicable to transactions that are not cleared and settled through a clearing corporation:

- Part A.1 - Fixed income transactions [sections 4803 through 4806]
- Part A.2 - Stock transactions [sections 4807 through 4809]
- Part A.3 - Buy-in transactions [section 4810]

Part B - Account transfers and bulk account movements

- Part B.1 - Client-Initiated Account Transfers [sections 4852 through 4867]
- Part B.2 - Firm-Initiated Bulk Account Movements [sections 4870 to 4872].

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PART B - ACCOUNT TRANSFERS AND BULK ACCOUNT MOVEMENTS

4850. Introduction

(1) Part B.1 of Rule 4800 describes the *Corporation's requirements* for client-initiated account transfers between *Dealers* to ensure these transfers are completed promptly.

(2) Part B.2 of Rule 4800 describes the *Corporation*'s exemption authority with regards to firm-initiated bulk account movements.

PART B.1 - CLIENT-INITIATED ACCOUNT TRANSFERS

4851. Definitions

(1) The following terms have the meaning set out below when used in Part B.1 of Rule 4800:

"account transfer" *(transfert de compte)*	The transfer in its entirety of an account and related cash balances and *positions* of a client with a *Dealer* to another *Dealer* at the request of or with the authority of the client.
"Dealer" (*courtier*)	A *Dealer Member* or a *Mutual Fund Dealer Member*.

"delivering Dealer" *(courtier livreur)*	The *Dealer* from which the client account and related cash balances and *positions* are being transferred.
"entire account" *(compte entier)*	The total client account and related cash balances and *positions* on the records of *delivering Dealer*.
"partial account" *(compte partiel)*	Less than the total client account and related cash balances and *positions* on the records of *delivering Dealer*.
"positions" *(positions)*	Investment product positions that are recorded as positions of the client whose account is to be transferred and includes: (i) positions where the *Dealer* is the dealer of record for the client on the records of the issuer of the investment product, and (ii) positions that are held or controlled by the *Dealer* for the client, including any positions: (a) held for it by: (I) external custodians, and (II) its carrying broker, and (b) it holds as a carrying broker,
"receiving Dealer" *(courtier receveur)*	The *Dealer* to which the client account and related cash balances and *positions* are being transferred.
"recognized account transfer facility" *(service reconnu de transfert de compte)*	A clearing corporation, depository or transfer facility that is approved by the *Corporation* as an acceptable facility to enable the delivery or revised recording of client account cash balances and *positions* and related cash balances and *positions* from or at the *delivering Dealer* to or at the *receiving Dealer*, to complete an *account transfer*. The *Corporation* will establish and maintain a list of approval conditions that it will use to determine the facilities it will approve as a recognized account transfer facility and will regularly publish the current list of recognized account transfer facilities.

4852. Transferring an entire account or a partial account

(1) A *Dealer* transferring an *entire account* or a *partial account* for a client must comply with Part B.1 of Rule 4800.

4853. Transfer through a recognized account transfer facility

(1) Whenever possible, a *Dealer* transferring an *entire account* or a *partial account* for a client must transfer that account through a *recognized account transfer facility*.

4854. Communications between Dealers

(1) Where it is possible for a *Dealer* to transfer an *entire account* or a *partial account* for a client through a *recognized account transfer facility,* communications between *Dealers* must take place by electronic delivery through a *recognized account transfer facility*.

(2) A *Dealer* must pay its costs for delivering or receiving communications under Part B.1 of Rule 4800.

(3) A *Dealer* must select, implement, and maintain appropriate security measures to protect its delivered and received communications.

(4) A *Dealer* must:
   (i) acknowledge that the communications it delivers under Part B.1 of Rule 4800 will be relied on by the *Dealer* receiving it, and
   (ii) indemnify and save harmless other *Dealers* from any claims, losses, damages, liabilities or expenses the *other Dealers* suffer because of relying on those communications it delivers under Part B.1 of Rule 4800 that are unauthorized, inaccurate, or incomplete.

4855. Receiving Dealer - responsibilities for documents

(1) If a *receiving Dealer* receives a request from a client to accept an account and related cash balances and *positions*, it must obtain authorization from the client to:
   (i) be provided by the *delivering Dealer* with a cash balances and *positions* list relating to the account, and
   (ii) transfer the account and related cash balances and *positions*.

(2) After the client provides authorization to the *receiving Dealer,* the *receiving Dealer* must:
   (i) promptly send a request for transfer (using an account transfer authorization form approved by the *Corporation*) by electronic delivery through a *recognized account transfer facility* to the *delivering Dealer*, and
   (ii) keep the account transfer authorization on file.

(3) The *receiving Dealer* must ensure that the supporting information and authorization required to transfer accounts are obtained before the request for transfer is delivered and retained.

4856. Delivering Dealer - response to request for transfer

(1) When the *delivering Dealer* receives the request for transfer, it must either:
   (i) deliver to the *receiving Dealer*, by the specified list return date, the cash balances and *positions* list relating to the client account being transferred, or
   (ii) reject the request for transfer if the client and client account information is unknown to the *delivering Dealer* or is incomplete or incorrect.

(2) The list return date in clause 4856(1)(i) or the date the request for transfer is rejected in clause 4856(1)(ii), whichever applies, must be no later than two *clearing days* after the date the *delivering Dealer* received the request for transfer.

(3) Where the request for transfer is rejected by the *delivering Dealer* pursuant to clause 4856(1)(ii), the *delivering Dealer* and the *receiving Dealer* must make reasonable efforts to identify the client and client account and/or to collect complete and correct information about the client account transfer request no later than 2 *clearing days* after the date the request for transfer is rejected in clause 4856(1)(ii).

4857. Transfer impediment

(1) If there is an impediment at the *delivering Dealer* to the requested transfer of one or more cash balances or *positions*, the *delivering Dealer* must send a notification to the *receiving Dealer* within 2 *clearing days* after the specified list return date, identifying:

(i) the cash balances and *positions* that have an impediment,

(ii) the reason or reasons for each impediment,

(iii) the options the client has to resolve each impediment, and

(iv) the taxation and other impacts of each option to resolve each impediment.

(2) If there is an impediment at the *receiving Dealer* to the requested transfer of one of more cash balances or *positions*, the *receiving Dealer* must within 2 *clearing days* after the specified list return date:

(i) identify:

(a) the cash balances and *positions* that have an impediment,

(b) the reason or reasons for each impediment,

(c) the options the client has to resolve each impediment, and

(d) the taxation and other impacts of each option to resolve each impediment.

(ii) send a notification to the *delivering Dealer* identifying the cash balances and *positions* that have an impediment.

(3) For the transfer impediments identified in subsections 4857(1) and 4857(2), the *receiving Dealer* must promptly:

(i) notify the client of:

(a) the cash balances and *positions* that have an impediment,

(b) the reason or reasons for each impediment,

(c) the options the client has to resolve each impediment, and

(d) the taxation and other impacts of each option to resolve each impediment,

and

(ii) obtain client instructions on the option to pursue to resolve each transfer impediment and provide these instructions to the *delivering Dealer*.

4858. Commencement of transfer of cash balances and positions and related information

(1) Where one or more transfer impediments exist and the client has not decided on how to resolve each transfer impediment or to proceed with a *partial account* or *entire account* transfer, the *delivering Dealer* must not commence, and must not cause the *recognized account transfer facility* to commence automatically, the transfer of cash balances and *positions* through electronic delivery.

(2) Within 1 *clearing day* after it has been determined that:

(i) no transfer impediments exist, or

(ii) one or more transfer impediments exist and the *receiving Dealer* has:

(a) obtained client instructions on the option to pursue to resolve each transfer impediment, and

(b) provided these instructions to the *delivering Dealer,*

the *delivering Dealer* must commence, or cause the *recognized account transfer facility* to commence automatically, the transfer of cash balances and *positions* through electronic delivery.

(3) Any cash balances and *positions* referred to in subsection 4858(2) that cannot be transferred through a *recognized account transfer facility* must be settled:

(i) over-the-counter,

(ii) by other standard industry practices, or

(iii) by other appropriate means agreed between the *receiving Dealer* and the *delivering Dealer*.

The time limits in subsection 4858(2) apply.

(4) As part of the transfer of cash balances and *positions* referred to in subsections 4858(2) and 4858(3), the *delivering Dealer* must provide the related *position* information required by a *recognized account transfer facility* to be provided, irrespective of whether a *recognized account transfer facility* is used for the transfer.

4859. Settlement standard and failure to settle on time

(1) The *delivering Dealer* and *receiving Dealer* must settle a client *account transfer* request within 10 *clearing days* of the *delivering Dealer* receiving the *account transfer* request from the *receiving Dealer*.

(2) If an *account transfer* request is not settled in accordance with the requirement in subsection 4859(1) due to a delay at the *delivering Dealer*, the *receiving Dealer* may complete the *account transfer*, at its option, by:

(i) buying-in the unsettled *position* in accordance with section 4810,

(ii) lending the *position* to the *delivering Dealer* through a recognized depository and simultaneously transferring the same *position* into the client account, or

(iii) making other mutually agreed arrangements with the *delivering Dealer* so that the *account transfer* can be considered completed.

(3) Any loan in clause 4859(2)(ii) must be marked to market and the lent *securities* will be considered delivered to the *receiving Dealer* to settle the *account transfer*.

4860. Other investment products

(1) *Positions* in investment products that are not traded on a marketplace are considered transferred when the *delivering Dealer* delivers transfer instructions to the *receiving Dealer* by electronic delivery through a *recognized account transfer facility and* these instructions are carried out.

(2) If the transfer in subsection 4860(1) cannot be completed using a *recognized account transfer facility*, it is considered transferred when the *delivering Dealer* delivers to the receiving Dealer:
   (i) a completed transfer form,
   (ii) a completed and signed power of attorney, and
   (iii) confirmation that *positions* that could not be transferred through use of a *recognized account transfer facility* have been transferred.

4861. Interest or dividend receipt balances

(1) Interest or dividend receivable balances must be settled within 25 clearing days between the *delivering Dealer* and *receiving Dealer*. Despite any failure to settle these balances, a *Dealer* must comply with the *account transfer* procedures in Part B.1 of Rule 4800.

4862. Margin

(1) A *receiving Dealer* must not accept an *account transfer* from a *delivering Dealer* if the account has a margin deficiency.

(2) Subsection 4862(1) does not apply if at the time of *account transfer* the client has provided the *receiving Dealer* with sufficient funds or collateral to cover the account's margin deficiency.

4863. Responsibility for margining account

(1) The *receiving Dealer* assumes the responsibility for the margining of transferred cash balances and *positions*, under the *Corporation requirements,* on the date or dates the cash balances and *positions* are received.

4864. Fees and charges

(1) Before or at the time of an *account transfer*, a *delivering Dealer* may deduct any fee or charge in accordance with the *delivering Dealer's* current fee and charge schedule.

(2) The deduction of any fee or charge referred to in subsection 4864(1) must occur within 10 *clearing days* of the *delivering Dealer* receiving the *account transfer* request from the *receiving Dealer*.

(3) Failure by the *delivering Dealer* to deduct any fee or charge in accordance with the requirement in subsection 4864(2):
   (i) will not be considered to be a valid *delivering Dealer* transfer impediment, and
   (ii) will be considered to be a violation of the requirement in subsection 4859(1).

4865. Exemption from client-initiated account transfer requirements

(1) The *Corporation* may exempt a *Dealer* from the requirements of Part B.1 of Rule 4800 if the *Corporation* is satisfied that to do so would not prejudice the interests of the *Dealer*, its clients, or the public.

(2) In granting an exemption under subsection 4865(1), the *Corporation* may impose any terms and conditions it considers necessary.

4866. – 4869. Reserved.

PART B.2 - FIRM-INITIATED BULK ACCOUNT MOVEMENTS

4870. Definitions

(1) The following term has the meaning set out below when used in Part B.2 of Rule 4800:

"bulk account movement" *(déplacement de comptes en bloc)*	The movement of a group of client accounts, at the request of or with the authority of one of the firms involved, from a firm to a *Dealer*.

4871. Prompt bulk account movements

(1) All firms involved in a *bulk account movement* must engage in active collaboration and make reasonable efforts to ensure the prompt movement of accounts including:

(i) allocating sufficient resources to handle the *bulk account movement* efficiently,

(ii) sharing necessary information and documentation in a timely manner,

(iii) implementing processes and procedures to minimize delays, and

(iv) monitoring the progress of the *bulk account movement* and taking corrective actions as needed.

4872. Exemption from applicable account opening requirement completion timelines in a bulk account movement situation

(1) In the event of a *bulk account movement* situation, where a *Dealer* is receiving in a significant number of client accounts, the *Corporation* may grant the *Dealer* an exemption from the applicable account opening requirement completion timelines.

(2) The *Corporation* will grant such exemption if it is satisfied that:

(i) the firms involved are actively collaborating and making reasonable efforts to move the accounts promptly in accordance with subsection 4871(1), and

(ii) granting the exemption would not prejudice the interests of the *Dealer*'s clients, the public or the *Dealer*.

(3) In granting such an exemption under subsection 4872(1), the *Corporation* may impose any terms and conditions it considers necessary.

4873. – 4899. Reserved.