



FIDELITY CLEARING CANADA®

October 8, 2025

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CMRdistributionofSROdocuments@bcsc.bc.ca

Member Regulation Policy
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario M5H 0B4

Trading and Markets
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto Ontario, M5H 3S8

Capital Markets Regulation
B.C. Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia, V7Y 1L2

Re: Client Feedback on the Modernization Requirements for Account Transfers and Bulk Account Movements

Fidelity Clearing Canada ULC (“**FCC**”, “**we**”, “**us**”, “**our**”) is a leading provider of custody and clearing services, providing robust, flexible, and scalable solutions to registered broker/dealers, portfolio managers, and investment advisors. FCC, together with Fidelity Investments Canada ULC, represent more than \$490 billion in assets under administration and management (as at October 3, 2025). FCC is the first IIROC member dealer providing Canadian institutional clients with the ability to trade traditional securities and digital assets through the same platform.

FCC serves as a trusted back-office custodian to our clients, offering valuable insights into the day-to-day realities and challenges experienced by both advisors and investors in the account transfer process. The

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feedback summarized below reflects the direct experience and perspectives of our clients who rely on us for efficient, secure, and transparent custody and clearing services.

We appreciate the opportunity to convey our clients' collective insights regarding the proposed changes to the account transfer process. Below are our clients' comments, structured in response to the three questions posed in the proposal document, as well as supplementary points covering other observations and recommendations.

As the investment industry faces a watershed moment in modernizing account transfer processes, our clients recognize both the urgency and the opportunity presented by the proposed reforms. The current landscape is marked by a lack of transparency, frustrating delays, and outdated manual practices that often leave clients in the dark about timelines and impediments. Our clients' feedback is guided by a commitment to enhancing client experience, operational efficiency, and industry-wide standardization. They support the drive towards proactive disclosure, accelerated timelines, rigorous digitalization, and clearer definitions within transfer protocols—while also raising thoughtful considerations to ensure that solutions remain practical, flexible, and mindful of privacy concerns. Their responses reflect a readiness to embrace change, coupled with a focus on ensuring these reforms deliver tangible benefits for both investors and advisors.

1. & 2. Proactive Identification of Transfer Impediments and timeline for communicating

FCC's clients strongly support the proposal to proactively address account transfer impediments with their investor clients before the account transfer can commence. Informing clients of potential impediments such as proprietary assets or tax consequences before initiating the transfer will enhance transparency and minimize client frustrations. This approach empowers advisors to have informed discussions with their clients, ensuring a smoother transfer process.

While our clients are supportive of initiatives to improve transparency, they respectfully urge CIRO to consider, in drafting its guidelines, the practical complexities that may arise when identifying transfer impediments. In certain cases, obstacles are not immediately apparent, and their identification may depend on information from third parties, making it challenging for dealers to comply with compressed timeframes. For this reason, FCC's clients have suggested that assets subject to such third-party dependencies should be excluded from strict timeline requirements, to avoid penalizing firms for factors beyond their control.

Additionally, FCC clients have concerns regarding the expectation to provide a summary of final fees to clients during the initial stages of the transfer process. Such a requirement would necessitate firms to perform fee calculations both at the point of the initial asset list request and again at the final transfer, imposing a greater administrative burden and risking additional delays. Currently, clients are already provided with fee schedules, including the methodologies for calculating managed account fees and transfer-out fees. Ideally, the process would allow for assets to be transferred, the delivering firm to levy and sweep applicable fees, and the

receiving party to accept the fees—whereas under current practice, debits above certain thresholds can be rejected. Fidelity's clients recommend that CISO take these operational realities into account to ensure that reforms do not unintentionally complicate or slow down the transfer process.

3. Timeline for Transfer settlement

Fidelity's clients generally endorse efforts to reduce the settlement period for account transfers, recognizing that shorter timelines can enhance both efficiency and client experience. Nonetheless, clients highlight the importance of maintaining practical flexibility within these timelines. They note that certain obstacles—such as third-party dependencies or complexities related to specific account types like leveraged accounts—may not be readily apparent. In such instances, our dealer clients advocate for extended timeframes or the exclusion of affected assets from stringent settlement requirements, ensuring firms are not penalized for delays beyond their control.

In summary, Fidelity's clients support the move towards expedited and more automated settlement processes, while stressing that reforms should balance increased efficiency with sufficient flexibility for complex or exceptional situations. The success of these initiatives will depend on the industry's dedication to robust data collection and transparent reporting regarding transfer efficiency and speed. By implementing comprehensive metrics and benchmarks, firms and industry participants can track progress objectively, identify areas for improvement, and distinguish their client service standards. Ongoing measurement is essential for promoting accountability and keeping the enhancement of client experience central to operational and strategic objectives.

Scope and Definition of Positions Subject to Transfer Rules

Fidelity's clients support the clarification of the scope of positions covered by the transfer rules, including positions where the firm is the dealer of record and positions held or controlled by the firm. They suggest providing clearer definitions and examples to aid interpretation and consistent implementation, particularly concerning physical certificates and positions held outside of the books and records.

Use of Recognized Account Transfer Facilities and Digital Communication

Fidelity's clients endorse the move towards standardized, centralized digital platforms for transfers, replacing outdated fax and email communications. Developing a common interface with APIs for all participants will eliminate manual processes, reduce errors, and speed up transfers. They recommend clear criteria for approved transfer facilities and minimum standards for electronic communication protocols to avoid fragmented practices.

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As the industry moves toward adopting these new standards, Fidelity's clients urge CIRO to prioritize the readiness and robustness of the technology infrastructure required to support them. Delivering on these requirements will necessitate industry-wide modernization, as no single participant can effectively implement the necessary changes in isolation. It is critical that CIRO both mandates and coordinates collective action so that all firms, regardless of size or legacy systems, have equitable access to the tools and interfaces needed. Establishing minimum technology standards and facilitating shared resources will be essential to avoid fragmented progress and ensure that the intended benefits—greater efficiency, transparency, and client satisfaction—are realized. Only through a concerted and cooperative approach can the industry meet these new expectations and deliver a seamless account transfer experience for clients and advisors alike.

Client and Advisor Notification and Privacy Considerations

Fidelity's clients acknowledge the importance of notifying advisors when an asset list request is made, indicating a potential transfer. While early notification can enable client retention efforts, privacy concerns must be addressed. They suggest balancing transparency and confidentiality by empowering advisors with timely information while respecting privacy rules.

Additional Operational and Regulatory Considerations

Fidelity's clients support eliminating physical certificates and paper cheques to enable fully digital transfers, which would streamline operations and expedite processing. They emphasize that, to make this effective, regulators must set clear and consistent standards—especially for transferring cost basis information when currency conversion is involved. This step is crucial to avoid discrepancies, ensure accuracy, and protect investors from unexpected tax consequences or frustration caused by incomplete data migration.

A major issue arises from privacy regulations that restrict OFIs from sharing transfer impediments except with the client, often resulting in delays and limited status updates during the transfer process. These delays are reported by clients to not only create challenges for advisors but also impact the overall client experience. Clients advocate for approaches that uphold legal privacy standards while enabling necessary communications to keep all stakeholders informed and reduce potential disruptions.

Additionally, Fidelity's clients urge CIRO to develop a standardized, reliable way for advisors to determine the correct institution for every transfer request. Currently, uncertainty about where to send requests leads to a high rate of rejections, inconsistent procedures, and unnecessary paperwork. A clear, unified process would reduce these errors, improve overall efficiency, and provide advisors with the tools needed to guide clients smoothly through transfers.

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In summary, Fidelity's clients advocate for modernizing the transfer process through regulatory clarity, robust privacy solutions, and streamlined operational standards, all of which will help deliver a faster, more accurate, and client-friendly experience.

Fidelity and its clients appreciate CIRO's efforts to modernize the account transfer process and look forward to continued collaboration to enhance the investor experience and operational efficiency.

Sincerely,

A handwritten signature in black ink, appearing to read "Tricia Shaw", written over a horizontal line.

Tricia Shaw
VP Client Services
Fidelity Clearing Canada ULC

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