

INVESTOR ADVISORY PANEL

October 8, 2025

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Re: Modernization of requirements for account transfers and bulk account movements

On behalf of the Ontario Securities Commission's Investor Advisory Panel (the "Panel"), we wish to thank you for this opportunity to comment on the Canadian Investment Regulatory Organization's ("CIRO") request for comments regarding the modernization of requirements for account transfers and bulk account movements (the "Proposal").

The Panel is an initiative of the Ontario Securities Commission ("OSC") to ensure investor concerns and voices are represented in the OSC's policy development and rulemaking process. Our mandate is to solicit and articulate the views of investors on regulatory initiatives that have investor protection implications.

Comments

The Panel supports the Proposal and commends CIRO for taking steps to improve the process for investment account transfers. As set out in [CIRO's White Paper](#), delays in the account transfer process have long been a problem, and continue to have a detrimental impact on retail investors, as demonstrated by

the increasing number of complaints about this issue in both 2024 and 2025.¹ We applaud CIRO for its thorough analysis of the issues related to account transfers in Canada, and for its leadership and efforts to modernize the account transfer system. We believe that doing so will enhance both investor protection and confidence in the capital markets.

Delayed transfers are a real cost for, and can cause other prejudice to, investors and market participants. Data from Wealthsimple indicate that within a recent six-month period, the average transfer took 19 days, and transfer fees charged to investors moving their accounts to Wealthsimple over a six-month period (between Q4 2024 and Q1 2025) totaled more than \$35 million.² During a delayed transfer, investors do not have access to their assets and may not be able to manage them, which may lead to losses or missed opportunities in the market, while being charged for the transfer process. Receiving firms face costs and delay, and their advice to investors may become untimely. Impediments to transfers can discourage investors from transferring their funds and thus reduces competition between firms and, ultimately, clients suffer.

The current framework for account transfers is unacceptable, for many reasons:

- a) the timelines for account transfers are far too long, and the delays are inexplicable to investors given that many other assets can be transferred instantaneously;
- b) there is a material conflict of interest between the interests of delivering dealers, which would prefer to retain their clients' assets, and the investors seeking to transfer their accounts;
- c) to date, there has been very little incentive for firms to improve the technology and processes for account transfers, in light of this conflict of interest;
- d) as noted above, delayed transfers are prejudicial to investors and market participants; and
- e) as noted in the White Paper, the use of antiquated technology, lack of consistency, and resulting timelines for account transfers erode public trust in financial institutions and the regulators.

Accordingly, we applaud the effort to implement these much-needed reforms.

The Panel also supports harmonization of regulation across the financial services industry³ and recommends that further steps be taken to achieve consistency in how account transfers are processed by other financial institutions, agents and dealers, as well as CIRO Members. As noted in the White Paper, the current environment is a "patchwork of rules and processes, resulting in a fragmented transfer experience

¹ CIRO White Paper: Enhancing Timely and Efficient Account Transfers in Canada: Phase 1 – Defining the problem and laying the groundwork for change (CIRO White Paper), p. 20. We note that the CIRO White Paper does not discuss the outcome of these complaints, and recommend that this information be sought and disclosed, if available.

² Submission by Wealthsimple to the 2025 Federal Pre-Budget Consultation (Wealthsimple Submission), Section (i) Delays.

³ Our support for harmonization has been noted in other comment letters, including recent letters regarding the proposed ban on chargebacks and FSRA's proposal for total cost reporting.

and confusion for clients”.⁴ We support harmonization across the industry as set out in the White Paper,⁵ and look forward to updates on developments in this area in Phase 2. If possible, we recommend that CIRO, the CSA, and banking and insurance regulators provide updates as the work in Phase 2 progresses. We also suggest that issues such as conflicts of interest (for example, the practice of not transferring GICs within a certain window of maturity) be addressed as soon as possible.

Our responses to the specific questions in the Proposal are set out below. In addition, we offer the following general recommendations for consideration:

- a) To the extent possible, the regulation of account transfers should be revised to require delivering dealers to expedite the transfer process. Measures could include adding terms requiring expedited transfers in firms’ client relationship disclosure agreements, imposing financial penalties (to be paid to clients) on firms that do not meet the standard settlement period, and requiring firms to use technology for all aspects of the transfer process, including obtaining signatures where necessary. Requiring firms to provide information to clients, at the start of the relationship, on whether their investments can be transferred in kind, the cost, and the average length of time it takes to transfer accounts could also promote competitiveness.
- b) Communication with clients is critical in reducing confusion and increasing efficiency. As work on this initiative progresses and outdated methods of account transfers are phased out, further consideration should be given to improving client communication. Firms should be encouraged to communicate electronically with clients, and making client contact information (such as email addresses) available to firms where they do not currently have that information should be considered to facilitate doing so. As well, while the White Paper suggests that any new tool should include real-time tracking and status updates for receiving institutions,⁶ we recommend that firms be required to provide tracking and progress reports to clients as well. Finally, as noted above, we also suggest that firms be required to report the average settlement period for account transfers.
- c) Exit fees charged by relinquishing firms are increasing (approximately \$150 per account in 2025).⁷ Not only do investors lose access to their assets during the transfer period, but they are also penalized with exit fees for choosing to move those assets to a competitor. Complaints by investors about transfer fees are common,⁸ both as to the existence of the fees and the lack of reimbursement by receiving firms. We recommend that the regulators review the practice of charging exit fees and consider whether further amendments or guidance would be warranted to address this issue.
- d) Developing a central database or clearinghouse containing up-to-date contact information for firms will improve efficiency and harmonization across the industry.

⁴ CIRO White Paper, p. 18.

⁵ CIRO White Paper, pp. 34-35.

⁶ CIRO White Paper, p. 31.

⁷ Wealthsimple Submission, Introduction.

⁸ CIRO White Paper, p. 21.

Q1. Do you agree that clients should be informed of any impediments up front and before the transferring of positions commences?

The Panel agrees that clients should be informed of potential impediments before transfers begin. The Panel also recommends that client communication should be a priority in the account transfer process. Accordingly, we support the publication of guidance and other steps that can be taken by regulators to establish best practices for client communications regarding account transfers, such as the guidance set out in the Appendix to the White Paper.⁹

Q2. 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? If 2 clearing days is insufficient, please elaborate on what would be a sufficient amount of time.

The Panel supports establishing a rule setting out a timeline within which dealers must identify transfer impediments that have materialized and contact investors to advise of such impediments and seek instructions where necessary. We believe that firms should be able to provide this information to investors one business day after the transfer request is made, and recommend that the proposed rules be adjusted accordingly.

Q3. Do you agree with the proposed standard settlement period of 10 clearing days? If you don't, please elaborate on what would be an appropriate amount of time.

While the Panel acknowledges that a standard settlement period of 10 clearing days would be an improvement of current practices, in our view the industry and regulators should do everything possible to work toward a shorter standard settlement period. Particularly for cases without any impediments, 10 clearing days is too long and could have a detrimental effect on an investor's portfolio. Many of the existing barriers to efficiency can be addressed by firms directly without the implementation of Phase 2.¹⁰

The Panel believes that the standard settlement period should be 4 days.¹¹ However, if that is not possible in the absence of new technology and tools, we recommend basing the proposed standard settlement period on the normal settlement period for trades, with an appropriate number of additional days to allow for the additional time that may be required for the transfer process and any impediments. In other words, the standard settlement period could be expressed as T+x, where T is the typical settlement period for trades, and x is the number of additional days necessary to complete the transfer process, allowing for impediments. We believe that the value of x should not be more than three days.

As noted above, we also recommend that delivering dealers be required to pay a penalty to an investor if the firm fails to meet the standard settlement period for an account transfer without any impediments.

⁹ Appendix A, CIRO White Paper, p. 38.

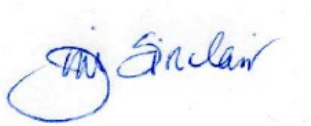
¹⁰ As noted in the CIRO White Paper, all firms can adopt practices to modernize the transfer process. CIRO White Paper, p. 32.

¹¹ Based on the data from the U.S., it appears that this standard settlement period is achievable, particularly in a system with a centralized automated transfer tool: CIRO White Paper, p. 19.

This will provide an incentive for relinquishing firms to settle account transfers quickly, while compensating investors for not having access to their investments during the time it takes to complete the transfer beyond the standard settlement period. The amount of the penalty could be determined based on a percentage of the investor's assets. Payment of a penalty should not preclude or limit the ability of an investor to make a complaint or seek a remedy as a result of delays in the transfer process.

Again, thank you for the opportunity to comment on the Proposal. We would be pleased to clarify or elaborate on our comments should the need arise.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Sinclair". The signature is written in a cursive style with a large, stylized initial "J".

James Sinclair
Chair, Investor Advisory Panel