

Appendix 5 - Impact analysis of proposed rule amendments

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Impact Assessment Table¹

In the impact assessment table below, for each major proposed account transfer rule element, we:

- list the element,
- describe the intended policy benefits of the element, and
- assess the impact of the element on clients, dealers, and CIRO itself.

Summary assessment

We have assessed the near-term impact of the changes being introduced as part of the proposed account transfer rule amendments as having:

- a minor positive impact on clients,
- a minor negative impact on investment dealers and mutual fund dealers, and
- a neutral impact on CIRO staff.

Further, where:

- the dealer-led initiative to introduce technology solutions that result in a more consistent, efficient and timely client account transfer experience is successful,
- other regulators adopt proposed account transfer rule amendments as harmonized standards for the rest of the Canadian investment services sector

we have assessed the combined longer-term impact of the proposed account transfer rule amendments and the implementation of the technology solutions as having:

- a positive impact on clients,
- a minor positive impact on dealers, and
- a minor positive impact on CIRO staff.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Near term					
<i>Mutual fund dealer change from principles-based to prescriptive rules</i>	Harmonized account transfer requirements for investment dealers and mutual fund dealers	<i>Minor positive – Benefit from consistent requirements across investment dealer and mutual fund dealers but rule change may not reduce transfer times if the</i>	<i>Neutral</i>	<i>Minor negative – Will only impact mutual fund dealers whose current account transfer times are generally greater than 10 clearing days.</i>	<i>Neutral</i>

¹ We did not perform an impact assessment of the proposed corollary amendments to the current bulk account movement rules due to the immaterial nature of these amendments.

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Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CRO
		occurrence of transfer impediments is less common at mutual fund dealers.			
<i>Introduce definition for the term “positions”</i>	Clarify scope of positions that are subject to the account transfer rule requirements	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification
<i>Expand the types of organizations that may be approved by CRO to enable more timely transfers</i>	More electronic communication and automated transfer service options	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more timely transfers.	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more cost efficient and timely transfers.	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more cost efficient and timely transfers.	<i>Neutral</i> – No impact on CRO staff until more automated options are available.
<i>Clarify that dealers must electronically communicate with each other regarding account transfers where a recognized account transfer facility is available</i>	More timely communication between delivering dealer and receiving dealer prior to commencement of the account transfer process	<i>Minor positive</i> – Required use of electronic communications where available will eliminate delays caused where manual processes are still used.	<i>Minor positive</i> – More timely communications.	<i>Minor positive</i> – More timely communications.	<i>Neutral</i>
<i>Reducing the time to inform clients of any transfer impediments from 10 to 2 clearing days</i>	More timely communication to clients	<i>Minor positive</i> – Ensures that for accounts with transfer impediments, the client is informed in advance of the commencement of the transfer process of the impediments, is given options to address these impediments (along with the impacts of these options) and can make an informed decision on resolving these impediments.	<i>Minor negative</i> – Requires process changes to focus on transfer impediments first before initiating account transfer. Involves reduced timeline to identify and address transfer impediments.	<i>Minor negative</i> – Requires process changes to focus on transfer impediments first before initiating account transfer. Involves reduced timeline to identify and address transfer impediments.	<i>Neutral</i>

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Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
<i>Ensure that clients make a fully informed decision on how to resolve any transfer impediments and on proceeding with the requested account transfer</i>	Clients can make an informed decision on how to resolve any account transfer impediments prior to commencement of the account transfer process	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides to cancel the account transfer due to the impediments that have been identified.	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides to cancel the account transfer due to the impediments that have been identified.	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides to cancel the account transfer due to the impediments that have been identified.	<i>Positive</i> – Reduces transfer impediment-related complaints to CIRO
<i>Clarify that transfer request must be settled within 5 clearing days of the transfer request being determined to be in good order</i>	Sets a clearer settlement obligation and proposes to require the same settlement period for all in good order account transfer requests	<i>Positive</i> – Shorter settlement timeline for in good order account transfers	<i>Minor Negative</i> – Shorter settlement timeline for account transfers with impediments incentivizes both the delivering dealer and the receiving dealer on addressing transfer impediments early on in the settlement process and ultimately completing the account transfer on a timelier basis. However, there may be operational challenges with meeting this shorter timeline	<i>Minor Negative</i> – Shorter settlement timeline for account transfers with impediments incentivizes both the delivering dealer and the receiving dealer on addressing transfer impediments early on in the settlement process and ultimately completing the account transfer on a timelier basis. However, there may be operational challenges with meeting this shorter timeline	<i>Positive</i> – Reduces complaints to CIRO relating to the timeliness for account transfers with impediments
Longer term					
<i>Successful introduction of technology solutions that result in a more consistent, efficient and timely client account transfer experience</i>	Faster transfers through the greater use of automated transfer solutions	<i>Positive</i> – Shorter settlement periods for account transfers	<i>Positive</i> – Shorter account transfer settlement periods and more cost-efficient account transfers for those involving investment dealers and mutual fund dealers	<i>Positive</i> – Shorter account transfer settlement periods and more cost-efficient account transfers for those involving investment dealers and mutual fund dealers	<i>Positive</i> – Reduces complaints to CIRO relating to the timeliness for account transfers
<i>Other regulator adoption of proposed account transfer rule amendments as</i>	Automated transfers are facilitated in a consistent manner involving a greater number of firms	<i>Positive</i> – Consistent and timely account transfer experience across all	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process across the	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process	<i>Positive</i> – Reduces complaints to CIRO relating to the timeliness for account transfers

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<i>harmonized standards</i>	within the investment services sector	investment services sector firms	investment services sector	across the investment services sector	
<i>Other regulator adoption of requirements to automate position transfer related rule requirements</i>	Automation of manual processes relating to account types and positions (i.e. registered accounts, locked-in pension plan accounts, client name positions)	<i>Positive</i> – Consistent and timely account transfer experience across all investment services sector firms	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process across the investment services sector	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process across the investment services sector	<i>Positive</i> – Reduces complaints to CRO relating to the timeliness for account transfers