

**13.1.3 Notice of Commission Approval – Housekeeping Amendments to MFDA By-Law No. 1, Section 23 – Co-operation with Other Authorities**

**MUTUAL FUND DEALERS ASSOCIATION (MFDA) NOTICE –  
HOUSEKEEPING AMENDMENTS TO MFDA BY-LAW NO. 1, SECTION 23  
CO-OPERATION WITH OTHER AUTHORITIES**

**Current Rule**

Section 23 of MFDA By-law No.1 currently provides that the MFDA may enter into agreements or arrangements with any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange, other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country for the exchange of any information and may provide the information to such authorities.

**Reasons for Amendment**

MFDA staff consistently receives requests for information from regulators governing insurance, deposit instruments and other financial matters regarding the conduct of Approved Persons where an investigation has been commenced by these authorities. In addition, MFDA staff have on occasion become aware of non-securities related activity between Approved Persons and clients involving conduct that would constitute a breach of other applicable regulatory requirements. However, the current wording of section 23 of MFDA By-law No.1 suggests that the type of information that may be provided to other regulators is limited to securities related matters.

The Terms and Conditions of Recognition of the MFDA as a self regulatory organization direct that “the MFDA shall cooperate, by sharing information and otherwise, with IPPs, the Commission and its staff, and other Canadian federal, provincial and territorial recognized self-regulatory organizations and regulatory authorities, including without limitation, those responsible for the supervision or regulation of securities firms, financial institutions, insurance matters and competition matters.” The Terms and Conditions of Recognition do not limit the type of information to be shared to securities related matters.

Amendments to section 23 of By-law No. 1 are required to be consistent with the Terms and Conditions of Recognition and to clarify that the MFDA has the authority to comply with the recognition orders.

**Description of Amendment**

The phrase “relating to trading in securities in Canada or elsewhere” will be deleted from the last sentence in section 23.2 and section 23.3 of By-law No. 1.

The amendments are housekeeping in nature in that they reflect changes in administrative practices of the MFDA that are necessary to fulfill the Terms and Conditions of Recognition of the MFDA and do not impose any significant burden or any barrier to competition that is not appropriate.

**Comparison with Similar Provisions**

The Terms and Conditions of Recognition of the MFDA contemplate a broad requirement to share information with various regulatory authorities where MFDA staff become aware of relevant information. The proposed amendments will make the provisions of section 23 of By-law No.1 more consistent with the Terms and Conditions of Recognition.

**Effective Date**

The amended By-law will be effective on a date to be subsequently determined by the MFDA.

**MFDA NOTICE – HOUSEKEEPING AMENDMENT TO  
MFDA BY-LAW NO.1, SECTION 23 –  
CO-OPERATION WITH OTHER AUTHORITIES**

**ATTACHMENT**

On September 14, 2005, the Board of Directors of the Mutual Fund Dealers Association of Canada made and enacted the following housekeeping amendments to section 23 of MFDA By-law No.1:

**23. CO-OPERATION WITH OTHER AUTHORITIES**

**23.2 Agreements**

The Corporation may enter into in its own name agreements or arrangements with any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange, other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country for the exchange of any information (including information obtained by the Corporation pursuant to the By-laws or Rules or otherwise in its possession) and for other forms of mutual assistance for market surveillance, investigation, enforcement and other regulatory purposes, ~~relating to trading in securities in Canada or elsewhere.~~

**23.3 Assistance**

The Corporation may provide to any securities commission or regulatory authority, law enforcement agency, self-regulatory organization, stock exchange, other trading market, customer or investor protection or compensation fund or plan or other organization regulating or providing services in connection with securities trading located in Canada or any other country any information obtained by the Corporation pursuant to the By-laws or Rules or otherwise in its possession and may provide other forms of assistance for surveillance, investigation, enforcement and other regulatory purposes, ~~relating to trading in securities in Canada or elsewhere.~~