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MFDA Bulletin

Membership Information

For Distribution to Relevant Parties within your Firm

Referral Arrangements with Lakeshore Asset Management Inc. and Meridian Global Investors Inc.

MFDA staff has identified significant concerns with respect to referral arrangements that some Members have in place with Lake Shore Asset Management Inc. (“Lake Shore”) and Meridian Global Investors Inc. (“MGI”). In particular, it is MFDA staff’s position that these arrangements are referrals for specific securities sold by Lake Shore and MGI. Accordingly, MFDA staff expects that Members cease to participate in these arrangements.

For further guidance on the issue of referrals for specific securities, Members may review MFDA Member Regulation Notice MR-0043, which provides as follows:

“In many cases the specific securities in respect of the referrals are not securities that the Member is appropriately registered or licensed to sell directly. The concern with such arrangements is that in most cases they result in Members and their Approved Persons giving advice and making recommendations with respect to the specific security without having the required licensing or proficiency to do so.”