

Appendix 3 – Impact analysis of proposed rule amendments

Impact Assessment Table¹

In the impact assessment table below, for each major proposed account transfer rule element, we:

- list the element,
- describe the intended policy benefits of the element, and
- assess the impact of the element on clients, dealers, and CIRO itself.

Summary assessment

We have assessed the near-term impact of the changes being introduced as part of the proposed account transfer rule amendments as having:

- a minor positive impact on clients,
- a minor negative impact on investment dealers and mutual fund dealers, and
- a neutral impact on CIRO staff.

Further, where:

- the dealer-led initiative to introduce technology solutions that result in a more consistent, efficient and timely client account transfer experience is successful,
- other regulators adopt proposed account transfer rule amendments as harmonized standards for the rest of the Canadian investment services sector

we have assessed the combined longer-term impact of the proposed account transfer rule amendments and the implementation of the technology solutions as having:

- a positive impact on clients,
- a minor positive impact on dealers, and
- a minor positive impact on CIRO staff.

Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CIRO
Near term					
<i>Mutual fund dealer change from principles-based to prescriptive rules</i>	Harmonized account transfer requirements for investment dealers and mutual fund dealers	<i>Minor positive</i> – Benefit from consistent requirements across investment dealer and mutual fund dealers but rule change may not reduce transfer times if the	<i>Neutral</i>	<i>Minor negative</i> – Will only impact mutual fund dealers whose current account transfer times are generally greater than 10 clearing days.	<i>Neutral</i>

¹ We did not perform an impact assessment of the proposed corollary amendments to the current bulk account movement rules due to the immaterial nature of these amendments.

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Description of proposed requirement	Related intended benefits	Impact on clients	Impact on investment dealers	Impact on mutual fund dealers	Impact on CRO
		occurrence of transfer impediments is less common at mutual fund dealers.			
<i>Introduce definition for the term “positions”</i>	Clarify scope of positions that are subject to the account transfer rule requirements	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification	<i>Neutral</i> – Scope clarification
<i>Expand the types of organizations that may be approved by CRO to enable more timely transfers</i>	More electronic communication and automated transfer service options	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more timely transfers.	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more cost efficient and timely transfers.	<i>Neutral</i> – Rule expansion alone will not result in the availability of more automated account transfer options that are more cost efficient and timely transfers.	<i>Neutral</i> – No impact on CRO staff until more automated options are available.
<i>Clarify that dealers must electronically communicate with each other regarding account transfers where a recognized account transfer facility is available</i>	More timely communication between delivering dealer and receiving dealer prior to commencement of the account transfer process	<i>Minor positive</i> – Required use of electronic communications where available will eliminate delays caused where manual processes are still used.	<i>Minor positive</i> – More timely communications.	<i>Minor positive</i> – More timely communications.	<i>Neutral</i>
<i>Reducing the time to inform clients of any transfer impediments from 10 to 2 clearing days</i>	More timely communication to clients	<i>Minor positive</i> – Ensures that for accounts with transfer impediments, the client is informed in advance of the commencement of the transfer process of the impediments, is given options to address these impediments (along with the impacts of these options) and can make an informed decision on resolving these impediments.	<i>Minor negative</i> – Requires process changes to focus on transfer impediments first before initiating account transfer. Involves reduced timeline to identify and address transfer impediments.	<i>Minor negative</i> – Requires process changes to focus on transfer impediments first before initiating account transfer. Involves reduced timeline to identify and address transfer impediments.	<i>Neutral</i>
<i>Ensure that clients make a fully informed decision on how to resolve any transfer</i>	Clients can make an informed decision on how to resolve any account transfer	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides	<i>Positive</i> – Avoids situations where account transfer is partially complete and client decides	<i>Positive</i> – Reduces transfer impediment-

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<i>impediments and on proceeding with the requested account transfer</i>	impediments prior to commencement of the account transfer process	to cancel the account transfer due to the impediments that have been identified.	to cancel the account transfer due to the impediments that have been identified.	to cancel the account transfer due to the impediments that have been identified.	related complaints to CISO
<i>Clarify that transfer request must be settled within 10 clearing days of the delivering dealer receiving the request for transfer, including in situations where transfer impediments are identified</i>	Sets a clearer settlement obligation and proposes to require the same settlement period irrespective of whether transfer impediments exist	<i>Positive</i> – Shorter settlement timeline for account transfers with impediments	<i>Minor Negative</i> – Shorter settlement timeline for account transfers with impediments incentivizes both the delivering dealer and the receiving dealer on addressing transfer impediments early on in the settlement process and ultimately completing the account transfer on a timelier basis. However, there may be operational challenges with meeting this shorter timeline	<i>Minor Negative</i> – Shorter settlement timeline for account transfers with impediments incentivizes both the delivering dealer and the receiving dealer on addressing transfer impediments early on in the settlement process and ultimately completing the account transfer on a timelier basis. However, there may be operational challenges with meeting this shorter timeline	<i>Positive</i> – Reduces complaints to CISO relating to the timeliness for account transfers with impediments
Longer term					
<i>Successful introduction of technology solutions that result in a more consistent, efficient and timely client account transfer experience</i>	Faster transfers through the greater use of automated transfer solutions	<i>Positive</i> – Shorter settlement periods for account transfers	<i>Positive</i> – Shorter account transfer settlement periods and more cost-efficient account transfers for those involving investment dealers and mutual fund dealers	<i>Positive</i> – Shorter account transfer settlement periods and more cost-efficient account transfers for those involving investment dealers and mutual fund dealers	<i>Positive</i> – Reduces complaints to CISO relating to the timeliness for account transfers
<i>Other regulator adoption of proposed account transfer rule amendments as harmonized standards</i>	Automated transfers are facilitated in a consistent manner involving a greater number of firms within the investment services sector	<i>Positive</i> – Consistent and timely account transfer experience across all investment services sector firms	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process across the investment services sector	<i>Positive</i> – Allows streamlining of account transfer process to facilitate one transfer process across the investment services sector	<i>Positive</i> – Reduces complaints to CISO relating to the timeliness for account transfers
<i>Other regulator adoption of</i>	Automation of manual processes	<i>Positive</i> – Consistent and	<i>Positive</i> – Allows streamlining of	<i>Positive</i> – Allows streamlining of	<i>Positive</i> – Reduces complaints to CISO

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<i>requirements to automate position transfer related rule requirements</i>	relating to account types and positions (i.e. registered accounts, locked-in pension plan accounts, client name positions)	timely account transfer experience across all investment services sector firms	account transfer process to facilitate one transfer process across the investment services sector	account transfer process to facilitate one transfer process across the investment services sector	relating to the timeliness for account transfers