



**VIA E-MAIL**

October 8, 2025

**Attention:**

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

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**OVERVIEW**

The Portfolio Management Association of Canada (**PMAC**) is pleased to have the opportunity to submit the following comments on the Canadian Investment Regulatory Organization (**CIRO**) consultation on IDPC Rule 4800 and MFD Rule 212 – *Modernization of requirements for account transfers and bulk account movements* (the **Consultation**).

PMAC represents over 330 investment management firms registered to do business in Canada as portfolio managers (**PMs**) with the members of the CSA. PMAC's members encompass both large and small firms managing total assets in excess of \$4 trillion as fiduciaries for institutional and private client portfolios. PMAC's mission statement is "advancing standards". We are consistently supportive of measures that elevate standards in the industry, enhance transparency, improve investor protection, and benefit the capital markets as a whole.

## KEY RECOMMENDATIONS

1. **Implement timelines for standard account transfers but allow flexibility for complex transactions;**
2. **Harmonize requirements and exceptions between CIRO, the CSA and other regulators;**
3. **Pursue a technology solution that is cost-effective and acceptable to firms of different sizes, types and industry sectors.**

## GENERAL COMMENTS

We agree that the regulatory requirements with respect to account transfers are outdated, inconsistent and due for review. We applaud CIRO for publishing the [\*CIRO White Paper: Enhancing Timely and Efficient Account Transfers in Canada: Phase 1 – Defining the problem and laying the groundwork for change\*](#) (**white paper**) and undertaking the Consultation. We encourage CIRO to also take into account comments on the Autorité des marchés financiers (AMF) [\*Issues and Discussion Paper on account transfers in the financial sector\*](#) (the AMF Paper), since account transfers also take place between institutions other than the dealers that are subject to CIRO regulation (trust companies, banks, credit unions, insurance firms).

Most PMs use a third party custodian to custody client assets (which is often a CIRO-registered investment dealer but may also be a trust company). PM firms often use more than one custodian, because institutional clients may have a preferred custodian that the PM is required to use. This can include circumstances where a client wishes to move their account over to the PM from another firm, or to transfer the account away from the PM to another firm. There are also situations where the PM decides to change several client accounts from one custodian to another. Account transfers for PM clients usually occur between custodian firms but the PM firm or firms involved in the transaction may be responsible for aspects of the transaction, including communicating with clients and obtaining client documentation.

We agree that there is a great deal of inconsistency surrounding client transfers, and that delays or service disruptions can result in investor harm. We agree that technology solutions to reduce or eliminate manual processes may mitigate some of these problems, and that regulatory requirements should be adapted to give effect to these solutions.

Although we agree that harmonized requirements would be ideal, we also understand that there are circumstances where it is not possible for registrants to adhere to strict timelines; in such cases, we believe that there should be flexibility to allow the transfer process to be completed within a reasonable timeframe. This flexibility may be in investors' best interests, because it would allow the firm to achieve a better outcome for the client rather than rushing to meet a regulatory timeline without regard to the consequences for the client. We

therefore support a principles-based approach, such as the proposed requirement for bulk transfers to be made “promptly”, subject to our comments below regarding bulk transfers.

We urge CISO to continue to consult on the move to a technology solution. It is our understanding that firms currently have vastly different requirements for account transfers. These vary from the use of paper documents and wet signatures to faxes, e-mail or electronic signatures and from manual processes to electronic or technological processes. Firms may have system limitations or lack the human resources to effectuate transfers quickly. Many of these issues could be resolved with a technology solution, but in order to be successful, the solution must be widely adapted by the industry; it must be cost-effective and meet the requirements of all parties.

### **Bulk transfers**

We agree that the process for transferring multiple accounts would benefit from additional consistency. There is sometimes a lack of cooperation among the parties. For example, we are aware of a situation where a dealer refused to initiate a bulk transfer of accounts despite the bulk transfer being approved by CISO, and instead insisted on individual client signatures prior to initiating individual account transfers. These individual account transfer added significant time and cost, which was not in the clients’ best interests. Although we support the review of the bulk transfer rules and process, the proposed bulk transfer rules require clarification. There are different circumstances in which a bulk transfer could take place. For example, moving accounts to a different institution will require a different process than between registrants within the same firm. We ask that CISO provide more information and clarity with respect to the application of the rules in different circumstances.

In addition, the availability and practicality of a bulk transfer may depend on circumstances such as the nature of the assets and how they are custodied. There are situations where a bulk transfer can be effectuated by putting all assets into a single account and then allocating among the PM clients. Sometimes the bulk transfer will not be in the client’s best interest and individual account transfers may be preferable. The rules must be sufficiently flexible to account for different situations, and provide for the efficient resolution of disagreements among the parties in terms of the process to be employed. It would be impractical to impose firm timelines on such transfers. A better solution may be to provide for exceptions to the requirements, but only in appropriate circumstances.

Additional flexibility may also be required if the parties are not all CISO members; different sectors may have different rules, technology and systems that won’t necessarily align. For example, many PMs do not use FundServ, and only have the capacity to manually process transfer requests; or, the account may hold assets that are not eligible for electronic transfers. Such transfers could take several weeks to complete. Requirements and exceptions should be harmonized to the extent possible between CISO, the CSA and other regulators to make the process as seamless as possible for investors and registrants.

## CONSULTATION QUESTIONS

Question #1 - Do you agree that clients should be informed of any impediments up front and before the transferring of positions commences?

We generally agree that clients should be informed of any known impediments in the early stages, and, if possible, before the transferring of positions commences. Our members noted, however, that such impediments may not be known until the process has started. We agree that clients should be kept informed throughout the process, and that impediments should be communicated as they arise.

Question #2 Do you agree that the proposed rules for investment dealers and mutual fund dealers should allow for a shortened timeline to identify and communicate any transfer impediments and is 2 clearing days a sufficient amount of time? If 2 clearing days is insufficient, please elaborate on what would be a sufficient amount of time.

The term “impediment” is not well defined. We would like to better understand what is intended, and whether it includes a client error. We agree that there should be a targeted time frame within which to respond to a transfer request, and agree that two clearing days would be sufficient, if the request is in good order. The responsibility is on both the receiving dealer and the delivering dealer, and the client also bears some responsibility.

However, there are instances where a transfer request can’t be initiated within two clearing days (for example, where ownership of the asset(s) in question is disputed, or the assets are not transferable). This would also include situations where there is a client error, which is not uncommon. Therefore there must be some flexibility built into the requirement, where such issues are not identified within two days.

From the perspective of PMs, most rely on third party custodians (dealers) to manage account transfers. The responsibility to communicate with the client could fall on the PM or the dealer, depending on the arrangement. In these cases, a two-day period could be challenging, since the firm has no control over the ability to communicate with the client. There should be a carve-out from any such requirement where compliance depends on a third party service provider, until such time as a uniform technology solution is available.

Question #3 Do you agree with the proposed standard settlement period? If you don’t, please elaborate on what would be an appropriate amount of time.

We agree that in most cases, a 10-day period would be reasonable, if both parties cooperate and action the request in a timely way. However, this is limited to standard transfers or those with simple impediments. Where there are more significant impediments, the timeline would be longer. Currently, firms are familiar with the parties they deal with and know that some firms take longer than others to complete a transfer. There is currently no incentive for firms to complete transfers out quickly and efficiently. This could also be due to a

combination of factors such as the other party's internal processes, staffing levels, etc. A technology solution could help to resolve this problem.

We have the same comment regarding reliance on third parties as our comment in Question #2 above. Where multiple parties are involved, the situation is more complex and a 10-day clearing period would not always be feasible.

## **CONCLUSION**

We agree that imposing timelines for initiating and completing standard account transfers in the securities sector would result in more efficiencies for firms and better outcomes for clients. However, we recommend a flexible, principles-based approach for more complex transactions. Any requirements and exceptions should be harmonized to the extent possible between CISO, the CSA and other regulators. A technology solution would represent a significant improvement, if it is cost-effective and adaptable to firms of different sizes, types and industry sectors.

We would be pleased to discuss our recommendations further with you. If you have any questions please contact Katie Walmsley ([kwalsmsley@pmac.org](mailto:kwalsmsley@pmac.org)) or Victoria Paris ([vparis@pmac.org](mailto:vparis@pmac.org)).

Sincerely,

## **PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA**

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