

What is the MFDA?

The Mutual Fund Dealers Association of Canada (MFDA) is the self-regulatory organization (SRO) for mutual fund dealers in Canada.

What is a Mutual Fund?

A mutual fund is a pool of investor capital used to purchase various securities. The types of securities to be purchased by the fund are outlined in the fund's prospectus. The value of the underlying assets of a fund establishes the fund's unit price, or "net asset value per share". Mutual funds may exist as trusts or corporations.

What is a Mutual Fund Dealer?

A Mutual Fund Dealer is a business that is registered with the provincial securities commissions to **distribute** mutual funds to Canadian investors. Licensed sales representatives are employees of, or act as agents of the dealer.

There are also many other participants in the Canadian mutual fund industry. The **fund manager** makes investment decisions regarding fund holdings. The **mutual fund company** handles administration of the fund. Mutual funds are distributed to Canadian investors by firms registered with the provincial securities commissions as either investment dealers or mutual fund dealers. This is where the MFDA fits in – the MFDA regulates the mutual fund dealers that distribute mutual funds to Canadian investors. The MFDA **does not** regulate the fund managers, the mutual fund companies, or investment dealers.

Are all Mutual Fund Dealers Members of the MFDA?

The MFDA regulates the actions of its Members nationally. In most provinces, mutual fund dealers registered with the provincial securities commissions are required to be Members of the MFDA. However, some firms have been granted exemptions from MFDA membership by the provincial securities commissions. Firms that are registered in the category of investment dealer – those firms that engage in the distribution of stocks, bonds, mutual funds, etc. – are Members of another SRO, the Investment Industry Regulatory Organization of Canada (IIROC).

How do I know if my Dealer is a Member of the MFDA?

Visit the MFDA website at www.mfda.ca and view the directory of Members that you will find linked from the Membership page.

What is a Self-Regulatory Organization?

A self-regulatory organization (SRO) is an organization that has been recognized by the provincial securities commissions and administrators for the purpose of regulating the operations and standards of practice and business conduct of its members with a view to promoting the protection of investors and the public interest. The MFDA oversees the actions of its Members and is in turn overseen by the **Canadian Securities Administrators (CSA)**. The CSA is a national group comprised of the provincial securities commissions and administrators.

How Does the MFDA Enhance Investor Protection?

Membership in the MFDA means that mutual fund dealers are subject to active and effective regulation. Membership is granted through a formal application process whereby Member firms must satisfy the MFDA's standards.

The MFDA conducts regular sales and financial compliance reviews of its Members to ensure compliance with its Rules, Policies and By-Laws. The MFDA has the power to enforce standards and conduct investigations. To view current MFDA disciplinary proceedings, please visit the Enforcement section of the MFDA website.

What About an Investor Protection Fund?

The MFDA is required to establish an investor protection fund for the customers of its Members as part of its SRO recognition. This fund has been established and approved by the securities commissions in Alberta, British Columbia, Ontario and Nova Scotia, and the Financial Services Commission of Saskatchewan. It commenced offering coverage in July 2005. The MFDA Investor Protection Corporation ("IPC") provides customer loss coverage for each separate account to a maximum of \$1 million. Please refer to the IPC Brochure that is available on the MFDA website at www.mfda.ca.

What Should I Do If I Am Unsatisfied With My Dealer?

If you are unsatisfied with the actions of your sales representative and/or your mutual fund dealer, there are a number of things that you can do.

Your first step should always be to address your concern with your sales representative. Most often, the person who sold you a product or service can resolve any problems in a timely fashion. However, if you do need to take the issue further, you may also contact the mutual fund dealer's Compliance Department and relay any concerns that you may have.

Should investors be unable to satisfactorily resolve any complaints with the mutual fund dealer, investors can contact the MFDA's Enforcement Branch. Please visit the Enforcement page of the MFDA website for more details about the complaints process.

Need Information?

MFDA website:

To learn more about the MFDA, visit our website at www.mfda.ca.

Industry Information:

For information concerning the Mutual Fund Industry in Canada, including industry statistics and Mutual Fund Company information, contact the **Investment Funds Institute of Canada** at www.ific.ca.

For other inquiries, including the registration status of sales representatives, contact the securities commission in your province of residence. To research the performance of your mutual funds, please check the business section of your local newspaper.

Contacts

MFDA Contacts:

Corporate Head Office:

121 King Street West, Suite 1000
Toronto, ON M5H 3T9
Ph: 416-361-6332 ♦ Fax: 416-943-1218
Toll Free: 1-888-466-6332

Membership Services:

1-888-466-6332 option 1

Complaints:

1-888-466-6332 option 2

Investor Protection Corporation

1-888-466-6332 option 3

Pacific Regional Office:

650 West Georgia St., Suite 1220, PO Box 11603
Vancouver, BC V6B 4N9
Ph: 604-694-8840 ♦ Fax: 604-683-6577

Prairie Regional Office

Suite 850, 800 – 6th Avenue S.W.
Calgary, AB T2P 3G3
Ph: 403-266-8826 ♦ Fax: 403-266-8858

Other Contacts:

Investment Funds Institute of Canada

1-888-865-4342 ♦ www.ific.ca

Ombudsman for Banking Services and Investments

1-888-451-4519 ♦ www.obsi.ca



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Association canadienne des courtiers de fonds mutuels

About the MFDA

