FAIR Canada | Canada's Investor Rights Advocate | Promoteur des droits des investisseurs

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

FAIR Canada is pleased to provide comments in response to CIRO's second consultation on the above-referenced issue (Consultation).

FAIR Canada is a national, independent, non-profit organization known for balanced and thoughtful commentary on public policy matters. Our work includes advancing the rights of investors and financial consumers in Canada through:

- Informed policy submissions to governments and regulators
- Relevant research focused on retail investors
- Public outreach, collaboration, and education
- Proactive identification of emerging issues.[1]

A. Comments on Rule Amendments

FAIR Canada supports CIRO's goal of reducing account transfer delays and improving the efficiency of the account transfer process, which we believe serves the interests of both investors and the industry. However, we are concerned with CIRO's change of approach since its consultation on this issue dated July 10, 2025 (Initial Consultation).

[1] Visit www.faircanada.ca for more information.

An Overall Deadline is the Right Approach for the Rules

The Initial Consultation proposed a clear standard for completing account transfers within 10 clearing days of clients initiating them. This approach made it clear that CIRO's members should strive to complete account transfers as expeditiously as possible. In addition to establishing clear expectations and reducing frustration for investors generally, it would help address the growing number of client complaints against CIRO members due to account transfer delays.[2]

However, in this Consultation, CIRO has shifted away from imposing an overall deadline for completing account transfers to setting deadlines for specific stages of the process.[3] Under the new proposal, there is effectively no deadline for completing a transfer that is subject to impediments after the date the client initiated it. Time effectively stops running once the receiving dealer informs the client of impediments to transferring their account and resumes only when the receiving dealer informs the delivering dealer of the client's instructions.

This change in approach may take pressure off CIRO's members to complete account transfers as quickly as possible, including in circumstances where they can obtain client instructions and resolve impediments quickly. It also focuses too much on the dealer perspective of account transfers instead of keeping the focus on the investor experience. Canadian investors are increasingly dissatisfied with the time it takes for account transfers to complete. That dissatisfaction is translating into dissatisfaction with the industry on this issue, as shown by CIRO's data.[4]

Therefore, we recommend that CIRO revert to its proposal from the Initial Consultation of a 10-clearing-day deadline for account transfers (from start to finish), with an added obligation to complete them sooner if possible. This deadline could be made subject to an exception where the delay was:

- Demonstrably caused by the acts or omissions of another party, and
- Reasonably beyond the firm's control.

This would set a stronger, more investor-friendly standard while remaining fair to CIRO's members.

Process Stage Deadlines Make More Sense in Guidance

It is not clear on what basis CIRO has determined the deadline for each stage of the proposed transfer process. The standard set by CIRO's Initial Proposal, namely a 10-clearing-day deadline for the whole process, has the following advantages over the approach in this Consultation:

- It gives clarity to clients that account transfers should take 10 clearing days, subject to permitted exceptions, and puts the onus on the dealers to make it happen.

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[2] CIRO White Paper: Enhancing Timely and Efficient Account Transfers in Canada: Phase 1 – Defining the problem and laying the groundwork for change (CIRO: July 10, 2025), at 19-22 (CIRO White Paper).
[3] We have set out these deadlines, at a high level, in Appendix "A" to this comment letter.
[4] CIRO White Paper, at 19-22.

- It avoids any second-guessing of whether the deadlines proposed by CIRO for each stage of the process is reasonable, since many of the actions can be completed quickly and electronically (for example, electronic fund transfers or electronic re-registration of assets).

If CIRO wishes to specify standards or guidelines for how long each stage of the transfer process should take, within the parameters of a 10-clearing-day deadline for the whole process, we believe the appropriate place for that is in guidance. If CIRO chooses to issue such guidance to assist the industry, we recommend that CIRO incorporate the following suggestions into that guidance:

- The receiving dealer should notify the client of transfer impediments and the client's options regarding them promptly and no later than one clearing day after the delivering dealer and receiving dealer have exchanged that information.
- The receiving dealer should notify the delivering dealer of the client's instructions regarding how to resolve transfer impediments promptly and no later than one clearing day after the receiving dealer receives them from the client.
- The dealers should complete every stage of the process sooner than the standards expressed in the guidance whenever possible.

Dealer-Initiated Bulk Transfers of Accounts

Under CIRO's existing bulk transfer regime, firms must apply for exemptive relief before effecting a bulk transfer of client accounts. This allows CIRO staff to assess in advance whether the circumstances justify using a bulk transfer process, thereby relieving firms of the requirement to obtain positive client consent for the transfer. Under the current rules, CIRO staff may only grant the exemption if they are satisfied that the interests of clients and the public would not be harmed.

Guidance on bulk account transfers notes that exemptions would generally be granted when the dealer(s) responsible for the accounts change. The Guidance gives the following examples of bulk account transfers that may qualify for the exemption:

- Carrying broker changes,
- Introducing broker becomes a self-clearing Dealer or vice versa,
- Dealer purchases a block of accounts from another Dealer,
- Dealers amalgamate to form a new Dealer, and
- Service provider Dealer changes because of changes to the portfolio manager, as applicable.[5]

The proposed Rules would allow dealers to initiate bulk transfers of client accounts without CIRO's prior approval. However, the proposed Rules do not limit bulk transfers to circumstances in which they are appropriate and would not harm clients' or the public's interests. As drafted, they could permit a dealer to initiate a bulk transfer for any reason, including where a dealer supports an advisor's decision to change firms.

Who a client does business with is fundamentally the client's right to choose. This is why account transfers generally require positive client consent. The client's right to choose their dealer should only be limited by a negative consent standard when absolutely necessary to ensure continuity of

[5] *GN-4800-21-003 – Exemption Procedure for Bulk Account Movements* (IIROC: October 14, 2021), at 1.2.

service for the client's account(s). That limitation needs to be embedded in the proposed Rules rather than noted in guidance. Guidance may inform firms of CIRO staff's expectations, but it does not impose the same binding and enforceable requirements as a rule. It therefore cannot provide equivalent certainty or protection against an overly broad use of bulk account transfers.

We strongly urge CIRO to amend the proposed Investment Dealer and Partially Consolidated (IDPC) and CIRO Rule 4871(1) to clearly specify the circumstances in which a dealer may initiate a bulk transfer of client accounts.

Finally, we recommend that CIRO strengthen the proposed IDPC and CIRO Rule 4871(1) by requiring the notice to each impacted client to also include the following information:

- An explanation for why the bulk transfer is occurring,
- Details on how to decline and transfer to a different firm,
- The receiving dealer's contact information for impacted client inquiries about the bulk transfer, and
- Any material changes to the terms and conditions governing impacted clients' accounts post-transfer that are known or planned by the receiving dealer at the time the notice to impacted clients is sent (for example, changes to fees, product shelf, advisor, etc.).

The purpose of the 30-day notice is to ensure that impacted clients have time to decide whether to move their account(s) elsewhere. The information we suggest including in the notice to impacted clients would help them make an informed decision and honour their fundamental right to decide with whom they wish to do business.

No Transfer Fees in Certain Circumstances

CIRO should prohibit account transfer fees in the following circumstances:

- Non-compliance with the account transfer rules.
- Bulk transfers of client accounts.

B. Measuring Investor Outcomes

As CIRO and the industry move forward with the technology projects related to this proposal, CIRO must ensure that any new technology platforms have built-in regulatory compliance tools that enable CIRO to measure outcomes at all stages of the account transfer process.

New tools and technology platforms should allow CIRO to measure (both in aggregate and by dealer-member):

- How long account transfers take from client authorization to completion.
- How long each stage of the transfer process takes.
- What proportion of transfers involve impediments.
- What types of transfer impediments crop up and how frequently.

- How long do receiving dealers wait for instructions from clients regarding transfer impediments.
- How often transfer impediments are identified late in the transfer process.

Once new technology platforms have been implemented, CIRO should collect and publicly report the aggregate data described above. CIRO should use dealer-specific data to inform its compliance programs and enforcement activities.

In addition, appropriate controls should be embedded in any new technology systems so that compliance is automatic to the greatest extent possible. This will benefit investors and the industry by reducing or eliminating errors or missed deadlines.

Finally, any new technology platforms implemented should provide investors with transparency, allowing them to track the status and progress of their account transfers from start to finish, including the current status, any identified impediments, the party responsible for the next action, and the expected timing. This will increase investors' confidence in the account transfer process. Industry will benefit from not having to respond to so many investor complaints or status update requests. Operationally, this should result in some cost savings for the industry.

C. Closing the Perimeter Through Regulatory Cooperation

In response to feedback on its first proposal regarding account transfers, CIRO proposed additional rule amendments to address investment assets held in client-name arrangements (as opposed to nominee-name arrangements), including circumstances where the delivering dealer member must communicate with an investment product issuer or its agent to arrange and complete a transfer.[6] However, the proposed IDPC and CIRO Rule 4860 and Mutual Fund Dealer (MFD) Rule 2.12.10 are not clear about what happens if a client-name position fails to transfer within the deadlines specified in CIRO's proposed Rules:

- What follow-up, escalation, documentation, and client-update obligations apply to the delivering dealer member and what remedies, if any, does the client have against it and/ or the third-party responsible for transferring the position?
- When will a dealer-member be considered non-compliant and subject to supervisory or enforcement action because of a third-party delay?

We also strongly encourage CIRO to work with other regulators, particularly the members of the Canadian Securities Administrators (CSA), to ensure that firms and financial institutions not regulated by CIRO are made subject to the same, common standards. For example, the CSA's members could make portfolio managers, investment fund managers, and other firms they directly oversee subject to the same rules as CIRO proposes for its members. We urge the CSA to make this a priority.

Common regulatory requirements are superior to other indirect means of achieving the same objective (for example, agreements among commercial parties). CIRO and the CSA's members

[6] It would be useful to know what proportion of Canadian retail investors' investment assets are held under client-name arrangements versus nominee-name arrangements. If CIRO has this data, we encourage CIRO to publish it.

should also adopt common, consistent guidance to ensure that their interpretation and enforcement of such standards are uniform across all regulators and sectors.

Canadian investors will be best served by regulators across the country setting and adopting common standards that apply broadly to all firms and market participants involved in account transfers. Retail investors do not understand the jurisdictional complexities of financial sector regulation in Canada, or the distinctions between registrants overseen by CIRO and those overseen directly by provincial securities regulators.

Finally, we suggest that CIRO monitor the federal government's Consumer-Driven Banking framework. The implementation of new, secure platforms for exchanging consumers' financial information may also provide a basis for systems that can facilitate the transfer of financial assets.

D. Use Data and New Technology to Continuously Raise Standards

Once CIRO's final rule amendments have been adopted and new technology platforms for account transfers have been implemented, we encourage CIRO to regularly revisit the deadline for client-initiated account transfers, informed by data and with a view to continuous improvement and to setting the most stringent and client-friendly standard that is practically possible.

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Thank you for considering our comments on this critical issue. As investor advocates, we appreciate the opportunity to share our perspective and help shape policies that put investors first. We welcome ongoing dialogue and collaboration with CIRO and other stakeholders to build fair, transparent, efficient, and resilient capital markets for all Canadians. If you would like to discuss our submission further, please reach out; we are committed to working together to support better outcomes for investors.

Sincerely,

Jean-Paul Bureaud
President, CEO and Executive Director
FAIR Canada | Canadian Foundation for the Advancement of Investor Rights

Appendix "A" – Proposed Process-Stage Deadlines

Account Transfer Stage	Proposed CIRO Deadline
The receiving dealer sends the request for transfer to the delivering dealer.	Promptly (within 1 clearing day).[7]
The delivering dealer acknowledges receipt of the request for transfer.	Promptly.[8]
The delivering dealer delivers the following to the receiving dealer: ● The cash balances and positions list for the client's account, or ● A rejection of the request for transfer (if client information is unknown or incorrect).	No later than 2 clearing days after the delivering dealer received the request for transfer (List Return Date).[9]
If the delivering dealer rejects the request for transfer, the receiving dealer must make reasonable efforts to identify the client and account and/ or provide complete and correct information to the delivering dealer.	No later than 2 clearing days after the date the request for transfer was rejected.[10]
The delivering dealer and the receiving dealer make best efforts to identify transfer impediments and deliver certain information to each other.	Within 2 clearing days after the List Return Date, or sooner, if possible (Impediment Notice Date).[11]
The receiving dealer must notify the client of any impediments related to transferring their account and certain other information.	Promptly after the Impediment Notice Date.[12]
Commencement of the transfer of the account after: ● Determining that there are no impediments to transferring the account, or ● The receiving dealer provides the client's instructions regarding transfer impediments to the delivering dealer.	Within 1 clearing day.[13]

[7] Proposed IDPC and CIRO Rule 4855(2)(ii) and MFD Rule 2.12.5(b)(ii).
[8] Proposed IDPC and CIRO Rule 4856(1)(i) and MFD Rule 2.12.6(a)(i).
[9] Proposed IDPC and CIRO Rules 4856(1)(ii) and 4856(2) and MFD Rules 2.12.6(a)(ii) and 2.12.6(b).
[10] Proposed IDPC and CIRO Rule 4856(3) and MFD Rule 2.12.6(c).
[11] Proposed IDPC and CIRO Rules 4857(1) and (2) and MFD Rule 2.12.7(a) and (b).
[12] Proposed IDPC and CIRO Rule 4857(3)(i) and MFD Rule 2.12.7(c)(i).
[13] Proposed IDPC and CIRO Rule 4858(2) and MFD Rule 2.12.8(b).

Account Transfer Stage	Proposed CIRO Deadline
Settlement of the account transfer after: ● The dealers determine there are no remaining transfer impediments, or ● The dealers have received the client's instructions on resolving each remaining transfer impediment (or each late-identified transfer impediment).	No later than 5 clearing days, subject to best efforts to settle the account transfer as soon as practically possible.[14]

[14] Proposed IDPC and CIRO Rules 4859(1) and (2) and MFD Rule 2.12.9(a) and (b).