Appendix 3A – Blackline copies of revised proposed rule amendments compared to current rules

Investment Dealer and Partially Consolidated Rules

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* ~~*Member*~~ 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 4865]

Part B.2 - Firm-Initiated Bulk Account Movements [~~section 4866~~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 ~~transferring accounts~~client-initiated account transfers between ~~*Dealer Members*~~*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)*	~~A client~~The transfer in its entirety of an account ~~transfer,~~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~~, from one *Dealer Member* to another *Dealer Member*~~.
"Dealer" *(courtier)*	A *Dealer Member* or a *Mutual Fund Dealer Member.*

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“delivering Dealer ~~Member~~” *(courtier livreur)*	The *Dealer* ~~*Member*~~ from which the client account ~~is~~and related cash balances and *positions* are being transferred ~~or moved~~.
“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 ~~assets and balances in a~~ client account ~~held by a~~and related cash balances and *positions* on the records of *delivering Dealer* ~~*Member*~~.
“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 ~~Member~~” *(courtier receveur)*	The *Dealer* ~~*Member*~~ to which the client account ~~is~~and related cash balances and *positions* are being transferred ~~or moved~~.
“recognized ~~depository~~account transfer facility” *(service reconnu de transfert de compte)*	A ~~*Corporation recognized*~~ clearing corporation ~~or~~, depository or transfer facility that is ~~considered~~approved by the *Corporation* as an acceptable ~~*securities location*~~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.

~~PART B.1- ACCOUNT TRANSFERS~~4852. Transferring ~~a full~~an entire account or a partial account

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

(2) A *Dealer* must not transfer an *entire account*, a *partial account* or any *positions* related to an *entire account* or a *partial account* for a client where a temporary hold has been placed on the client’s account or *positions* related to the client’s account pursuant to subsection 3222(1) or 3222(2).

4853. Transfer through a recognized ~~depository~~account transfer facility

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

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4854. Communications between ~~Dealer Members~~Dealers

(1) ~~Communications~~Where it is possible for a *Dealer* to communicate through a *recognized account transfer facility*, communications between ~~*Dealer Members*~~*Dealers* must take place by electronic delivery through ~~*CDS's*~~a *recognized account transfer facility*, ~~unless both *Dealer Members* agree otherwise~~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*.

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

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

(4) A *Dealer* ~~*Member* acknowledgement and indemnification~~must:

(i) ~~a *Dealer Member* acknowledges that an electronically delivered communication it sends~~acknowledge that the communications it delivers under Part B.1 of Rule 4800 will be relied on by the *Dealer ~~Member~~* receiving it, and

(ii) ~~a *Dealer Member* must~~ indemnify and save harmless other ~~*Dealer Members*~~*Dealers* from any claims, losses, damages, liabilities or expenses the other ~~*Dealer Members*~~*Dealers* suffer ~~as a result~~because of relying on ~~its~~those communications it delivers under Part B.1 of Rule 4800 that are unauthorized, inaccurate, or incomplete ~~electronic communication~~.

4855. Receiving Dealer ~~Member - responsibilities~~– receipt of a request for ~~documents~~transfer

(1) If a *receiving Dealer ~~Member~~* receives a request from a client to accept an account and related cash balances and *positions*, it must obtain ~~written~~ 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 ~~gives written~~provides authorization to the *receiving Dealer ~~Member~~*, the *receiving Dealer ~~Member~~* must:

(i) prepare a request for transfer that includes all of the transfer request information that must be provided to initiate a transfer, as determined by the *Corporation*,

(ii) promptly and within one clearing day send ~~a~~the request for transfer ~~(using an~~by electronic delivery through a *recognized account transfer* ~~authorization form approved by the *Corporation*) through *CDS*~~*facility* to the *delivering Dealer ~~Member~~*, and

(ii) ~~keep~~retain the ~~original written account~~request for transfer ~~authorization form~~ on file.

(3) The *receiving Dealer ~~Member~~* must ensure that the ~~forms or documents~~supporting transfer request information and authorization required to transfer accounts are ~~completed and available on the same day as~~obtained before the request for transfer is delivered and retained.

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4856. Delivering Dealer ~~Member~~ - response to request for transfer

(1) When ~~it~~the *delivering Dealer* receives the request for transfer, ~~the *delivering Dealer Member*~~it must:

(i) promptly send an acknowledgement to the *receiving Dealer* to confirm it has received the request for transfer, and

(ii) either:

(~~i~~a) deliver to the *receiving Dealer* ~~*Member*~~, by the specified list return date, the ~~asset~~cash balances and *positions* list ~~for~~relating to the client account being transferred, or

(~~ii~~b) reject the request for transfer if the client and client account information is unknown to ~~the *delivering Dealer Member*~~it or is incomplete or incorrect.

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

(3) Where the request for transfer is rejected by the *delivering Dealer* pursuant to sub-clause 4856(1)(ii)(b), 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 sub-clause 4856(1)(ii)(b).

(4) The *delivering Dealer* must not require a client to agree to be contacted by it in the event the client initiates a request for transfer, as a condition of their opening or maintaining an account for the client.

4857. ~~Asset transfer~~Transfer impediment

~~(1) Within one *clearing day* after the specified return date~~

(1) Upon receiving the account transfer request, the *delivering Dealer* must make best efforts to identify impediments to the transfer of one or more cash balances or *positions* and, within 2 clearing days after the specified list return date, or sooner, if possible, the *delivering Dealer* must send a notification to the *receiving Dealer* 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 fees payable, the tax liabilities that may arise and any other realistically identified impacts of each option to resolve each impediment.

(2) Upon providing the account transfer request, the *receiving Dealer* must make best efforts to identify impediments to the transfer of one or more cash balances or *positions* and, within 2 clearing days after the specified list return date, or sooner, if possible, the *delivering Dealer* must send a notification to the *delivering Dealer* 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 fees payable, the tax liabilities that may arise and any other realistically identified impacts of each option to resolve each impediment.

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

(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 realistically identified impacts of each option to resolve each impediment,

and

(ii) make best efforts to obtain client instructions on the option to pursue to resolve each transfer impediment,

and

(iii) provide these client instructions to the *delivering Dealer*.

(4) Notwithstanding subsections 4857(1) and (2), if a *delivering Dealer* or a *receiving Dealer* identifies an impediment after the deadlines in those subsections, the *receiving Dealer* must promptly notify the client, make best efforts to obtain client instructions and provide these client instructions to the *delivering Dealer*, in accordance with the requirements set out in subsection 4857(3).

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*~~ Member~~,

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

(~~2~~3) Any ~~assets~~cash balances and *positions* referred to in subsection 4858(2) that cannot be transferred through a *recognized* ~~*depository*~~*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* ~~*Member*~~ and the *delivering Dealer* ~~*Member*~~.

The time limits in subsection ~~4857(1~~4858(2) apply.

~~**4858. Transfer impediment**~~

~~(1) If there is an impediment to the requested transfer of an account asset, the *delivering Dealer Member* must promptly notify the *receiving Dealer Member*, identifying the asset and the reason for the inability to deliver.~~

~~(2~~

(4) As part of the transfer of cash balances and *positions* referred to in subsections 4858(2) ~~The *receiving Dealer Member* must get client instructions or directions concerning the asset,~~ and ~~deliver them to~~4858(3), the *delivering* Dealer ~~*Member.*~~

~~(3) The balance of the client's assets must be transferred according to Part B.1 of Rule 4800~~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. ~~Failure~~Settlement standards and failure to settle on time

~~(1) If~~

(1) Where for a particular transfer request it has been determined, as a result of carrying out the activities in subsections 4857(1) and 4857(2), that:

(i) no transfer impediments remain, the *delivering* Dealer ~~*Member* fails to~~ and *receiving Dealer* must:

(a) settle ~~an asset transfer in a~~the client *account* ~~within 10~~*transfer* request no later than 5 *clearing days* ~~of receipt of~~after this determination has been made, and

(b) make best efforts to settle the client *account transfer* request ~~for~~as soon as practically possible.

(ii) one or more transfer impediments remain:

(a) the *receiving Dealer* must promptly notify the client, make best efforts to obtain client instructions on the option to pursue to resolve each transfer impediment and provide these client instructions to the *delivering Dealer*, in accordance with the requirements set out in subsection 4857(3),

and

(b) the *delivering Dealer* and *receiving Dealer* must:

(I) settle the client *account transfer* request no later than 5 *clearing days* after client instructions on resolving each remaining transfer impediment have been received, and

(II) make best efforts to settle the client *account transfer* request as soon as practically possible.

(2) Notwithstanding subsection 4859(1), if a *delivering Dealer* or a *receiving Dealer* identifies an impediment after the deadlines in subsections 4857(1) and 4857(2):

(i) the *receiving Dealer* must promptly notify the client, make best efforts to obtain client instructions on the option to pursue to resolve each transfer impediment and provide these client instructions to the *delivering Dealer*, in accordance with the requirements set out in subsection 4857(3).

(ii) the *delivering Dealer* and *receiving Dealer* must:

(a) settle the client *account transfer* request no later than 5 *clearing days* after client instructions on resolving each subsequent transfer impediment have been received, and

(b) make best efforts to settle the client *account transfer* request as soon as practically possible.

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

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

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

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

(~~2~~4) Any loan in clause ~~4859(1~~4859(3)(ii) must be marked to market and the ~~assets~~lent *securities* will be considered delivered to the *receiving Dealer* ~~*Member*~~ to settle the *account transfer*.

4860. ~~Non-certificated mutual funds~~Other investment products

(1) ~~Non-certificated mutual fund securities~~*Positions* in investment products that are not traded on a marketplace are considered transferred when either the *delivering Dealer* ~~*Member*~~ ~~delivers~~provides transfer instructions to :

(i) the investment product issuer or their agent, or

(ii) the *receiving Dealer* ~~*Member*~~

and these transfer instructions are:

(iii) provided by electronic delivery through a *recognized account transfer facility*, and

(iv) 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* provides to the investment product issuer, their agent or the *receiving Dealer*:

(i) a ~~completed mutual fund~~complete set of position transfer ~~form~~information, ~~and~~

(ii) a completed and signed power of attorney, ~~or~~and

(iii) ~~by entry of transfer instructions in the electronic~~confirmation that *positions* that could not be transferred through use of a *recognized account transfer facility* ~~of FundSERV Inc~~have been transferred.

4861. Interest or dividend receipt balances

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

4862. Margin

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

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

(3) 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.

4863. Responsibility for ~~margining~~ account

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

4864. Fees and charges

(1) Before or at the time of an *account transfer*, a *delivering Dealer* ~~*Member*~~ may deduct any fee or charge ~~on the account~~ in accordance with the *delivering Dealer* ~~*Member*~~'s current ~~published~~ 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. ~~Corporation exemption~~Exemption from client-initiated account transfer requirements

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

~~4866. Bulk~~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. Client notification requirements

(1) At least 30 days prior to a *bulk account movement*, where information, disclosures and agreements required for the opening of new accounts pursuant to Rule 3200, Part B must be received, provided and executed by the *Dealer Member* that is to receive in the accounts, they must provide each impacted client with information informing them:

(i) of the date the *Dealer Member* is to assume responsibility for their account or accounts,

(ii) of their option to transfer their account or accounts elsewhere should they not want the *Dealer Member* to assume responsibility for their account or accounts, and

(iii) that, where the *Dealer Member* assumes responsibility for the client's account or accounts, they will assume the previous firm's responsibilities under the account agreement the client entered into with the previous firm:

(a) beginning on the date specified in clause 4871(1)(i), and

(b) ending on the date that all information, disclosures and agreements required for the opening of new accounts pursuant to Rule 3200, Part B has been received, provided and executed.

4872. Prompt bulk account movements ~~exemption~~

(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.

4873. 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 Member*~~*Dealer* is receiving in a significant number of client accounts, the *Corporation* may grant the *Dealer*

~~*Member*~~ an exemption from the applicable account opening requirement completion timelines.

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

(i) the firms involved are actively collaborating and making reasonable efforts to move the accounts promptly in accordance with subsection 4872(1), and

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

(3) In granting such an exemption under subsection ~~4866(1~~4873(1), the *Corporation* may impose any terms and conditions it considers necessary.

~~4867~~4874. – 4899. Reserved.