



## **NEWS RELEASE**

# **MFDA Applies for Recognition as SRO**

January 17, 2000 (Toronto, Ontario)—The Mutual Fund Dealers Association of Canada (“MFDA”) has applied to the Ontario, Alberta and British Columbia Securities Commissions (the “Commissions”) for recognition as a self-regulatory organization for mutual fund dealers registered under applicable provincial securities legislation in these jurisdictions. The Application was filed with the Commissions on December 22, 1999.

MFDA President and CEO Joe Oliver commented that “We are pleased to have met our timelines and reached this important milestone. The new self-regulatory regime will enhance protection for investors who purchase mutual funds from the more than 55,000 salespersons working for firms that will be members of our Association. We look forward to the public comment process as we move forward on this critically important initiative.”

The Application for Recognition includes a description of the structure and self-regulating activities of the MFDA (the “Description”) and the proposed By-laws and Rules of the MFDA. The proposed By-laws and Rules are based on statutory requirements, the recommendations of the MFDA Board of Directors and MFDA Industry Committees, current best industry practices, the standards of similar self-regulatory organizations and the announced requirements of securities regulators.

The MFDA was incorporated as a non-share capital corporation on June 19, 1998 at the request of, and in consultation with, the Commissions. When it is recognized and fully operational, the MFDA will be responsible for regulating mutual fund dealers selling mutual funds while the securities commissions will continue to have direct responsibility for regulating the managers of mutual funds and mutual funds as products.

The Ontario, Alberta and British Columbia Securities Commissions have developed an anticipated timeline for the recognition process. Publication of the Application by the Commissions is hoped to take place in early March, followed by a public comment period. The receipt and review of public comments is anticipated to take place April-May, 2000. The MFDA response to public comments is anticipated to take place May-June, 2000. The target recognition date is currently set for July 1, 2000. Several factors beyond the control of the MFDA, which are difficult to predict, may result in this timeline being extended.

The public and other interested parties will be able to review the Description and the draft By-laws and Rules when the Commissions begin the public comment process. In the interim, the MFDA has prepared a 'Summary of Draft MFDA Rules' which is available at the MFDA web site [www.mfda.ca](http://www.mfda.ca).

The MFDA will hold information sessions on the draft Rules and membership application process following the commencement of the public comment process. The sessions will provide interested parties with information and assistance to facilitate participation in this important public comment process. The schedule for the information sessions will be posted on the MFDA web site once dates and locations across Canada are finalized.

### The CSA Recognition Process: Anticipated Timelines

Tentative Dates	Steps to be completed
<b>Review of MFDA Application by Recognizing CSA Members</b> January 2000	The Recognizing CSA Members will review the application package and, if necessary, have discussions with MFDA staff for clarification and/or additional comment (prior to the commencement of the public comment period).
<b>Changes to Application by MFDA</b> February 2000	Based on discussions with the Recognizing CSA Members, the MFDA will make any necessary revisions to the draft By-laws and draft Rules.
<b>Publication of Application by Recognizing CSA Members and Commencement of Public Comment Process</b> Early March 2000	The Recognizing CSA Members will publish contemporaneously the following documents and invite the public to make written comments: <ol style="list-style-type: none"> <li>1. Proposed CSA Rule requiring mandatory membership in an SRO for a mutual fund dealer (30 day comment period);</li> <li>2. CSA Proposed SRO Recognition Criteria, along with MFDA commentary on the criteria (60 day comment period); and</li> <li>3. MFDA application for SRO recognition (including the draft By-laws and Rules) (60 day comment period).</li> </ol> The MFDA will make its proposed By-laws and Rules available to potential MFDA members and invite them to make written submissions in accordance with the public comment process.
<b>Receipt and Review of Public Comments</b> April – May 2000	The MFDA and the Recognizing CSA Members will review any written submissions or inquiries received during the public comment period.

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<p><b>MFDA Response to Public Comments</b> May - June 2000</p>	<p>The MFDA will publish its response to any comments received, as well as any resulting changes to the draft By-laws or Rules. If any of these resulting changes are “material”, another public comment period may be necessary.</p>
<p><b>Finalize By-laws and Rules</b> June 2000</p>	<p>Once all of the comments from the Recognizing CSA Members and the public have been considered, and all the necessary changes have been made, the MFDA draft By-laws and Rules will be finalized. The proposed final By-laws and Rules will then be enacted by the MFDA.</p>
<p><b>Recognition of MFDA</b> July 1, 2000</p>	<p>The target recognition date by the Recognizing CSA Members.</p>

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