

October 8, 2025

Submitted via E-Mail

Attention:

Member Regulation Policy

Canadian Investment Regulatory Organization
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Toronto, ON M5H 0B4
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Trading and Markets

Ontario Securities Commission
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Capital Markets Regulation

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701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
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Dear Dear Sirs/Mesdames:

RE: MODERNIZATION OF REQUIREMENTS FOR ACCOUNT TRANSFERS

The Canadian Forum for Financial Markets (the “**CFFiM**”) writes in respect of the Canadian Investment Regulatory Organization’s proposal to modernize its requirements for account transfers and bulk account movements (the “**Proposed Amendments**”).

The CFFiM is a values-driven, purposeful, and reform-minded organization that is dedicated to advancing initiatives that improve the health and competitiveness of Canada’s financial markets for the greater good. The CFFiM works to provide constructive analyses and recommendations to stimulate capital raising, regulatory modernization, and inclusive financial growth in Canada.

The CFFiM supports CIRO's efforts to address persistent concerns related to inefficient and delayed account transfers between dealer members. Delays and inefficiencies in the account transfer process can result in adverse investor outcomes, negatively impact investor confidence, and increase operational costs. Moreover, improving the account transfer process and encouraging the development of related technologies is an integral step in updating Canada's financial services to support a healthy, competitive, and innovative market for the benefit of investors.

As acknowledged in CIRO's 2022 white paper on *Enhancing Timely and Efficient Account Transfers in Canada* (the "**CIRO White Paper**"):

1. Canada lags behind transfer times facilitated through the Depository Trust & Clearing Corporation (the "**DTCC**"). In 2022, 82% of full transfers through the DTCC were settled in four days or less and efforts are underway to reduce settlement times to three days or less by the end of 2025.¹
2. In Canada, there are several types of entities in the account transfer "ecosystem" that are not CIRO dealers and not subject to the Proposed Amendments. As a result, CIRO's ability to unilaterally improve the account transfer process through its rule amendments is limited.²
3. Smaller CIRO dealer members often face financial constraints that hinder their ability to adopt advanced technology solutions.³
4. Pending broader regulatory and technological solutions, CIRO dealer members can take proactive steps to improve the transfer process.⁴

The CFFiM's recommended enhancements to the Proposed Amendments are included at Schedule "A" and the CFFiM's responses to the CSA's consultation question are included in Schedule "B".

COMMENTS ON THE PROPOSED AMENDMENTS

Rule 4854 – Electronic Communications

The Proposed Amendments are intended to specify that firms must communicate electronically where a recognized account transfer facility with electronic communication capabilities is available *even in cases where the investment products being transferred cannot be transferred through the facility*. The CFFiM supports that goal and suggests revising the Proposed Amendments to include this express requirement.

Rule 4855 – Timeline for Delivering Account Transfer Request

The current IDPC Rules and the Proposed Amendments do not include a deadline for receiving dealers to deliver account transfer requests after receiving client instructions. This may result in unnecessary delays in initiating the account transfer process. In order to achieve shorter settlements, the CFFiM recommends that the Proposed Amendments specify that receiving dealers must deliver account transfer request within one day of receiving client instructions.

¹ CIRO White Paper, [Enhancing Timely and Efficient Account Transfers in Canada: Phase 1 – Defining the problem and laying the groundwork for change](#) (2025) ["**CIRO White Paper**"] at pp. 7-12.

² *Ibid* at pp. 24-25.

³ *Ibid* at p. 6.

⁴ *Ibid* at pp. 32-35.

Rule 4856 and 4857 – Timeline for Transfer Impediments

The Proposed Amendments are intended to require CIRO dealer members to identify impediments at the outset of the account transfer process. We agree with the intended purpose of this amendment, which is to ensure that clients are adequately consulted on transfer impediments early in this process.

As noted in CIRO's White Paper, impediments can be caused by a range of products, system, and operational issues.⁵ While some of those issues may be identifiable at the outset of a transfer, other impediments may be unidentifiable at the outset or emerge during the account transfer process. Moreover, while some product characteristics may be indicative of a *potential* impediment it does not necessarily follow that those characteristics will actually impede the account transfer process. Finally, while some impediments may be within the control of the delivering and/or receiving dealer, other impediments may be outside dealer control, meaning that the cause and solution to those impediments emanates from a third-party in the account transfer process.

In order to address these dynamics, the CFFiM recommends that the Proposed Amendments be revised to specify that dealers are obliged to make best efforts to identify potential impediments and obtain client instructions as soon as practically possible and before commencing the account transfer process. Similar obligations should apply where an impediment is identified or emerges later in the process.

In addition, the proposed rules on identifying impediments could have an unintended adverse impact on the timeliness of the account transfer process by expanding the period between delivery of the account transfer request and commencement of the account transfer as follows:

- **Existing Rules:** Under the current IDPC Rules, delivering dealer must deliver a client asset list within two clearing days of receiving an account transfer request and must commence the transfer within one day thereafter.⁶ These rules contemplate a maximum of 3 clearing days between the delivery of the transfer request and commencement of the transfer.
- **Proposed Amendments:** The Proposed Amendments will require delivering dealers to deliver a client asset list within 2 clearing days of receiving a transfer request.⁷ The delivering Dealer and the receiving Dealer are then required to identify impediments within 2 clearing days.⁸ The delivering dealer must commence the transfer within 1 day of receiving client instructions on how to proceed.⁹ These rules contemplate a maximum of 5 clearing days between the delivery of the account transfer request and the commencement of the account transfer.

In order to ensure that the two-day period for identifying impediments does not unnecessarily extend the transfer process, the CFFiM recommends that the proposed rules be amended to include best efforts, obligations and shorter time periods where practically possible.

⁵ *Ibid* at pp. 12-19.

⁶ Canadian Investment Regulatory Organization, [Investment Dealer and Partially Consolidated Rules](#) (2024) [IDPC Rules], Rules 4856(2) and 4857(1).

⁷ Proposed IDPC Rule 4856(2).

⁸ *Ibid* at 4857(1) and 4857(2).

⁹ *Ibid* at 4858(2).

Rule 4857 – Taxation and Other Impacts of Options to Resolve Impediments

As proposed, Rule 4857 will help to ensure that information on impediments is exchanged between dealers and disclosed to the client within a specified time period at the start of the account transfer process. The CFFiM generally supports this goal but recommends that Rule 4857(1)(iv), (2)(d), and 3(d) be revised. The requirement for dealers to provide “the taxation and other impacts of each option to resolve each impediment” is overly broad and onerous. The “taxation” of an option cannot be fully determined at the time of transfer, and some “impacts” may not be realistically identifiable.

Rule 4859 – Ten Day Settlement Period

The CFFiM supports CIRO’s implementation of the ten-day settlement period as a starting point and encourages CIRO’s broader goal of shortening that period moving forward. In order to improve the account transfer process in the interim, the CFFiM recommends that the Proposed Amendments include a best-efforts obligation to complete transfers as soon as practically possible. This obligation would acknowledge that, while some account transfers can be complicated by impediments that are outside dealer control, other transfers will be unencumbered and can be completed more quickly than 10 days.

Respectfully submitted,

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cc.

SCHEDULE "A"

RECOMMENDED REVISIONS TO PROPOSED AMENDMENTS¹⁰

4854. Communications between Dealers

(1) Where it is possible for a Dealer to communicate ~~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 even in cases where it is not possible to transfer an entire account or a partial account for a client through the recognized account transfer facility.

- **CFFiM Comment:** Please see above comments under "Electronic Communication". This revision strengthens CIRO's stated intention for this amendment.

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

- **CFFiM Comment:** It is not necessary to remove the word "electronically", which is currently found in the IDPC rules. This rule was not intended to impose obligations on the security of paper communications nor is it possible for a firm to protect a "delivered" paper communication.

4855. Receiving Dealer Member - responsibilities for documents

(2) After the client provides authorization to the receiving Dealer, the receiving Dealer must:

(i) promptly and within one clearing day 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

- **CFFiM Comment:** In order to improve the timeliness of the account transfer process, Rule 4855(2)(i) should be revised to include an outside deadline of one clearing day.

4856. Delivering Dealer -response to 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).

- **CFFiM Comment:** If a delivering dealer receives an account transfer request and confirms that the requesting client is unknown within the 2 day period contemplated in rule 4856(1)(ii), that dealer should not be required to make "reasonable efforts" to identify the client's external accounts.

¹⁰ The CFFiM's recommended revisions are made to Investment Dealer and Partially Consolidated Rules 4800 for illustrative purposes but apply equally to the corresponding Mutual Fund Dealer Rules. For ease of reference, this schedule only includes the proposed rules for which we have provided a recommendation.

4857. Transfer impediment

(1) Upon receiving an account transfer request, the Delivering Dealer must make best efforts to identify potential impediments to the transfer of one or more cash balances or positions and, within 2 clearing days of the specified list return date, or sooner, if possible, the Delivering Dealer must send a notification to the Receiving Dealer identifying:

~~(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:~~

- **CFFiM Comment:** Rule 4857(1) should be revised to specify that delivering dealers have the obligation to make “best efforts” to identify impediments at the outset of the account transfer process commencing at the time that the account transfer request is delivered). This provision should be also revised to require dealers to identify “potential” impediments given that the identified concern may not result in an actual impediment to the transfer process.

(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 fees payable, the tax liabilities that may arise, and any other realistically identified impacts of each option to resolve an impediment.

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

- **CFFiM Comment:** The requirement under section (iv) for the delivering dealer to provide the receiving dealer “the taxation and other impacts of each option” is overly broad and onerous. The “taxation” of an option cannot be fully determined at the time of transfer, and some “impacts” may not be realistically identifiable.

(2) The Receiving Dealer must make best efforts to identify potential impediments to the transfer of one or more cash balances or positions and, within 2 clearing days of the specified list return date, or sooner where practically possible, the Receiving Dealer must send a notification to the Delivering Dealer identifying:

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

- **CFFiM Comment:** See above comments with respect to Rule 4857(1).

~~(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 fees payable, the tax liabilities that may arise, and any other realistically identified impacts of each option to resolve an impediment.

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

- **CFFiM Comment:** See above comments with respect to Rule 4857(1)(iv).

(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) promptly 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 fees payable, the tax liabilities that may arise, and any other reasonably foreseeable impacts of each option to resolve an impediment.

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

- **CFFiM Comment:** See above comments with respect to Rule 4857(1)(iv).

(ii) make best efforts to obtain client instructions on the options to pursue to resolve each transfer impediment and provide these instructions to the delivering Dealer.

- **CFFiM Comment:** We recommend that Rule 4857(3)(ii) be revised as a “best efforts” obligation in light of the fact that dealers cannot control whether they receive instructions from a client.

(4) Notwithstanding Rule 4857(1) and (2), if a Delivering Dealer or a Receiving Dealer identifies an impediment after the deadlines in those rules, the receiving Dealer must promptly notify the client and make best efforts to obtain client instructions on the options to pursue to resolve each transfer impediment and provide these instructions to the delivering Dealer.

- **CFFiM Comment:** Dealers may identify impediments after the two-day deadlines in Rule 4857(1) and (2). We recommend that the Proposed Amendment be revised to include Rule 4857(4), which mirrors the existing IDPC Rule 4858 and addresses scenarios where an impediment arises or is identified later in the process.

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

(1) Where one or more transfer impediments ~~exist~~ has been identified 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.

- **CFFiM Comment:** We recommend replacing “exist” with “has been identified” in recognition of the fact that impediments may emerge or be identified at different stages in the transfer process.

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

(i) the receiving Dealer has confirmed that no transfer impediments ~~exist~~ have been identified, 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.

- **CFFiM Comment:** Rule 4858(2)(i) should be revised to specify that the deadline commences after the delivering Dealer receives confirmation from the receiving dealer that no impediments have been identified. As a technical matter, the delivering Member cannot “determine” that no impediments exist without confirmation from the receiving dealer.

4859. Settlement standard and failure to settle on time

(1) The delivering Dealer and receiving Dealer must make best efforts to settle a client account transfer request within 10 clearing days or fewer where practically possible of the delivering Dealer receiving the account transfer request from the receiving Dealer

- **CFFiM Comment:** A best efforts obligation is recommended to reflect both transfers that can be completed more quickly than 10 days, as the preference, and those that may require longer due to matters outside of the dealer’s control.

SCHEDULE "B"

RESPONSE TO CONSULTATION QUESTIONS

Question No. 1: Do you agree that clients should be informed to any impediments up front and before the transferring of positions commences?

- **CFFiM Response:** See above comments and Schedule "A". While CIRO dealers should be encouraged to identify impediments at the outset, the Proposed Amendments should be revised to reflect a "best efforts" obligation to identify "potential" amendments and to acknowledge that impediments could emerge or be identified later in the process.

Question No. 2: Do you agree that the proposed rules for investment dealers and mutual fund dealers should allow for a shortened timeline to identify and communicate any transfer impediments and is 2 clearing days a sufficient amount of time?

- **CFFiM Response:** See above comments and Schedule "A" and answer to Question 1.

Question No. 3: Do you agree with the proposed standard [ten day] settlement period?

- **CFFiM Response:** See above comments and Schedule A. Pending a shorter settlement period, the Proposed Amendments should be revised to reflect a best efforts obligation to complete the transfer in less than 10 days where possible.