

September 28, 2020

Brett Konyu
Director, Member Education & Membership Services
Mutual Fund Dealers Association of Canada
121 King Street West, Suite 1000
Toronto, ON M5H 3T9

Re: MFDA Consultation Paper on Account Transfers

Dear Mr. Konyu,

On Behalf of Aviso Wealth (Credential Asset Management and Qtrade Asset Management), we appreciate that the MFDA is conducting this consultation on Account Transfers, This is an area of concern for us because the process of account transfer can be an inefficient process which then may negatively impact our clients.

We appreciate the opportunity to comment on this topic and would like to let the MFDA know of Aviso's commitment to facilitate positive industry changes for this process.

As you may be aware, the transfer process can vary between financial Institutions. However, in general, account transfers consist of two types of processes: 1) matching of receiving/delivery of assets between receiving/relinquishing institutions; and 2) processing the transferring of assets. These are the two processes we recommend the MFDA implement standardized changes across the industry to increase efficiency.

There is currently no commonly used mechanism, especially within MFDA dealers, that allows receiving and relinquishing institutions to communicate on the assets that is to be transferred. This results in transfer requests still relying on fax or physical mail as the main delivery method. There is also no visibility into the status of transfers between institutions resulting in a lack of accountability for firms to complete transfer requests within a reasonable timeframe. It is extremely difficult to regulate considering all of the non-electronic processing that is involved. Furthermore, the transfer of mutual funds and cash within MFDA dealers is also extremely manual. Mutual fund re-registration still requires delivery of power of attorneys and cash is still exchanged via cheques.

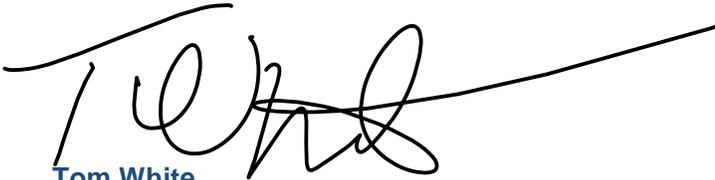
The above concerns are because of a lack of a centralized system that permits transfers to be completed electronically.

CDS ATON is a widely used system by IIROC dealers which allows both the matching and transferring of assets to be conducted electronically. In addition, ATON also supports both mutual funds and cash transfers. However, ATON is not widely used by MFDA because of many dealer's unneeded CDS relationship. That said, a similar ATON mechanism should be made available within FundServ, a commonly utilized system within MFDA Dealers.

We are recommending that the MFDA work with the participants to mandate the account transfer requirement of electronic asset matching and electronic asset transfers via the help from FundServ to establish a centralized system that can be utilized by all users.

We really appreciate in allowing us to express our opinions, and we have included more feedback below in response to the questions you posed in the consultation paper.

Thank you



Tom White
SVP, Operations
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1. What specific issues have you faced in relation to account transfers? Please specify if the issues experienced relate to transfers with Members or non-Member financial intermediaries (e.g. mutual fund companies, trust companies, etc.).

- Transfer documents are not received, even though the requests were faxed to the same number or mailed to same place (all types of firms)
- Backlog, due to vacation shortage or high volume during peak season (these requests usually takes 4 to 6+ weeks to complete) (all types of firms)
- Delivering firm does not always courier large cheque amounts, so cheques can become lost or delayed if sent regular mail (all types of firms)
- Fax copies are not legible and rejected (all types of firms)
- Rejections if there is not sufficient funds in the accounts for fees (all types of firms)
- Rejected due to Signature guarantee stamp is missing but delivering institution does not recognize Signature Guarantee embedded in the transfer document. (all types of firms)

2. Have you identified specific types of account transfers that cause more challenges and/or do not occur in a timely manner (e.g., dependent on where and how the assets are held, account registration, type of product, electronic vs non-electronic processes)? Please provide details.

- Pension account transfers. These transfers requires more paperwork and information.
- Follow ups are usually unsuccessful as pension companies will not disclose any information unless the client is present or inquires themselves.

- Bank branch accounts are difficult to follow up and often they indicate:
 - they have not received the request.
 - branch advisors have not gotten to the request.

3. Are there areas in the account transfer process that should be standardized or automated (e.g., specific timeframes, electronic processing)? Please explain.

- In kind transfer. Rather sending POA for mutual funds to be re-registered, can positions not be automatically transferred through Fundserv (like ATON transfers).
 - If this process is available, these transfer should be completed within 5 business days.
 - If POA is continued to be sent, they should be sent out to the receiving institution.
- In cash transfers should be processed without delays, within 10 business days maximum as the market fluctuation can be a risk factor.

4. Do you have suggestions on how regulators can improve the account transfer process? Please provide details.

- When a delivering institution is delaying transfer requests, there is not a clear process on how to start an escalation
- There should be an area where clients can escalate their concerns as receiving institutions may not be able to do this for them.
- Regulators should be pushing the industry and its service providers (e.g. Fundserv) to electronic transfer of funds instead of issuing cheques. Cheques cause delays and risk of getting lost or undelivered
- Regulators should be encouraging/mandating/working with participants/institutions to initiating the transfers of assets via electronically rather than faxing of documents. Like how transfers are initiated with IIROC and ATON. Again, faxing causes delays and potential of missing documents/instructions.