



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

MFDA Rule 2.4.1 (Payment of Commissions to Non-Registered Entities) – Suspension in Manitoba

The Manitoba Securities Commission (“MSC”) has made a Variation Order to the Terms and Conditions of MFDA Recognition as a Self-Regulatory Organization in Manitoba to suspend MFDA Rule 2.4.1 until such time as a decision or legislative amendments have been made with respect to the payment of commissions to non-registered entities. MFDA Rule 2.4.1 requires that any remuneration in respect of business conducted by an Approved Person on behalf of a Member be paid by the Member (or an affiliate) directly to and in the name of the Approved Person.

The securities regulatory authorities in British Columbia, Nova Scotia, Ontario and Saskatchewan have suspended Rule 2.4.1 until December 31, 2008. As described in MFDA Bulletin #0325-P, published on September 9, 2008, the MFDA has submitted an application to the securities regulatory authorities in these jurisdictions to amend the Recognition Orders to extend the suspension of Rule 2.4.1 to December 31, 2010. The application and related documents were published for comment on August 29, 2008, with the comment period expiring on September 29, 2008.

The Alberta Securities Commission has not suspended Rule 2.4.1 and, accordingly, commissions must be paid directly to the registered salesperson. The New Brunswick Securities Commission has made a Variation Order to suspend Rule 2.4.1 in New Brunswick until such time as a decision or legislative amendments have been made with respect to the payment of commissions to non-registered entities.

Further Information

The Manitoba Variation Order can be accessed through the MSC website at http://www.msc.gov.mb.ca/legal_docs/orders/mfda_2.html.