



Mutual Fund Dealers Association of Canada
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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Exemptive Relief from MFDA Rule 3.3.2(e) (Commingling Prohibition)

MFDA staff has received several applications for exemptive relief from Rule 3.3.2(e). MFDA Rule 3.3.2(e) prohibits Members from commingling money for mutual fund transactions with money held in trust for the purchase and sale of other securities or financial instruments such as guaranteed investment certificates and segregated funds (“the Commingling Prohibition”). The Member must maintain separate trust accounts for cash received for the purchase and sale of other securities or financial instruments. MFDA Rule 3.3.2(e) mirrors the requirements set out in Part 11 of National Instrument 81-102 (*Mutual Funds*) (“NI 81-102”).

The MFDA Regulatory Issues Committee of the MFDA Board of Directors has determined that to grant exemptive relief from MFDA Rule 3.3.2(e) would not be prejudicial to the interest of Members, their clients or the public. Accordingly, the MFDA will be issuing a Decision Document, which will provide exemptive relief from MFDA Rule 3.3.2(e) to all MFDA Members that are Level 3 and 4 Dealers. MFDA Members that are eligible for the relief will be named in a schedule to the Decision Document. As a condition of relying on the MFDA relief, MFDA Members will be required to obtain relief from the relevant Canadian securities regulatory authorities from the applicable provisions of Part 11 of NI 81-102. In accordance with the Decision Document, such MFDA relief may also be relied on only as long as the MFDA Regulatory Issues Committee has not determined that a change has occurred in the coverage of the MFDA Investor Protection Corporation that would reduce protection to clients of Members with respect to commingled trust moneys.

MFDA Members must notify the MFDA Membership Services Department when they apply for relief to the relevant Canadian securities regulatory authorities from the applicable provisions of Part 11 of NI 81-102. Members must also notify the MFDA Membership Services Department when they receive exemptive relief from the relevant securities regulatory authorities and provide a copy of the decision document or other evidence of such relief.