

October 7, 2025

**SUBMITTED VIA EMAIL to [memberpolicymailbox@ciro.ca](mailto:memberpolicymailbox@ciro.ca)**

Member Regulation Policy  
Canadian Investment Regulatory Organization (**CIRO**)  
Suite 2600  
40 Temperance Street  
Toronto, Ontario M5H 0B4

Dear Sirs / Mesdames:

**Re: Modernization of requirements for account transfers and bulk account movements (IDPC Rule 4800 and MFD Rule 2.12)**

## **OVERVIEW**

We are pleased to provide the Canadian Investment Regulatory Organization (**CIRO**) with comments on the above-noted consultation related to the proposed rule amendments to modernize CIRO's rule requirements relating to account transfers (the **Proposal**). All capitalized terms used but not defined herein shall have the meaning given to such terms in the Proposal.

We thank CIRO for putting forward the Proposal. We strongly support CIRO's pursuit of enhancing the efficiency of investment account transfers between CIRO member firms, as we believe the modernization of the regulatory framework for transfers to reflect present-day realities will improve services being provided to the investing public and the experience of industry participants.

Subject to the specific comments below set out under Key Considerations, Fundserv is supportive of the Proposal.

## **KEY CONSIDERATIONS**

We offer the following Key Considerations in connection with the Proposal. We believe these to be central to the viability of the Proposal and to achieving the Proposal's intended policy objective of improving the timeliness for account transfers:

### 1. Recognized account transfer facilities

The Proposal introduces the concept of a "recognized account transfer facility", which is defined as "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 Proposal provides:

"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."

Based on our discussions with CIRO staff, we understand that recognized clearing agencies, like Fundserv, will be recognized account transfer facilities without the need to submit an application or obtain any additional approvals from CIRO. Fundserv strongly supports this position; however, as it is currently drafted, the definition does not make this clear. Rather, the definition suggests any entity wanting to be considered a recognized account transfer facility must receive additional CIRO approval and be subject to additional conditions. If recognized clearing agencies are to be de facto recognized account transfer facilities, we respectfully request that this is made clear in definition.

## 2. Account Transfer Authorization Form

Section 4855 of the Investment Dealer and Partially Consolidated (**IDPC**) Proposed Rules and Section 2.12.5 of the Mutual Fund Dealer (**MFD**) Proposed Rules state that transfer requests are initiated using “an account transfer authorization form approved by the Corporation.” We are concerned that this phrasing implies the use and ongoing reliance on static forms (such as PDFs), which would be inefficient and inconsistent with the Proposal’s intent to reduce delays and operational costs through technological solutions. Any need to deliver or receive a specific “form”, rather than a transmission of data, in any part of the transfer process (initiating a transfer request, providing cash balances and positions list, issuing a rejection, identifying impediments, resolving impediments, effecting a transfer) creates potential for significant delay in the transfer process.

We recommend the final rules do not refer to a specific “form” to be used but rather specify the data that must be contained in a transfer request delivered by the receiving dealer to the delivering dealer. Additionally, we respectfully request that CIRO publish this content for industry review and comment.

## 3. Clarification on Documentation

As noted above, we have received consistent feedback from industry participants that any requirement for a delivering dealer or receiving dealer to send a specific “form”, rather than a transmission of data, in any part of the transfer process (initiating a transfer request, providing cash balances and positions list, issuing a rejection, identifying impediments, resolving impediments, effecting a transfer) creates potential for significant delay in the transfer process. Often these “requirements” are imposed by one dealer on another through the transfer process. These requirements are imposed by one side of the transaction as a means to reduce their legal risk. For example, often a delivering dealer will request evidence of the receiving dealer’s client authorization before processing a transfer. Despite the existing CIRO rules specifying that a receiving dealer must obtain authorization from the client to transfer the account, delivering dealers often still want to receive evidence of that authorization before completing the transfer process as a means to reduce their risk. These requests can delay transfers by introducing additional steps in the transfer process, including those that take place outside of the transfer facility (usually over email).

Allowing transfers to be delayed or conditioned on additional firm-imposed documentation requirements risks undermining the efficiencies sought by this Proposal and creates inconsistent practices across the industry. In order for the Proposal to have the intended effect of improving the timeliness of account transfers, and to ensure that the timing prescribed by the Proposal for settling transfers within 10 clearing days can be achieved, we strongly recommend that CIRO

impose restrictions on dealer members from requesting specific forms and evidence of authorization.

While Section 4854 of the IDPC Proposed Rules and Section 2.12.4 of the MFD Proposed Rules propose indemnities that create more legal certainty for any recipient of communications through the transfer process, we believe there is risk that this does not go far enough to give dealer members on either side of a transfer transaction the legal comfort necessary to enable them to move away from the practice of requesting additional documentation. We acknowledge that Section 4854(1) of the IDPC Proposed Rules and Section 2.12.4(a) of the MFD Proposed Rules require that 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. This may address the issue in part by signalling that documents should not be transmitted outside of the recognized account transfer facility, like through email. However, we do not think this sufficiently clear and we submit that the rules should be more prescriptive. Clear language in the rules should prescribe that a dealer that receives communication from another dealer through the recognized account transfer facility in the process of a transfer must rely on such communication without requesting further records in support of the communication unless transmission, receipt and/or retention of such records are required by applicable law (as defined in the IDPC or MFD Rules) (for example, a Form T2220 required to transfer registered accounts on a marriage or relationship breakdown) or the dealer member receiving and relying on such communication has reasonable grounds to believe that the instructions in the communication have not been authorized by the client.

#### 4. Account Transfer Cancellation Requests

There is a need for regulatory guidance on requirements for an account transfer cancellations and in particular those that are initiated by the client with the delivering dealer. The proposed impediment resolution process imposes the obligation for obtaining client instruction on the receiving dealer. However, clients may decide not to proceed with an account transfer and may only communicate this to the delivering dealer, since the client has decided to maintain their investment with such delivering dealer. In these circumstances, often the receiving dealer may request written confirmation from the client before accepting the cancellation, which may not be obtained. The rules are not clear as to how a canceled transfer can ultimately be “closed-out” if a client does not deal directly with the receiving dealer to cancel the transfer process. This gap has the potential to lead to compliance issues for dealers but also the need to communicate outside the recognized account transfer facility, which complicates the maintenance of records around transfers and the ability of a dealer to demonstrate compliance with CIRO requirements. Fundserv recommends that the final rules include clear, standardized provisions governing cancellations.

## 5. Other Investment Products – Transfers involving Manufacturers

Section 4860 of the IDPC Proposed Rules and Section 2.12.10 of the MFD Proposed Rules set out the conditions under which investment products that are not traded on a marketplace are considered transferred. These conditions apply to most products transacted through Fundserv. The Proposal provide as follows:

“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.”

These Proposals do not reflect current mutual fund transfer practices, where the delivering dealer provides transfer instructions directly to the manufacturer (the investment fund company), which then carries out the instructions by updating the applicable securityholder register. The transfer instructions are not delivered by the delivering dealer to the receiving dealer. We respectfully urge CIRO to revise this wording to account for the fact that transfer instructions are not received or processed by the receiving dealer.

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Thank you for this opportunity to express our comments about the Proposal. If you have any questions or if we can be of any other assistance, please contact Robert Ebel at [robert.ebel@fundserv.com](mailto:robert.ebel@fundserv.com).

Yours very truly,

**FUNDSERV INC.**

A handwritten signature in black ink, appearing to read "Robert Ebel".

Robert Ebel  
Chief Operating & Privacy Officer