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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Housekeeping Amendments to MFDA Rule 1.2.4 Currency of Courses and Section 1 of MFDA By-law No.1

The MFDA Board of Directors and the recognizing securities commissions have approved housekeeping amendments to MFDA Rule 1.2.4 Currency of Courses and Section 1 of MFDA By-law No.1. Members confirmed the amendments at the Annual General and Special Meeting of MFDA Members on December 1, 2006. The amended Rule and By-law, as attached, are effective immediately.

MFDA Rule 1.2.4 Currency of Courses

MFDA Rule 1.2.4 provides an exemption to course and examination requirements under MFDA Rules 1.2.1(a), 1.2.2(a) and 1.2.3(b) if the individual was registered/licensed under the applicable securities legislation in the same category within three years of the relevant time for qualification, or if the individual successfully completed the course or examination within three years of the relevant time for qualification.

MFDA Rule 1.2.4, as previously drafted, referred to the term “exempt” with respect to the requirement to complete courses and examinations, which has created confusion. One of amendments to MFDA Rule 1.2.4 is intended to clarify for Members the application of the Rule by removing the reference to the term “exempt” and relating the three-year currency requirement directly to the proficiency requirements. The amendment also harmonizes the language of the Rule with similar provisions under provincial securities legislation.

A further amendment to MFDA Rule 1.2.4 provides MFDA staff with discretion to consider whether individuals who do not meet the requirements under MFDA Rule 1.2.4 have met the objective of ensuring that their proficiency remains current by other means. The MFDA has received several applications for exemptive relief from MFDA Rule 1.2.4 which have been considered by the Regulatory Issues Committee of the Board of Directors. These types of exemption applications are typically routine, straightforward matters that are considered at the staff level at the provincial securities commissions. The amendment provides that staff now has the discretion to extend the three-year currency requirement if staff is satisfied based on the individual's experience that his or her knowledge remains relevant and current.

Section 1 of MFDA BY-law No. 1 – Definitions

(a) Preamble

Section 1 of MFDA By-law No. 1 provides a list of definitions, which are intended to apply to the interpretation of the By-law, Rules and Policies of the MFDA. However, the preamble to By-law No.1 as previously drafted did not expressly reference Rules and Policies.

The amendment clarifies that the definitions provided in section 1 of By-law No.1 apply to MFDA Rules and Policies as well as to the By-law.

(b) Definition of “Control” and “Controlled”

Section 1 of MFDA By-law No.1 provides a definition of “control” or “controlled”.

The amendment corrects a typographical error in the definition of “control” and “controlled”. The amendment deletes the word “and” and replaces it with the word “but”.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

MFDA Rule 1.2.4 (Currency of Courses)

On September 27, 2006, the Board of directors of the Mutual Fund Dealers Association of Canada made and enacted the following housekeeping amendments to Rule 1.2.4:

(a) For the purposes of ~~An individual shall be exempt from taking any of the courses or writing the examinations required under~~ Rules 1.2.1(a), 1.2.2(a) or 1.2.3(b); ~~if the individual:~~

(i) the courses or examinations must have been successfully completed; or

(ii) the individual must have been registered/licensed under applicable securities legislation in the equivalent category;

within three years of the relevant time for qualification or such longer period as the Corporation may determine if it is satisfied based on the individual's experience that his or her knowledge and proficiency remains relevant and current.

~~(a) was registered/licensed under applicable securities legislation in the same category within three years of the relevant time for qualification; or~~

~~(b) successfully completed the course or examination within three years of the relevant time for qualification;~~

(b) Notwithstanding ~~provided that despite~~ subsections ~~(a) and (b)~~, if an individual completes a course for which another course is a prerequisite, the course which is a prerequisite need not have been completed within the three year period.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

MFDA By-law No. 1

On September 27, 2006 the Board of Directors of the Mutual Fund Dealers Association of Canada made and enacted the following amendments to MFDA By-law No. 1:

INTERPRETATION AND EFFECT

1. DEFINITIONS

In this By-law and in the Rules and Policies, unless the context otherwise specifies or requires:

. . .

“control” or “controlled”, in respect of a corporation by another person or by two or more corporations, means the circumstances where:

- (a) voting securities of the first-mentioned corporation carrying more than 50% of the votes for the election of directors are held, other than by way of security only, by or for the benefit of the other person or by or for the benefit of the other corporations; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the Board of Directors of the first-mentioned corporation,

and-but where the Board of Directors orders that a person shall, or shall not, be deemed to be controlled by another person, then such order shall be determinative of their relationships in the application of the By-laws, Rules, Policies and Forms with respect to that Member;