



Box 348, Commerce Court West
199 Bay Street, 30th Floor
Toronto, Ontario, Canada M5L 1G2
www.cba.ca

Angelina Mason
General Counsel & Vice-President,
Legal
Tel: (416) 362-6093 Ext. 214
amason@cba.ca

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Delivered via email

Department of Finance
90 Elgin Street
Ottawa, Ontario
K1A 0G5
FIN.Pensions-Pensions.FIN@canada.ca

Dear Sirs/Mesdames:

The Canadian Bankers Association (CBA)¹ appreciates the opportunity to provide feedback to the Department of Finance (the Department) on potential amendments to the legislative framework governing unclaimed bank balances and on the proposal for an unclaimed pension balances framework. We have set out below our comments on the proposed changes.

Unclaimed Bank Balances

Notice of unpaid amount

Section 439 of the *Bank Act* requires a bank to mail to each person to whom an unclaimed deposit is payable or to whom a cheque, draft or bill of exchange was issued, at the person's recorded address, a notice stating that the deposit or instrument remains unpaid. With inactive accounts, it is not uncommon for the last address recorded for a client to be invalid (for example, the client has moved).

We recommend that section 439 of the *Bank Act* be modified or limited through regulation to exempt banks from sending the notice of unpaid amount to the client if (a) it becomes apparent that the client's recorded address is incorrect after the bank has attempted to reach the client without result and the address cannot be ascertained by reasonable means; or (b) the amount in the client's dormant account is minimal, i.e. less than \$100. 'Reasonable means' could include trying to contact the client by electronic means such as e-mail. The 'reasonable means' concept is present in section 3 of the British Columbia *Unclaimed Property Act* and section 5 of the Alberta and Quebec *Unclaimed Property Act*. For example, section 5(3) of the Alberta *Unclaimed Property Act* provides that a holder of unclaimed personal property is not required to provide notice to the apparent owner of such property if the holder has reasonable grounds to believe that the last known address for the apparent owner shown in the records of the holder is not correct and the

¹ The CBA is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals. www.cba.ca.

correct address cannot reasonably be ascertained. Quebec's *Unclaimed Property Act* provides that the holder is not required to give notice if the holder cannot, by reasonable means, ascertain the right-holder's address, if the total value of the property unclaimed by the right-holder is less than \$100, and in other cases determined by government regulation.

Exiting financial institutions

The consultation paper states that consideration is being given to allow exiting financial institutions to transfer outstanding unclaimed bank balances to the Bank of Canada prior to reaching the full 10-year dormancy period. We support this proposed change and recommend that such institutions be permitted to transfer outstanding unclaimed bank balances after six years. In our member banks' experience, if a bank has been unable to contact a client within five years, it is unlikely that they will be able to reach them. This recommendation would allow an attempt to contact the client again at the end of year five, followed by twelve months before remitting the unclaimed bank balance to the Bank of Canada.

Unclaimed Pension Balances

The CBA supports the proposed unclaimed pension balances regime for terminated pension plans. We encourage the Department to extend the framework to ongoing pension plans once the terminated plan proposal is in place. The framework includes a public online registry of unclaimed balances, which would be particularly beneficial to administrators of banks' ongoing pension plans.

We appreciate the opportunity to share our views on the unclaimed bank balances and proposed unclaimed pension balances regimes. Please do not hesitate to contact me with any questions or comments regarding the foregoing.

Sincerely,

