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**VIA ELECTRONIC MAIL**

Mutual Fund Dealers Association of Canada («MFDA»)

**c/o**

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**Re: MFDA Consultation Paper on Account Transfers (Bulletin #0823-P)**

We are writing in response to the MFDA Consultation Paper on Account Transfers (Bulletin #0823-P) published on June 1<sup>st</sup>, 2020. This letter is being submitted on behalf of National Bank Investments Inc. («NBI»).

We appreciate the opportunity to provide our comments and we commend the efforts of the MFDA to better understand the account transfer process and try to standardize practices. We believe that such consultation prior to suggesting any changes will render the regulatory framework amendment process more efficient. We would like to submit a few comments and suggestions which are outlined below.

Questions posed by the MFDA

**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.**

We have identified some issues with specific products or types of account. For example, when a mutual fund to be transferred must be redeemed and is only traded once or twice a month, the processing time is increased as we must wait until the next valuation day to complete the account transfer. Indeed, due to peculiarities of certain mutual funds (e.g., real estate funds, which are only traded on the 15th and 30th of each month), if instructions are received between two valuation days, we must wait the next valuation day to complete the transfer, these delays being beyond our control.

Another example is the Registered Education Savings Plan which is a complex product. Due to the CRA requirements to ensure that contribution and Canada Education Savings Grant history

information is included in the transfer, there are often several exchanges with the previous institution/trustee which can cause significant delays in the processing time for these types of accounts. This is one example among many of a specific and complex products where the prescribed processing period will vary compared to other products that may be transferred.

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

To standardize external account transfers, we suggest that a prescribed processing period be imposed. The prescribed processing period should be the same for all firms but should also have more latitude and flexibility in peak periods, such as the Registered Retirement Savings Plan («RRSP») season. The prescribed processing period would start to run upon receipt of fully completed and compliant documentation. For example, a standard period of 15 days could be set up, except during the RRSP season, where the timeframe could be longer (e.g., 30 days). The 15- (or 30-) days would begin on the day the Transfer-Out firm receives compliant documentation. Also, we believe it would be acceptable to include in the 15-day period a prescribed period for client retention.

In addition, a mandatory form should be imposed for account transfers. A few years ago, when an account transfer was requested, the same CRA T-2033 form had to be used by all firms so each transfer request was uniform. The CRA no longer prescribes this form and each firm now makes use of its own internal house form. Since the format and mandatory fields on a transfer form will vary from one firm to another, the lack of uniformity increases errors, rejections and impacts the quality of information received. As an example, in the transfers processed by NBI we have noted multiple errors in the information received related to the type of plan, the account number, the jurisdiction, etc. and most of the errors can be tied back to an incorrectly completed transfer form. All these elements contribute to an increase in processing time. Our suggestion would be to return to one mandatory standardized form which must be used by all firms to ensure that we all have the same standard to follow.

Thank you for the opportunity to provide our comments and suggestions regarding the Consultation on Account Transfers. Should you require any further information or have any concerns regarding the foregoing, please do not hesitate to contact us.

Yours truly,



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