



Member Event Tracking System (“METS”) Reference Guide



METS Reporting Guide

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I. INTRODUCTION

As set out in Bulletin 0265-P Policy 6 is effective as of July 3, 2007.

Policy 6 sets out MFDA reporting requirements in three main parts. Parts A and B set out electronic reporting requirements for Members and Approved Persons. Some of the information that is required to be reported under Parts A and B was previously required by the MFDA to be reported but in non-electronic form. All reporting requirements under Part C of Policy 6 should continue to be reported in non-electronic form. The MFDA has designated METS (“Member Event Tracking System”) as the web-based electronic reporting system to which reports required by Part A and Part B of Policy 6 must be submitted. METS can be accessed at <http://www.mfda.ca/mets1/mets.html>.

II. EVENTS THAT MUST BE REPORTED

METS reports must be filed for events relating to Approved Persons and the Member itself. METS has 9 categories of events under which reports must be filed:

1. Bankruptcy
2. Civil Claim
3. Criminal Charge
4. Customer Complaint
5. Denial, Cancellation, Suspension or Termination of Registration or Approval
6. External Disciplinary Action
7. Garnishment
8. Other Theft Fraud and Serious Misconduct
9. Termination, compensation paid to client and discipline (not otherwise reported above)

Members and Approved Persons should refer to Policy 6 concerning the scope of reportable events.

The following table contains example of events and under which event type they must be reported.

Example	Report as Event Type
Member has received a customer complaint in writing.	Customer Complaint
Member has received a customer complaint not in writing relating to serious allegations such a theft, fraud and forgery.	Customer Complaint
Member becomes aware that an Approved Person has been charged for shoplifting.	Criminal Charge

Example	Report as Event Type
The Member is served with a civil claim relating to the handling of an account.	Civil Claim
An Approved Person is denied an insurance salesperson license, or has a license cancelled, terminated or suspended.	Denial, Cancellation, Suspension or Termination of Registration or Approval
Approved Person is named as a respondent or defendant in a disciplinary proceeding before a provincial insurance regulator.	External Disciplinary Action
An Approved Person has filed for bankruptcy.	Bankruptcy
The Member received notice to garnish the wages of an Approved Person.	Garnishment
The Member discovers during the course of a branch audit that funds have gone missing from a client account.	Other Theft, Fraud and Serious misconduct
An Approved Person is terminated for cause as a result of inappropriate behaviour in the workplace.	Termination, Compensation Paid to Client and Internal Discipline

III. REPORTING EVENTS USING METS

To create a report you must select “**Create an Event**” from the left hand side of the METS welcome screen. Once you make this selection you will be prompted to select an event type, initiation date, and subject type (either Individual or Member). Guidance on the initiation date is provided below the date field.

If you selected Individual as a subject you will be prompted to search for an individual in the database. If the individual has been previously entered into METS you may select the individual otherwise you must select “**Add a new Subject**” and enter the required data. Once this step is complete the Event Report Form will launch. *[See Section 3.3.4 of the METS Software User Manual for more information on selecting an individual as subject]*

If you selected Member as subject the Event Report Form will launch when you click “**Next**”.

Once the Event Report Form is open you can begin to fill in the required fields. METS is set up to prompt the user for the required information depending on the event type selected. When a field is displayed it must be completed if the information required by the field is known to the

user. For some event types an entry to a field will be required by the system and the system will not allow the user to save the Event Report Form without completing the field, in other event types the same field will be displayed but the system will allow the user to save the report if the field is not complete. For example, in **Customer Complaint** the “complainant” field is required and cannot be saved without completion but in **Criminal Charge** the system will allow the user to save the report without completing the “complainant” field since there will not always be a complainant.

All Event Reports Forms are separated into six main sections (not including the optional comments section). These sections are set out below along with guidance on what information must be entered into each section. It should be noted however, that the information required by each section may be different depending on the event type being entered.

1. SUBJECT

This section contains the name of the Member or Approved Person that is the subject of an event. If the subject is an Approved Person this section will also contain information as to whether the Approved Person is a current or former Approved Person of the Member, and whether the allegations occurred at the current or former Member. The subject-Member relationship is the only part of this section that is editable.

If there are multiple subjects then a separate report must be filed for each subject and the reports must be marked as related. Marking reports as related is discussed further in #4 below.

2. BRANCH

This section contains the branch location of the subject of the event. If the event involves the head office of a Member then this section should contain the Member’s head office information. *[See Section 4.4. of Software User Manual for selecting a Branch]*

3. NATURE AND SCOPE OF ALLEGATION

This section contains information regarding the alleged violation. The following information is generally required in this section:

- (a) The violation(s)
- (b) The products(s) involved
- (c) The location of the alleged violation
- (d) The name of the complainant, if applicable
- (e) The amount in dispute, if applicable

In order to assist with the selection of the proper violation(s), the Nature and Scope of Allegation Chart, available at <http://www.mfda.ca/mets1/mets.html>, provides the name of each violation in METS, a brief definition and several examples. It is important to note that these definitions and examples are provided for illustrative purposes only and are intended to serve as guidance for

METS administrators. Definitions and examples are not intended to represent the sole instance(s) of a violation and should not be interpreted in any way so as to limit the reporting requirements set out in Policy 6. Reportable events that are not strictly covered by the definitions or examples set out in the Nature and Scope of Allegation Chart are nonetheless reportable and should be reported under the violation(s) that best describes the reportable event.

The Nature and Scope of Allegation Chart represents all violations supported by METS. However, the list of violations in this **Nature and Scope of Allegation** section of METS is tailored to each specific event type. Therefore, not all violations will be listed for a particular event type and which violations are listed is dependant on the event type that is being reported.

Multiple violations may be selected, however one violation must be selected as primary. There can only be one primary violation per report. The primary violation should be the violation that is the most serious or prominent in nature. For example, if a Member received a client complaint alleging that an Approved Person stole money and also conducted unauthorized trades, the primary violation would be theft as theft is the most serious violation.

4. RELATED EVENTS

As each event report can have only one subject this section is where any related events must be entered. Related events should be selected where an event involves more than one subject. An event can be related to several other events.

For example, if a Member receives a complaint from a client concerning two Approved Persons the Member would file an event report for each Approved Person and would enter all the events as related in the related events field.

When entering the event the user must select the appropriate METS reference numbers from the drop down list

5. STATUS OF EVENT

This section contains information relating to the initiation date of the event and the status of the event.

The initiation date of the event is the date that the event occurred. For example, if a Member received a client complaint the initiation date is the date of receipt of the client complaint. If an Approved Person is charged criminally the date of initiation is the date that the criminal charges were laid. You can reference the text just below the date of initiation field for guidance on the appropriate date of initiation.

In most cases reports will require follow-up action on the part of the Member and reports will have to be updated to reflect this. In particular, Members must update events reported through METS when there has been a change in the status of the event from pending to concluded. Depending on the Event and status selected METS may also require further status details. An

event is only concluded when the Member has completed all follow-up responsibilities required by the event. For example, when a Member receives a customer complaint the Member's complaint handling responsibilities are triggered. Only when the Member has completed its handling of the complaint and made its determination may the event be set as concluded. In such a case once the event is set as concluded METS will prompt the user for further information such as whether a settlement was reached or the claim denied. If a settlement was reached then the user must enter the settlement amount.

6. MEMBER RESPONSE

This section contains information relating to any response actions the Member took relating to the event.

If the Member took action to investigate the occurrence of the violations alleged in an event, either voluntarily or as required by MFDA By-laws, Rules and Policies or other securities requirements, the Member must enter the initiation and completion date of the investigation, as well as the alleged violation(s) that it identified in its investigation and its finding as to the occurrence of the violation(s).

When a Member takes disciplinary action against an Approved Person as a result of an event the disciplinary action taken must be reported in this section. If required METS will prompt the user for further information. For example, if a Member terminates the employee or agency relationship with an Approved Person as a result of its finding that a serious violation did occur then METS will prompt the user to enter the termination date.

IV. OVERLAP BETWEEN EVENTS

The use of the following "basket" event types should be limited:

- Other Theft, Fraud and Serious Misconduct
- Termination, compensation paid to client and discipline (not otherwise reported)

The use of these events should be limited because most often these events will be captured as part of another event report type. For example, if a Member receives a customer complaint alleging theft by an Approved Person, investigates the complaint, finds it to have occurred, subsequently terminates the Approved Person and compensates the client, this event is correctly filed under **Customer Complaint**. Customer Complaint is the proper event because the sequence of reportable information all follows the initial receipt of a customer complaint. All information relating to the theft, the client compensation and the termination of the Approved Person should be entered as part of the Client Complaint event report in METS.

A situation where an event is properly reportable under **Other Theft, Fraud and Serious Misconduct** is when a Member discovers a theft as a result of an internal audit. Since the theft did not come to the Member's attention through either a customer complaint or a criminal charge the theft would be properly reportable under this event type.

The same logic applies to the **Termination, Compensation paid to client and Discipline (not otherwise reported above)** event type. This event should only be used when the termination, compensation paid or discipline of an Approved Person in question does not flow from any of the other reportable event types.

V. SERVICE COMPLAINTS

As set out in the definition section of Policy 6 a service complaint is any complaint that does not allege or relate to a potential breach of an MFDA By-law, Rule or Policy, or provincial securities laws. What constitutes a service complaint should be interpreted narrowly and only applies to complaints where it is clear to the Member that the complaint is entirely service related and there is no question of a possible breach of MFDA Requirements.

When reviewing complaints, Members should also recall MFDA Rule 2.1.1 on the standard of conduct required of Members and Approved Persons. The subject matter of a complaint may not always relate to a specific breach of an MFDA requirement but may nonetheless allege conduct that falls below the standard required of Members and Approved Persons under Rule 2.1.1. In all instances where a written complaint brings the standards of conduct of a Member or Approved Person into issue the complaint must be reported through METS. For example, if a complaint alleged that an Approved Person threatened them with physical violence then such a complaint is not a service complaint as the complaint alleges conduct below the standard expected by an Approved Person by Rule 2.1.1.

Typical examples of service complaints include:

- Complaints regarding an Approved Person's failure to return a phone call. It is however important to note that Member must consider thresholds when determining whether a complaint is a service complaint. For example, if a complaint alleged that an Approved Person has not returned several phone calls over the course of many months then the complaint should not be considered a service complaint.
- Complaints regarding the use of foul language by an Approved Person (however as mentioned above thresholds should be applied to these situations, as the use of language that can be construed as a serious threat to a client should not be considered a service complaint).
- Complaints relating to the fact that the Member does not offer service in certain provinces.

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