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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Housekeeping Amendments to Form 1 - Financial Questionnaire and Report

The MFDA Board of Directors and the recognizing securities commissions have approved amendments to MFDA Form 1 - Financial Questionnaire and Report (“FQR”).

Referral Fees

A line has been added to Statement D of the FQR that will require Members to separately disclose revenue earned from “referral fees”. The most recent version of the MFDA’s Electronic Filing System (“EFS”) includes this new line on Statement D. However, the requirement to disclose referral fee revenue will become effective for all filings with **reporting periods ending January 1, 2008 or later**. As a result of adding this line to Statement D, other amendments to the FQR are required. These amendments, which are composed of additional note disclosure and cross-referencing, are summarized below.

	REFERENCE	CHANGE REQUIRED	RATIONALE
1.	STATEMENT C (NOTES AND INSTRUCTIONS)	LINE 2 – CHANGE REFERENCE TO STATEMENT D, LINE 20.	UPDATE CROSS-REFERENCE
2.	STATEMENT D	LINE 12 – ADD “REFERRAL FEES” RENUMBER LINES AND LINE REFERENCES ACCORDINGLY.	ENHANCED DISCLOSURE OF REFERRAL FEE REVENUE.
3.	STATEMENT D (NOTES AND INSTRUCTIONS)	ADD THE FOLLOWING NOTE: “12 INCLUDES ALL FEES EARNED AS A RESULT OF REFERRING CLIENTS TO ANOTHER ENTITY FOR PRODUCTS OR SERVICES.” AMEND LINE NUMBERING AND REFERENCES ACCORDINGLY.	ENHANCED DISCLOSURE OF REFERRAL FEE REVENUE.
4.	STATEMENT E	LINE C(2)(A) – CHANGE REFERENCE TO D-24 LINE C(2)(B) – CHANGE REFERENCE TO D-25 LINE C(2)(C) – CHANGE REFERENCE TO D-26	UPDATE CROSS-REFERENCE
5.	SCHEDULE 3	LINE A(5) – CHANGE REFERENCE TO D-22(A)	UPDATE CROSS-REFERENCE

Part II Auditors' report

The Part II Auditors' Report has been amended to incorporate the required changes to comply with recent changes to Section 5600 of the CICA Handbook. The amendments are effective **immediately** and have been reflected on EFS. In summary, the amendments to the Part II Auditors' Report are as follows:

- Adding a sentence to state that the Auditors have audited Part I of the MFDA Financial Questionnaire and Report ("Part I – FQR"). By adding this sentence, the Part II report establishes the basis of accounting which is referenced in the Part I report.
- Adding a sentence to clearly state that no additional procedures have been completed by the auditor other than those necessary to form an opinion on the Statements referenced in the Part I report.
- Deleting the reference to questions 2 through 7 on the Certificate of Partners or Directors ("PDO certificate"). The amendments to the Part II Auditors' Report removes the reference to the PDO certificate since it has been concluded that the reference no longer applies or alternatively, the auditor has performed sufficient work to provide appropriate audit evidence to the MFDA.
- A statement has been added indicating that the additional information set out in Part II was not intended to be prepared in accordance with Canadian generally accepted accounting principles, and that it is not intended to be, and should not be, used by anyone other than the specified users or for any other purpose.

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