



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels
121 King Street West, Suite 1600, Toronto, Ontario, M5H 3T9
TEL: 416-361-6332 FAX: 416-943-1218 WEBSITE: www.mfda.ca

Contact: Laurie Gillett
Membership Services Manager
Phone: 416-943-5827
E-mail : lgillett@mfda.ca

BULLETIN #0025 – M
July 17, 2003

MFDA Bulletin

Membership Information

For Distribution to Relevant Parties within your Firm

Potential Canadian Postal Strike

There is a possibility of a nationwide postal strike as early as midnight tonight. The MFDA has received a number of inquiries regarding requirements for delivery of documents if there is a postal strike.

There are no specific exemptions under applicable securities law to suspend prescribed delivery requirements of documents during a postal strike. For example, Members and Approved Persons are reminded that the following general legal requirements remain in force during a postal strike:

- Prospectuses are required to be sent to purchasers by the dealer by prepaid mail or delivery. Purchasers acquiring mutual funds have a right of withdrawal for two days after receiving the prospectus, entitling the purchasers to the full amount invested plus any fees and charges paid.
- Trade confirmations are required to be sent by the dealer to the clients by prepaid mail or delivery. Clients have the right to rescind a purchase of \$50,000 or less for two days after receipt of the confirmation, entitling clients to the redemption price as of the day of rescission, plus any fees or charges.
- Redemption payments must be sent no later than three business days after the relevant valuation date.
- Trade orders which are required to be submitted on a timely basis.

MFDA document delivery requirements would similarly remain unaffected by a postal strike. This would include, for example, MFDA requirements respecting:

- Monthly, quarterly and annual filings by Members, as well as "early warning" notifications.
- Account statements required to be provided to clients.
- Written trade confirmations required to be provided to clients.
- Requests for information required to be provided to MFDA Staff.

MFDA Staff urge Members to implement arrangements to ensure ongoing compliance with applicable legal and regulatory requirements during a postal strike and suggest the following steps be taken:

1. Every effort should be made to provide clients with the opportunity to receive confirmations and monthly statements. Some alternatives are fax, e-mail and commercial delivery to branch offices for client pick-up.
2. Fax copies of client documents which must be signed prior to trading are acceptable on an interim basis. Members should have procedures in place to follow-up on any originals that are not received within a reasonable time after postal service resumes.