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Delivered by email: memberpolicymailbox@ciro.ca

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

RE: CIRO Rule Proposal – Modernization of requirement for account transfers and bulk account movements

The Securities and Investment Management Association (**SIMA**) appreciates the opportunity to comment on the Canadian Investment Regulatory Organization (**CIRO**) consultation on proposed account transfer rule amendments (**the Proposed Amendments**), published on July 23, 2026.

SIMA empowers Canada's investment industry and is now the leading voice for the securities and investment management industry. The industry oversees approximately $4.5 trillion in assets for over twenty million investors and participates in the Canadian capital markets. Our members – including investment fund managers, investment and mutual fund dealers, capital markets participants, and professional service providers – are committed to creating a resilient, innovative investment sector that fuels long-term economic growth and creates opportunities for all Canadians.

SIMA operates in a governance framework through which we gather input from our member working groups. The recommendations of these working groups are submitted to the SIMA board or board-level committees for direction and approval. This process results in a submission that reflects the input and direction of a broad range of SIMA members.

This letter reflects a variety of SIMA member perspectives, including investment dealers and mutual fund dealers.

Summary

SIMA appreciates CIRO's leadership in modernizing account transfers and its openness to the feedback received through the white paper and first consultation. The revisions to the initial proposal represent meaningful progress, particularly the greater flexibility in how the requirements may be implemented and the move away from an overly rigid approach.

The commitments made by CIRO Dealer Members should also serve as an example for parties outside CIRO's direct jurisdiction. As the white paper and first consultation recognized, delays can arise from the processes of product manufacturers and other participants across the transfer ecosystem. Achieving better investor outcomes will therefore require CIRO to continue working with other regulators, governments, and industry partners so that all relevant parties make comparable commitments. The Proposed Amendments can make it easier for these parties to partner with Dealer Members and leverage technology to deliver safer, faster, and more reliable transfers.

SIMA supports the direction of the Proposed Amendments, including their recognition of technological change, and encourages CIRO to maintain this flexible approach as industry capabilities continue to evolve. Our support for the proposed timelines is contingent on the availability of functioning, tested transfer technology that has been integrated into firms' practices, as well as workable requirements for firms that continue to use manual processes out of necessity.

SIMA's key recommendations

- **Coordinated participation across the transfer ecosystem**. CIRO should continue working with other regulators, governments, product manufacturers, and industry partners to secure comparable commitments from all parties whose processes affect transfer outcomes for investors.
- **Technology-ready and proportionate implementation timelines**. Final guidance should be available at least 12 months before the enabling technology is finalized. Firms should then have a minimum of 12 months after functioning, tested technology is available to integrate it into their practices and implement the final requirements. SIMA also encourages CIRO to share how it will monitor industry implementation and adoption during the transition period, prior to active enforcement, to help identify areas requiring additional guidance or educational outreach.
- **Operational flexibility for technology-enabled and manual transfers**. Requirements should remain adaptable as transfer technology evolves, apply prescriptive timelines only where operationally feasible and provide practical standards for firms and products that continue to rely on manual or alternative processes.
- **Investor protection through clear, reliable processes**. Implementation should support clear client communications, cybersecurity and fraud safeguards and the timely movement of unaffected assets and balances, while accommodating residual amounts, specialized products and bulk account movements which may require alternative transfer approaches.

In **Appendix A**, we have provided specific comments on sections of the Proposed Amendments to CIRO Rules.

Conclusion

SIMA is pleased to have the opportunity to comment on the Proposed Amendments. Please feel free to contact me, Andy Mitchell, by email at amitchell@sima-amvi.ca. I would be glad to provide further information or answer any questions you may have.

Yours sincerely,

THE SECURITIES AND INVESTMENT MANAGEMENT ASSOCIATION

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APPENDIX A

Specific comments on sections of the Proposed Rule Amendments to CIRO Rules - Rule 4800

SIMA members provide the following comments on specific sections of the Proposed Rule Amendments that have not already been referred to in our comments and recommendations in our letter.

Part B.1 – CLIENT-INITIATED ACCOUNT TRANSFERS

4851. Definitions

- SIMA recommends revising the definition of "account transfer" to clarify that the reference to "entirety" within the definition refers to the account transfer process itself and differs from the defined term "entire account". SIMA proposes the following revisions:

  > "The transfer **process,** in its entirety**,** ~~of~~ **relating to** an account and related cash balances and *positions* of a client with a *Dealer Member* to another *Dealer Member* at the request of or with the authority of the client."

- SIMA suggests that the proposed definitions of "*delivering Dealer Member*" and "*receiving Dealer Member*" be revised for consistency with terms used elsewhere in the current MFD and IDPC rules, as well as the proposed CIRO Rules, for example:

  > "The *Dealer Member* **delivering** ~~from which~~ the client account and related cash balances and *positions* ~~are~~ being transferred." and, respectively, "The *Dealer Member* **receiving** ~~to which~~ the client account and related cash balances and *positions* ~~are~~ being transferred.".

- In the definition of "*entire account*" there is a minor typographical error that should be corrected as follows:

  > "The total client account and related cash balances and *positions* on the records of **the** *delivering Dealer Member*".

- SIMA notes that the definition of "*positions*" in this section includes references to concepts that overlap with the definitions of "*client name*" and "*nominee name*" in s.1201(2) of the CIRO Rules. To promote consistency and avoid unnecessary rule-specific terminology, SIMA recommends relying on existing defined terms where possible.

- In SIMA's submission regarding CIRO's 2025 account transfer proposals, we noted in several instances that the term "*impediments*" is not clearly defined. SIMA members generally agree that an impediment should be limited to circumstances that are reasonably foreseeable and capable of being resolved through action by the advisor and/or the client.

  The definition of an impediment should expressly exclude transfer requests that are received by the *delivering Dealer Member* "not in good order" (or "NIGO"). NIGO requests are typically rejected by the *delivering Dealer Member* before any transfer processing begins. As a result, they are not actioned and do not enter the account transfer timeline.

  At a minimum, CIRO should provide additional guidance on impediments, including examples that distinguish:

  - circumstances that constitute impediments and have a reasonable path to resolution; and
  - circumstances that do not constitute impediments because the *delivering Dealer Member* has no ability to proceed with the transfer from the outset.

  SIMA also recommends that, in all cases where a transfer request is rejected by the *delivering Dealer Member*, it should be made clear to both the *receiving Dealer Member* and the client that the request has been rejected and will not proceed unless corrective action is taken. This will help avoid uncertainty and prevent parties from waiting for next steps to be completed when no further processing is possible.

4852. Transferring an entire account or a partial account

SIMA suggests that, in addition to the conditions outlined in subsections 3222(1) and 3222(2), this section should refer to other circumstances in which a transfer should not proceed. These could include, but would not be limited to, suspected fraud, legal holds (e.g., assignments or judgments), and bankruptcy proceedings. This section should address all transfer requests that would be rejected prior to entering the transfer timeline. This is in contrast with transfer requests that involve impediments, which are potentially resolvable and addressed within the transfer timeline.

SIMA also recommends this section be revised to clarify that requirements apply only to the positions and cash balances identified for transfer and that an impediment affecting only certain positions should not unnecessarily prevent any remaining positions from transferring where operationally feasible.

4853. Transfer through a recogized account transfer facility

No comments.

4854. Communications between Dealer Members

Subsection 4854(2) – SIMA requests clarification regarding the rationale for this provision. It is not clear what aspect of the account transfer process gives rise to the need for an explicit prohibition on passing electronic communication costs to clients, particularly given that similar provisions do not appear elsewhere in the CIRO Rules. If there is a transfer-specific issue that this provision is intended to address, additional context would be helpful. Absent such a concern, SIMA suggests considering whether the subsection is necessary.

Subsection 4854(3) – SIMA requests clarification whether this requirement applies to information stored locally or transmitted to a recognized transfer facility. SIMA also seeks details regarding the protections in place at the recognized transfer facility, specifcally in respect of cybersecurity and data protection, and CIRO's role in ensuring that effective security measures are in place at the transfer facility.

Subsection 4854(4) – SIMA suggests using "sending" and "reading" in this section regarding communications, to avoid confusion with the use of "receiving" and "delivering" with respect to account transfers. Noting also that the italics should be removed from "other" in the second instance of "other Dealer Members" as proposed and sub-clause (ii) should be clarified to note that indemnification only arises where required information matches. As such, SIMA proposes the following revisions:

> "A Dealer Member must: (i) acknowledge that the communications it ~~delivers~~ **sends** under Part B.1 of Rule 4800 will be relied on by the *Dealer Member* ~~receiving~~ **reading** it, and (ii) indemnify and save harmless other *Dealer Members* from any claims, losses, damages, liabilities or expenses the other *Dealer Members* suffer because of relying on those communications it ~~delivers~~ **sends** under Part B.1 of Rule 4800 that are unauthorized, inaccurate, or incomplete."

4855. Receiving Dealer Member – receipt of a request for transfer

Subsection (1) – As written, this subsection refers to receiving a request from the client and obtaining authorization from the client as separate steps, when these are provided simultaneously in a single form. SIMA requests that this language be clarified.

Subsection (1)(i) and (ii) – SIMA recommends that this subsection be clarified to address both entire account and partial account transfers. For a partial account transfer, the *delivering Dealer Member* should be required to provide a list of the cash balances and positions requested to be transferred, rather than a list of all cash balances and positions held in the account.

Subsection (2)(i) – SIMA requests CIRO's written guidance clarifying what CIRO considers to be acceptable or complete provision of "all of the transfer request information that must be provided to initiate a transfer".

Subsection (2)(ii) – SIMA believes that the *receiving Dealer Member* already has sufficient incentive to complete the transfer as quickly as possible. While a one-clearing-day-standard may be achievable for certain automated transfers, it may not be feasible in all circumstances. A *receiving Dealer Member* may need to validate transfer instructions, verify account and registration information, resolve deficiencies or obtain additional information from the client before submitting a transfer request. Requiring submission within one clearing day may encourage the filing of incomplete requests, resulting in rejects, rework and potentially longer transfer timelines for clients. SIMA does not believe that introducing a prescriptive 1-clearing day requirement would address a regulatory concern and proposes the following revisions:

> "promptly ~~and within one clearing day~~ send the request for transfer by electronic delivery through a *recognized account transfer facility* to the *delivering Dealer Member*, and"

4856. Delivering Dealer Member – response to request for transfer

Subsection (1)(ii)(a) – SIMA notes that the "cash balances and *positions* list" is a snapshot at a point in time, provided for the purposes of identifying impediments to the transfer. As proposed, the rule does not contemplate that this list may change if the client/advisor continues to trade in the account before the transfer is completed and additional impediments may be present at delivery.

Subsection (3) – Consistent with SIMA's recommendation regarding subsection 4855(2)(ii) above, the *receiving Dealer Member* has sufficient incentive to resolve rejected transfer requests in a timely manner. Given that these activities may also involve factors outside the *receiving Dealer Member*'s immediate control, we recommend replacing the prescriptive two-clearing-day requirement with an obligation to act "promptly".

Subsection (4) – SIMA notes that there may be cases where it is reasonable (and potentially expected under NI 31-103) to contact clients who have initiated a request for transfer. For example, where there are commissions associated with implicit trade instructions (all-in-cash instructions for instance) and clients should be presented with full costs before trades take place; or where there is a suspicion of fraud SIMA therefore suggests that the *delivering Dealer Member* should be permitted to contact transferring clients for the purposes of facilitating the transfer or safeguarding of client assets, where such contact is reasonably necessary and in the client's best interest.

4857. Transfer impediment

Subsections (1)(iv) and (2)(iv) – SIMA suggests the following:

- Provide clarification on whether any amount of "fees payable" is intended to constitute an impediment, or whether fees should only be treated as an impediment where there is insufficient cash available in the account to pay them. SIMA notes that determining the amount of fees payable at this stage of the account transfer process, and within the required timelines, may not be accurate or feasible.
- Provide clarification on what is meant by "realistically identified impacts".
- Remove "tax liabilities" from this subsection, as dealers are not able to provide tax advice.
- Consider that the determination of "impacts" in any scenario may be problematic for OEO dealers who generally do not provide advice.

Subsection (2) – SIMA notes an error and proposes that it be corrected as follows:

> "...if possible, the ~~*delivering*~~ ***receiving*** *Dealer Member* must send a notification to the *delivering Dealer Member* identifying:"

Subsection (3) – In subsections (1) and (2) the *delivering Dealer Member* and *receiving Dealer Member* are identifying impediments concurrently. In subsection (3) the *receiving Dealer Member* reverts back to the client with a complete list of impediments. Additional clarification is needed on how the *receiving Dealer Member* should approach consolidating this initial list of impediments for the purpose of promptly notifying

the client of same, specifically where there may be incomplete or conflicting reason(s) and resolution options for each impediment. SIMA also requests guidance on conflicts of interest that may arise from such consolidation.

4858. Commencement of transfer of cash balances and positions and related information

Subsection (2) – SIMA notes that commencing the one-clearing-day timeline upon the *delivering Dealer Member*'s receipt of client instructions to resolve transfer impediments (subsection (2)(ii)(b)) may not allow sufficient time for the *Dealer Member* to implement those instructions before the transfer is required to proceed.

4859. Settlement standards and failure to settle on time

SIMA requests clarification on the meaning of "settlement" and when a transferred position is considered "settled", specifically those positions requiring different transfer mechanisms outside of a *recognized account transfer facility*. In such situations, there are often circumstances outside of the *delivering Dealer Member*'s or *receiving Dealer Member*'s control, i.e. product, market or third-party constraints that may prevent settlement within the prescribed timeframe despite the Dealer Member's efforts.

4860. Other investment products

SIMA urges CIRO to provide clarification on the scope of "other investment products" and the types of products or circumstances expected to fall under this position. For example, proprietary investments, limited partnerships or other assets that cannot be transferred through a recognized account transfer facility.

SIMA also encourages CIRO to clarify that dealers should use reasonable efforts to facilitate the transfer or provide the client with available options where a product cannot be transferred in its existing form. For example, advising the client that an asset may need to be redeemed, re-registered or handled through an alternate process.

4861. Interest or dividend receipt balances

SIMA notes that the timing of trailing interest or dividends may depend on the issuer, custodian or fund company processing and suggests that a 25-clearing day timeline to settle interest or dividend receivable balances is generally reasonable provided that timeline begins once such balances are received in the account to be transferred. SIMA proposes these and additional clarifying revisions to this section as follows:

> "Interest or dividend receivable balances must be settled **between the delivering Dealer Member and receiving Dealer Member** within 25 clearing days after the *delivering Dealer Member* receives the **interest or dividend receivable balance in the account to be transferred** ~~*account transfer* request from the *receiving dealer Member*, between 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 or Rule 4800."

4862. Margin

SIMA suggests that, collectively, the treatment of margin deficiencies as an impediment and the consolidation of margin requirements in the Proposed CIRO Rules, are sufficient to address requirements relating to account transfers and recommends that this section be removed.

4863. Responsibility for account

SIMA notes that subsection 4854(4)(ii) provides for indemnification where a Dealer Member relies on communications from another Dealer Member. However, SIMA believes that comparable indemnification should apply to all activities undertaken as part of the account transfer process and that this should be expressly set out in the rules.

SIMA also seeks clarification on the responsibilities of a *delivering Dealer Member* and *receiving Dealer Member* in a fraudulent account transfer request scenario.

4864. Fees and charges

SIMA generally supports the timing for deduction of fees and charges outlined in subsections (1) and (2). However, SIMA also believes it would be reasonable to permit alternative recovery processes for residual balances relating to fees and charges identified after the 10-clearing day deadline, provided that the transfer process was not delayed as a result.

4865. Exemption from client-initiated account transfer requirements

No comments.

PART B.2 – FIRM-INITIATED BULK ACCOUNT MOVEMENTS

4870. Definitions

In the definition of "bulk account movement", the use of the term, "firms involved" may include, for example, the employer sponsoring the group retirement plan, which would typically determine whether the plan will transfer to another institution. SIMA suggests clarifying the later use of "firm" as follows.

> "The movement of a group of client accounts, at the request of or with the authority of one of the firms involved, from a **registered** firm to a *Dealer Member*."

4871. Client notification requirements

SIMA notes the following concerns with respect to how the proposed rules may impact group plans specifically, and the proposed requirements in this subsection:

Subsection (1) – As proposed, the Dealer Member is responsible for notifying plan members of a firm-initiated transfer. In practice, for a group plan transfer, the Dealer Member typically provides the necessary information to the employer for distribution to plan members. Please clarify whether a Dealer Member would be deemed to have fulfilled its notification obligation where this process has been followed in this specific context.

Subsection (1)(ii) – In a group plan transfer, individual plan members do not have the option to transfer their account(s) to a different financial institution. All participating plan members are required to transfer to the new financial institution. This appears to confict with the proposed language.

Subsection (1)(iii) – For group plans, the Dealer Member may not be able to assume the previous firm's responsibilities under the account agreement the client entered into with the previous firm. The Dealer Member has a sales and service agreement with the employer sponsoring the plan. This agreement defines the services provided to plan members, including those supported under a deferred profit-sharing plan. Because the plan is registered with the CRA, the Dealer Member can only operate within the confines of the plan and the applicable agreeement. Accordingly, the Dealer Member cannot assume the responsibilities of the previous firm that are not included in these agreements. In addition, the Dealer Member may not be aware of all the previous firm's responsibilities, given that interactions with the previous firm are generally limited to those required to facilitate the bulk transfer.

Subsection (1)(iii)(b) – The reference to the period during which the Dealer Member must assume the previous firm's responsibilities (see also the comment on subsection (1)(iii) above), ending once information has been "received, provided and executed," does not encompass all requirements under Rule 3200, Part B. Most notably, it does not account for the requirement that a Supervisor review and approve the information.

4872. Prompt bulk account movements

SIMA welcomes guidance on complying with the requirements of this section, specifially in respect of subjective terms, i.e. “active collaboration”, “sufficient resources” and “efficiently”.

4873. Exemption from applicable timelines for completing account-opening requirements in a bulk account movement scenario.

SIMA proposes that subsection (2) is duplicative of the requirements in subsection 4872(1) and similar repetition is not included in respect of other subsections relating to exemptions.