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**BULLETIN #0193 – C**  
May 18, 2006

# MFDA Bulletin

## Compliance

**For Distribution to Relevant Parties within your Firm**

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### Compliance Examination – Document Request Lists and Examination Questionnaire

The MFDA is issuing this Bulletin to assist Members in preparing for the second round of compliance examinations.

Attached to this Bulletin are sample lists of the types of documents and information that will be requested by MFDA staff prior to an examination.

- Schedule A – Document Request List
- Schedule B – Examination Questionnaire
- Schedule C – Branch Document Request List

Each Member will be notified prior to the compliance examination of the documents and information requested and the deadline by which they are to be provided to the MFDA.

The second phase of compliance examinations will focus on reviewing deficiencies identified in the first phase, as well as Member resolution of these deficiencies. For a list of common deficiencies identified by MFDA staff during compliance examinations, please refer to Bulletins #0056- C – *Common Deficiencies Noted During On-Site Examinations of Members* and #0183-C – *Second Round of Compliance Examinations*.



**DOCUMENT REQUEST LIST**

<b>Member:</b> <b>Level:</b> <b>Review Period:</b> _____ <b>to</b> _____
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**PART A - DOCUMENTS TO BE SUBMITTED TO MFDA PRIOR TO VISIT**

Please provide the following documents in Excel or other electronic format where possible to the MFDA no later than <INSERT DATE>.

Provided	N/A	Organization Structure
<input type="checkbox"/>	<input type="checkbox"/>	1. Completed Examination Questionnaire. (Attached)
<input type="checkbox"/>	<input type="checkbox"/>	2. External Organizational Chart - including ALL related and associated entities with complete details of all significant shareholders (I.e. more than 10%) and type of business for each entity.
<input type="checkbox"/>	<input type="checkbox"/>	3. Internal Organizational Chart - including compliance staff, officers, directors, administration staff. (Ensure chart includes job titles, registrations and attach job descriptions for all staff positions)
<input type="checkbox"/>	<input type="checkbox"/>	4. List of any exemptions that may have been applied for or granted to the Member by the MFDA or any other regulatory body the Member is subject to.
<input type="checkbox"/>	<input type="checkbox"/>	5. (a) List of branches and sub-branches including address, telephone number, designated branch manager, and a list of Approved Persons and licensed assistants in each location.
<input type="checkbox"/>	<input type="checkbox"/>	(b) NRD reports of branches and sub-branches and list of Approved Persons at each location.
<input type="checkbox"/>	<input type="checkbox"/>	6. (a) List of Approved Persons and their dual occupations or outside business activities. (Include copies of dual occupation disclosures provided to clients.)
<input type="checkbox"/>	<input type="checkbox"/>	(b) List of Approved Persons who sell/recommend labour-sponsored funds, segregated funds, commodity pools.
<input type="checkbox"/>	<input type="checkbox"/>	7. (a) List of new Approved Persons (I.e. newly registered or transferred registration).
<input type="checkbox"/>	<input type="checkbox"/>	(b) List of any Approved Persons who transferred a book of business to the Member.
<input type="checkbox"/>	<input type="checkbox"/>	8. List of all websites including websites of Approved Persons.

- 9. List of all trade names used by Member and Approved Persons.
- 10. List of all licensed assistants in each location and their job description. (This list should identify any licensed assistants not counted as Approved Persons when determining branch versus sub-branch status pursuant to MR-0014).

**Opening and Supervision of New Accounts**

- 11. List of new accounts opened during the last 12 months (include date opened, account type, account number, Approved Person and date of first transaction).  
(Note: list should not include statutory rollovers/conversions of Registered accounts and should not include new investments or transfers-in for existing accounts. This list should include all other new and transferred-in accounts.)
- 12. List of client accounts where client is resident in Canadian jurisdictions where either the Member and/or the Approved Person are not registered. (List must identify Approved Person and total AUA for each client account.)

**Books, Records, and other Documents**

- 13. List of total assets under administration by salesperson, including salesperson code, and summaries of commissions and trailing commissions earned by each salesperson.
- 14. List of total assets under administration by individual product as at March 31 and as at end of the review period.
- 15. Electronic copy of trade blotters for the last 12 months, formatted for use in Excel. Trade blotters or other books or original entry should be readily available for the period under review. Trade blotters submitted should include the following information at a minimum: client name, account number, representative, transaction amount (units and/or dollar value), transaction date, transaction type and name of securities transacted in.
- 16. List of leveraged client accounts, whether recommended or known to be leveraged, including salesperson code, client name, account number, and amount leveraged.
- 17. List of any client accounts for which power of attorney, limited power of attorney, or limited authorization form are in effect. Include a copy of the Member's Limited Authorization Form (LAF).
- 18. A copy (electronic copy is preferred) of the Policy and Procedures Manual.
- 19. Copy of complaint log.

**PART B - DOCUMENTS TO BE ASSEMBLED PRIOR TO MFDA VISIT**

<i>Provided</i>	<i>N/A</i>	
<b>Administration and Operations</b>		
<input type="checkbox"/>	<input type="checkbox"/>	20. Access to registration files for each Approved Person.
<input type="checkbox"/>	<input type="checkbox"/>	21. Minutes of the Board of Directors and other committee meetings.
<input type="checkbox"/>	<input type="checkbox"/>	22. Flowchart of Member's order processing, i.e. paper flow of orders.
<input type="checkbox"/>	<input type="checkbox"/>	23. Samples of all account opening forms, disclosure documents and trade order forms.
<input type="checkbox"/>	<input type="checkbox"/>	24. Copy of the standard form Agent Agreements and Employment Contracts.
<input type="checkbox"/>	<input type="checkbox"/>	25. List of all Approved Persons whose commissions are paid to a non-registered entity. Include the name of the payee for each Approved Person.
<input type="checkbox"/>	<input type="checkbox"/>	26. List of all Approved Persons terminated. (Indicate on list any person terminated with cause).
<input type="checkbox"/>	<input type="checkbox"/>	27. Copies of all Service, Introducing/Carrying Dealer, and Referral agreements.
<input type="checkbox"/>	<input type="checkbox"/>	28. Central advertising, marketing, and sales communications file and approvals (i.e. advertisements, newsletters, websites, invitations, radio scripts, co-op marketing, etc).
<input type="checkbox"/>	<input type="checkbox"/>	29. Sample copy of Member and Approved Person letterhead and business cards.
<b>Books, Records, and other Documents</b>		
<input type="checkbox"/>	<input type="checkbox"/>	30. Access to all client files, including trade instruction and confirmation documentation for all transactions.
<input type="checkbox"/>	<input type="checkbox"/>	31. List of all Letters of Indemnity issued by the Member or Approved Persons.
<input type="checkbox"/>	<input type="checkbox"/>	32. Copy of internal Branch Review Program and a list of branch audits completed. Access to all audit reports and supporting documentation for each branch reviewed.
<input type="checkbox"/>	<input type="checkbox"/>	33. Copy of Member's 90-day training program.
<b>Financial Documents</b>		
<input type="checkbox"/>	<input type="checkbox"/>	34. Copies of Certificates of Partners and Directors for each FQR filed.

35. Copy of the most recent audited financial statements.
36. Copy of most recent Financial Questionnaire and Report ("FQR").
37. Copy of comparative trial balances for each of the last 12 months.
38. List of all trust and other bank accounts including a description of the account, interest earned, and a list of all authorized signatories and copies of account opening documents.
39. Bank statements, cancelled cheques, deposit slips and documentation, and reconciliations for all trust and other bank accounts for the current and previous 12 months.
40. Detailed general ledger for the last 12 months should be available for review.
41. For the most recent FQR provide the following information:
- (a) List of all marketable securities including a description of each holding, number of units/shares, original cost and market value per unit/share as at the reporting date;
- (b) For list of marketable securities completed in (a), provide supporting evidence of market value from 3rd party sources (I.e. fund company statement, trading account statement, certificate);
- (c) List of amounts due from carrying broker or mutual fund and list of variable compensation (commissions) payable;
- (d) List of interest and dividends receivable including name of financial institution, and amount or calculation of amount;
- (e) List of capital assets and capitalized leases;
- (f) List of amounts shown as investments in or advances to subsidiaries/affiliates;
- (g) Calculation for income taxes payable or recoverable and list of other recoverable tax amounts shown such as GST, property taxes, etc.;
- (h) List of advance redemption proceeds receivable;
- (i) List of other current payables (I.e. bonuses, accounts payable, accrued expenses)
- (j) List and details of subordinated loans payable and other long term liabilities;
- (k) List of amounts shown on Statement D line 25;
- (l) List of amounts shown on Statement B line 14.
42. Notices of Assessments and Statements of Account (Federal & Provincial).
43. Copy of the current Financial Institution Bond policy, including all Riders.
44. List of outstanding claims or lawsuits filed by or against the Member including the nature of the claims and expected outcomes.



EXAMINATION QUESTIONNAIRE

<b>Member:</b>			
<b>Level:</b>			
<b>Review Period:</b>		<b>to</b>	

1. Indicate all applicable registrations/licences of the Member with an "X".

	BC	AB	SK	MB	ON	QC	NS	NB	PE	NL	YK	NU	NT
Mutual Fund Dealer													
Limited Market Dealer													
Insurance													
Scholarship Plan Dealer													
Deposit Broker													
Group Savings Plan Dealer													
IC/PM													

2. Does the Member have any Terms and Conditions attached to the above registrations?  
 Yes \_\_\_ No \_\_\_

3. Has the Member applied for and/or received an exemption from the MFDA or other regulator?  
 Yes \_\_\_ No \_\_\_

4. Regarding the Member's operations, have there been any changes to the following since the last examination?

Registrations	Yes ___ No ___	Business Relationships	Yes ___ No ___
Senior Management	Yes ___ No ___	Service Agreements	Yes ___ No ___
Other Compliance Staff	Yes ___ No ___	Referral Arrangements	Yes ___ No ___

If Yes, provide details: \_\_\_\_\_

5. Identify all products offered through the Member:

Mutual Funds	Yes ___ No ___	Labour-Sponsored	Yes ___ No ___	GICs	Yes ___ No ___
Seg. Funds	Yes ___ No ___	Principal Prot-Notes	Yes ___ No ___	LP's	Yes ___ No ___
Hedge Funds	Yes ___ No ___	Other (details): _____			

6. Identify all products offered by any Approved Person outside the Member:

Mutual Funds	Yes ___ No ___	Labour-Sponsored	Yes ___ No ___	GICs	Yes ___ No ___
Seg. Funds	Yes ___ No ___	Principal Prot-Notes	Yes ___ No ___	LP's	Yes ___ No ___
Hedge Funds	Yes ___ No ___	Other (details): _____			



EXAMINATION QUESTIONNAIRE

Member:
Level:
Review Period: to

7. Does the Member employ salespersons as Agents? Yes \_\_\_ No \_\_\_

If Yes, have there been any changes made to the Agent Agreement since last examination? Yes \_\_\_ No \_\_\_

8. Does the Member pay commissions or other remuneration to salesperson's non-personal bank accounts?

Yes \_\_\_ No \_\_\_

If Yes, have you obtained a signed Sch. A of Member Regulation Notice MR-0002 from each salesperson?

Yes \_\_\_ No \_\_\_

9. Identify any carrying dealers you have accounts with:

B2B/BCS Carrying Dealer Services: Yes \_\_\_ No \_\_\_

MRS Inc.: Yes \_\_\_ No \_\_\_

Other (state name): \_\_\_\_\_

10. Identify any services provided to clients through the Member:

Financial Planning Yes \_\_\_ No \_\_\_ Other (details): \_\_\_\_\_

Income Tax Preparation Yes \_\_\_ No \_\_\_

11. Identify any trading systems used by the Member:

Winfund Yes \_\_\_ No \_\_\_ Proprietary Yes \_\_\_ No \_\_\_

RPM Yes \_\_\_ No \_\_\_ AXIS Yes \_\_\_ No \_\_\_

Univeris Yes \_\_\_ No \_\_\_ Other Details: \_\_\_\_\_

12. Identify the date of the most recent official account statements and frequency for the following account types:

Client Name Accounts Date \_\_\_\_\_ Frequency \_\_\_\_\_

Nominee Name Accounts Date \_\_\_\_\_ Frequency \_\_\_\_\_



**BRANCH DOCUMENT REQUEST LIST**

Member:	
Level:	
Branch:	
Review Period:	to

**PART A - DOCUMENTS TO BE SUBMITTED TO MFDA PRIOR TO VISIT**

Please provide the following documents in Excel or other electronic format where possible to the MFDA no later than <INSERT DATE>.

Provided	N/A	Organization Structure
<input type="checkbox"/>	<input type="checkbox"/>	1. (a) List of all sub-branch locations assigned to the branch (include address, telephone number and names of Approved Persons and licensed assistants in each location.)
<input type="checkbox"/>	<input type="checkbox"/>	2. (a) List of Approved Persons and their dual occupations or outside business activities. (Include copies of dual occupation disclosures provided to clients.)
<input type="checkbox"/>	<input type="checkbox"/>	(b) List of Approved Persons who sell/recommend labour-sponsored funds, segregated funds, commodity pools.
<input type="checkbox"/>	<input type="checkbox"/>	3. (a) List of new Approved Persons (I.e. newly registered or transferred registration).
<input type="checkbox"/>	<input type="checkbox"/>	(b) List of any Approved Persons who transferred a book of business to the branch.
<input type="checkbox"/>	<input type="checkbox"/>	4. List of all websites including websites of Approved Persons.
<input type="checkbox"/>	<input type="checkbox"/>	5. List of all trade names used by branch and Approved Persons.
<input type="checkbox"/>	<input type="checkbox"/>	6. List of all licensed assistants in each location and their job description. (This list should identify any licensed assistants not counted as Approved Persons when determining branch versus sub-branch status pursuant to MR-0014).
		<b>Opening and Supervision of New Accounts</b>
<input type="checkbox"/>	<input type="checkbox"/>	7. List of new accounts opened during the last 12 months (include date opened, account type, account number, Approved Person and date of first transaction). (Note: list should not include statutory rollovers/conversions of Registered accounts and should not include new investments or transfers-in for existing accounts. This list should include all other new and transferred-in accounts.)

**Books, Records, and other Documents**

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | 8. List of total assets under administration by salesperson, including salesperson code, and summaries of commissions and trailing commissions earned by each salesperson.  |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. Electronic copy of trade blotters for the last 12 months, formatted for use in Excel. Trade blotters or other books or original entry should be readily available for the period under review. Trade blotters submitted should include the following information at a minimum: client name, account number, representative, transaction amount (units and/or dollar value), transaction date, transaction type and name of securities transacted in. |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. List of leveraged client accounts, whether recommended or known to be leveraged, including salesperson code, client name, account number, and amount leveraged.   |
| <input type="checkbox"/> | <input type="checkbox"/> | 11. List of any client accounts for which power of attorney, limited power of attorney, or limited authorization form are in effect. Include a copy of the Member's Limited Authorization Form (LAF).   |
| <input type="checkbox"/> | <input type="checkbox"/> | 12. Copy of any internal branch review report issued by the Member and branch responses.  |
| <input type="checkbox"/> | <input type="checkbox"/> | 13. Copy of branch complaint log.   |

**PART B - DOCUMENTS TO BE ASSEMBLED PRIOR TO MFDA VISIT**

Provided	N/A	
		<b>Administration and Operations</b>
<input type="checkbox"/>	<input type="checkbox"/>	14. Flowchart of branch's order processing, i.e. paper flow of orders.
<input type="checkbox"/>	<input type="checkbox"/>	15. Samples of all account opening forms, disclosure documents and trade order forms.
<input type="checkbox"/>	<input type="checkbox"/>	16. List of all Approved Persons whose commissions are paid to a non-registered entity. Include the name of the payee for each Approved Person.
<input type="checkbox"/>	<input type="checkbox"/>	17. Copies of all Service and Referral agreements used by the branch.
<input type="checkbox"/>	<input type="checkbox"/>	18. Central advertising, marketing, and sales communications file and approvals (i.e. advertisements, newsletters, websites, invitations, radio scripts, co-op marketing, etc).
<input type="checkbox"/>	<input type="checkbox"/>	19. Sample copy of branch and Approved Person letterhead and business cards.
		<b>Books, Records, and other Documents</b>
<input type="checkbox"/>	<input type="checkbox"/>	20. Access to all client files, including trade instruction and confirmation documentation for all transactions.
<input type="checkbox"/>	<input type="checkbox"/>	21. Copy (electronic copy is preferred) of the Policy and Procedures Manual.