



Mutual Fund Dealers Association of Canada
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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

MFDA Investor Protection Fund

As a term and condition of the MFDA's recognition as a self-regulatory organization ("SRO"), the MFDA is required to establish an investor protection fund to protect client assets in the event of a Member insolvency. The MFDA submitted an application of the MFDA Investor Protection Corporation ("MFDA IPC") to the recognizing provincial securities commissions and such application was published for public comment in November 2002. Many public comments suggested the MFDA explore the possibility of joining the Canadian Investor Protection Fund ("CIPF") rather than establish a separate fund. CIPF is the established investor protection fund for members of the Investment Dealers Association, the Bourse de Montreal Inc. and the TSX Group of Companies.

A special committee of the MFDA Board of Directors has been established to consider the cost and benefits of joining CIPF versus establishing an independent fund (i.e. MFDA IPC). As part of this comparative analysis, the special committee is seeking input from Members regarding the implications to your business under each option.

Members will be receiving in the mail a summary of the options under consideration and a survey. We would appreciate receiving your response by February 13, 2004.

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