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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Housekeeping Amendments to MFDA By-law No.1

The MFDA Board of Directors enacted By-law No. 9, which sets out certain housekeeping amendments to MFDA By-law No.1, on June 18, 2004. These amendments have received the requisite approval of MFDA Members and the recognizing securities commissions and are now in effect.

By-law No.9 contains housekeeping amendments to Sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37 of By-law No. 1 which address inconsistencies in cross-references and obsolete references that resulted from previous amendments to By-Law No. 1.

The amendment to Section 18.2.2 of By-law No. 1 expands the list of *ex officio* members entitled to attend and vote at the Regional Council meetings to include the Director of Regional Councils.

A copy of By-law No. 9, setting out the blacklined amendments to By-law No. 1, is attached as **Schedule "A"**.

SCHEDULE "A"

BY-LAW NO. 9

being a by-law amending the General By-law No. 1 of

MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES COURTIERES DE FONDS MUTUELS
(hereinafter referred to as the "Corporation")

By-law No. 1 of the Corporation is hereby amended as follows:

1. SECTION 1: DEFINITIONS

~~"previous director" means a director referred to in Section 3.7.~~

2. SECTION 11.6: HEARING

11.6 Hearing

11.6.1 A hearing held pursuant to Section 11.5 shall be open to the public except where the Board of Directors determines that all or any part of the hearing should be held in camera in accordance with the principles set out in Section ~~24~~ **20**. To the extent not otherwise specified in this Section 11, the procedures applicable to proceedings under Section ~~24~~ **20** shall be applicable to a hearing under this Section 11, mutatis mutandis.

3. SECTION 13.8: CEASING TO CARRY ON BUSINESS AS A MUTUAL FUND DEALER

13.8 Ceasing to Carry on Business as a Mutual Fund Dealer

If a Member has ceased to carry on business as a mutual fund dealer or its business has been acquired by a person which is not a Member of the Corporation, the Board of Directors may, unless the Member has voluntarily resigned in accordance with this Section 13, terminate the Membership of the Member after the Member has been given the opportunity to be heard in accordance with the provisions of Section ~~24~~ **20**. A former Member whose Membership has been terminated pursuant to the provisions of this Section 13.8 shall cease to be entitled to exercise

any of the rights and privileges of Membership but shall remain liable to the Corporation for all amounts due to the Corporation from the former Member.

4. SECTION 18.2: COMPOSITION OF REGIONAL COUNCILS

18.2 Composition

Each Regional Council shall be composed of:

18.2.1 Elected

From 4 to 20 members, as may be determined by the Board from time to time, including a Chair and a Vice-Chair, to be elected in accordance with Section 18.5 and who shall be entitled to attend and vote at meetings of the Council;

18.2.2 Ex-officio

The immediate Past Chair of the Region, the Chair of the Corporation, the President, the Director of Regional Councils and the Regional Director of the Corporation for the Region in which the Regional Council is located who shall be *ex officio* members of such Regional Council entitled to attend and vote at meetings of the Council; and

5. SECTION 20.5: OPEN TO THE PUBLIC

20.5 Open to the Public

A hearing pursuant to Section 20.2 shall be open to the public except where the Hearing Panel is of the opinion that intimate financial or personal matters or other matters may be disclosed at the hearing which are of such a nature, having regard to the circumstances, that the desirability of avoiding disclosure thereof in the interests of any person affected or in the public interest outweighs the desirability of adhering to the principle that hearings be open to the public, in which case the Hearing Panel may hold the hearing *in camera*.

6. SECTION 20.7: REASONS

20.7 Reasons

Any decision of a Hearing Panel at a hearing held pursuant to Section 20.4 shall be in writing and shall contain a concise statement of the reasons for the decision. Notice of a decision shall be delivered to the Secretary who shall then promptly give notice, in the case of an individual, to the individual and to the Member concerned, or in the case of a Member, to the Member. A copy of the decision shall accompany the notice.

7. SECTION 24.3.3: SUSPENSIONS IN CERTAIN CIRCUMSTANCES - CAUSE OF FINANCIAL LOSS TO THE PUBLIC

24.3.3 Cause of Financial Loss to the Public

Notwithstanding anything in Sections ~~24~~20 to 24, inclusive, if, as a result of information received by the Chair or any Vice-Chair of the applicable Regional Council, such Chair or Vice-Chair after consultation with the President or one or more members of the Board of Directors is of the opinion that a Member has breached any By-law, Rule or Policy of the Corporation and that such breach or breaches is likely to result in financial loss to the public, the Chair or Vice-Chair may immediately suspend the rights and privileges of such Member and direct such Member to immediately cease dealing with the public. If the Chair or Vice-Chair of the Regional Council acts under the provisions of this Section 24.3.3, he or she shall summon the Member to appear before a hearing of the Hearing Panel of the applicable Regional Council to be held within 15 days upon notice to the Member, with such notice and hearing to be in accordance with the provisions of ~~this~~ Section ~~24~~20, as applicable.

8. SECTION 37: EXEMPTIONS

37. EXEMPTIONS

The Board of Directors may exempt any Member, Approved Person, or any other person subject to the jurisdiction of the Corporation, or any group or class of the foregoing persons, from the requirements of any provision of the By-laws, Rules and Forms where it is satisfied that to do so would not be prejudicial to the interests of the Members, their clients or the public, and in granting such an exemption the Board of Directors may impose such terms and conditions as are considered necessary or desirable. The Board of Directors shall, in its discretion, determine whether it is appropriate for notice of the exemption to be given by all or any of the means specified in Section ~~24.5.3~~ ~~24.16.3~~.

END