CIRO tackles account transfers

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On July 10, 2025, CIRO released two important documents intended to address account transfer delays. This is a topic that CIRO has identified as a significant issue that must be addressed to improve investor outcomes.

CIRO released proposed rules for comment (the Proposals) that are intended to modernize the account transfer process for investment dealers and mutual fund dealers. The Proposals include explicit timelines for transfer processing, a requirement to use electronic communication facilities, and a standard of 10 clearing days for completion of an account transfer. CIRO member dealers should consider the practicality of the Proposals.

CIRO also released a White Paper: Enhancing Timely and Efficient Account Transfers in Canada: Phase 1 – Defining the problem and laying the groundwork for change, in which it invites proposals from firms interested in developing technology solutions that would facilitate efficient account transfers between dealers. CIRO also describe operational enhancements for consideration by dealer members. The White Paper is the first step in a two-phased project. A Phase 2 paper is anticipated in the future that will address the implementation of the technology solution.

The proposed account transfer rules

CIRO considers the current rules addressing account transfers for both mutual fund dealers (MFD Rules) and investment dealers (IDPC Rules) to be outdated, incomplete, and inconsistent. The Proposals are intended to harmonize account transfer requirements for mutual fund dealers and investment dealers. We consider the proposed changes to the MFD Rules and the IDPC Rules to be materially the identical.

The Proposals would introduce highly prescriptive requirements and timeframes to the account transfer process, as follows:

- Where it is possible for a dealer to transfer an account through a "recognized transfer facility"[i] the delivering and receiving dealers **must use the electronic communications** facilities available through the transfer facility.
- After receiving transfer instructions and written authorization from the client, the receiving dealer must **"promptly"** send the transfer request to the delivering dealer by electronic delivery through a recognized account transfer facility.

- The delivering dealer must respond to a transfer request from a receiving dealer within **2 clearing days** . The delivering dealer must respond by either:
    - rejecting the request as “Not in Good Order”,
    - providing a list of cash balances and positions[ii] related to the transfer request, or
    - if there is an “impediment”[iii] send a notification to the receiving dealer that provides details of the impediment.
- If a transfer request is rejected, the delivering dealer and receiving dealer must make reasonable efforts to resolve the rejection within **2 clearing days** .
- If a list of cash balances and positions is delivered to the receiving dealer and there is an impediment at the receiving dealer, the receiving dealer must send notification identifying the cash balances and positions that have an impediment to the delivering dealer within **2 clearing days** .
- A receiving dealer must act “promptly” to notify the client of an impediment, obtain instructions from the client and provide the instructions to the delivering dealer.
- When there are no transfer impediments or the delivering dealer has been provided with instructions on resolution of the impediment, the delivering dealer must commence the transfer within **1 clearing day** .
- The standard is that the delivering dealer and receiving dealer must settle a client account transfer request within **10 clearing days** of the delivering dealer receiving the account transfer request from the receiving dealer.
- In the event the transfer is not settled within the “standard” time, a receiving dealer may complete the transfer by:
    - buying-in the unsettled position,
    - lending the position to the delivering dealer through a recognized depository and simultaneously transferring the same position into the client account, or
    - making other mutually agreed arrangements with the delivering dealer so that the account transfer can be considered completed.

Additionally, the Proposals provide for interest or dividend balances to be settled within 25 clearing days, and fees and charges to be settled within 10 clearing days of the receiving dealer receiving the transfer request.

The Proposals also clarify the obligations for receiving and delivering investment dealers when completing a “bulk transfer” to make reasonable efforts and collaborate to ensure the prompt movement of accounts.

The White Paper

As mentioned, CIRO considers account transfer delays to be a significant issue that should be addressed to improve investor outcomes. In the White Paper, CIRO identifies causes of account transfer issues and make recommendations for improvement which include: the automation of systems, the standardization of transfer procedures, and harmonization of regulations.

CIRO is approaching the matter in the two phases:

- Phase 1: Defining the Problem & Laying the Groundwork for Change
- Phase 2: Implementing Solutions & Driving Industry-Wide Adoption

In addition to describing the current challenges with account transfers, the Phase 1 White Paper advocates for an industry-wide approach that would facilitate efficient transfers.

The White Paper provides detailed operational enhancements for consideration by dealer members. These enhancements are considered by CIRO as steps that can be taken in the absence of an industry-wide technology solution that would facilitate efficient transfers.

CIRO is requesting detailed proposals from technology providers that demonstrate the capability to develop a solution to help address the articulated account transfer challenges.

Final thoughts

We strongly recommend that CIRO dealer members consider the potential operational impacts of the Proposals, including whether the proposed time limits for transfer activities are realistic and achievable given current technology, industry processes, and human and financial resources. We anticipate there may be instances where firms will not be able to meet the prescribed timelines, especially during peak times when dealers experience significant numbers of transfer requests.

While the White Paper does not request a specific response from dealers, we nonetheless believe that the suggested operational enhancements articulated in the White Paper merit dealer
attention and awareness.

Should you have any questions regarding the Proposals or require assistance drafting your submissions to CIRO, please contact the authors or your usual BLG or BLG Beyond AUM Law lawyer.

Footnotes

[i] CIRO will designate “recognized transfer facilities” in the future.

[ii] Positions are defined to include investment products held or controlled by the dealer or where the dealer is the dealer of record at an issuer.

[iii] There is no definition in the Proposals of “impediment”.

By

William Donegan, Melissa Ghislanzoni

Expertise

Investment Management, Registrant Regulation & Compliance, BLG Beyond AUM Law

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BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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