



Mutual Fund Dealers Association of Canada
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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Amendments to MFDA By-law No.1 (For the Protection of Directors, Officers and Others)

The MFDA Board of Directors enacted By-law No. 11 which sets out housekeeping amendments to MFDA By-law No.1, on November 10, 2004. These amendments have received the requisite approval of MFDA Members and the recognizing securities commissions and are now in effect.

By-law No. 11 sets out amendments to Section 8 of By-law No. 1 which clarify that the indemnification and protection provisions applicable for directors and officers of the Corporation apply to Regional Council members.

A copy of By-law No. 11, setting out blacklined amendments to By-law No. 1, is set out in **Schedule "A"** below.

(doc #49386)

SCHEDULE "A"

BY-LAW NO. 11

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

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

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

1. SECTION 8: FOR THE PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

8. For the Protection of Directors ~~and~~, Officers and Others

8.1 Limitation of Liability

No ~~director~~ past or present member of the Board of Directors, a Regional Council (including a Hearing Panel) or any committee or sub-committee thereof or of the Corporation, officer, employee or agent shall be liable for the acts, receipts, neglects or defaults of any other ~~director, officer, employee or agent of such persons~~, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto; provided that nothing herein shall relieve any ~~director or officer~~ such person from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

8.2 Indemnity

~~Every director or officer~~Each past and present member of the Board of Directors, a Regional Council (including a Hearing Panel) or any committee or sub-committee thereof or of the Corporation, officer, employee or agent of the Corporation, ~~or~~and any other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, and their heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against:

8.2.1 all costs, charges, fines and penalties and expenses which such ~~director~~Board, Council, Panel, committee or sub-committee member, officer, employee, agent or other person sustains or incurs in or about or to settle any action, suit or proceeding which is threatened, brought, commenced or prosecuted against him or her, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of his or her office or in respect of any such liability; and

8.2.2 all other costs, charges and expenses which he or she sustains or incurs in or about or in relation to the affairs thereof, including an amount representing the value of time any such ~~director~~Board, Council, Panel, committee or sub-committee member, officer employee, agent or other person spent in relation thereto and any income or other taxes or assessments incurred in respect of the indemnification provided for in this By-law, except such costs, charges or expenses as are occasioned by his or her own wilful neglect or default.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity apart from the provisions of this By-law.

8.3 Action, Suit or Proceeding Threatened, Brought, etc. by the Corporation

Where the action, suit or proceeding referred to in Section 8.2.1 above is threatened, brought, commenced or prosecuted by the Corporation against a ~~director~~Board, Council, Panel committee or sub-committee member, officer, employee, agent or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any company controlled by it, the Corporation shall make application at its expense for approval of the court to indemnify such persons, and their heirs, executors and administrators, and estates and effects respectively, on the same terms as outlined in Section 8.2.

8.4 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 8.2 against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

END