



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

Housekeeping Amendment to MFDA Rule 1.1.7 (Business Names, Styles, Etc.)

On September 28, 2008, the recognizing securities commissions approved a housekeeping amendment to MFDA Rule 1.1.7 -- Business Names, Styles, Etc. MFDA staff has received inquiries from Members seeking clarification with respect to the amendment. In particular, some Members have interpreted the amendment as requiring pre-approval by the MFDA of all trade names used by Members and their Approved Persons and suggested that the amendments would result in the MFDA or Members regulating the outside business activity of Approved Persons. **Both of these interpretations are incorrect.** The purpose of this Bulletin is to clarify the intention of the amendment and notification requirements with respect to trade names used by Members and Approved Persons.

The MFDA does not require the pre-approval of trade names used by Members and Approved Persons. Rule 1.1.7(d) currently requires Members to notify the MFDA prior to the use of any business or style or trade names other than the Member's legal name. MFDA staff has received inquiries from Members seeking clarification with respect to which trade names the MFDA requires notification of. In response to Member and Approved Person requests for clarification, the MFDA proposed a housekeeping amendment to confirm that the requirement in Rule 1.1.7(d) to notify the MFDA prior to the use of any business, style or trade names other than the Member's legal name applies to any business, style or trade names to be used by Approved Persons in connection with the business of the Member as well as business carried on by Approved Persons outside of the Member. The amendment does not result in any change to the current Rule and is intended only to provide clarification of the current notification requirement with respect to trade names used by Approved Persons.

While the MFDA does not require pre-approval of trade names used by Members and their Approved Persons, Rule 1.1.7 currently provides that the MFDA may prohibit a Member or Approved Person from using any business or trade or style name in a manner that is contrary to any provision of Rule 1.1.7 or that is objectionable or contrary to the public interest as it relates

to Member business. To date the MFDA has not prohibited the use of trade names of Approved Persons in connection with Member business but rather has identified trade names of concern and resolved these issues with Members and Approved Persons. Examples of the use of Approved Person trade names causing concern include situations where (i) two Approved Persons registered with two different dealers were using the same trade name for Member business, and (ii) an Approved Person was using a trade name that suggested a registration status that he did not have.

The primary purpose of the notification requirement in Rule 1.1.7 is to ensure that the MFDA is aware of what trade names are being used by Approved Persons of Members and for what purpose.

For more information and guidance with respect to the use of trade names, Members should refer to Member Regulation Notice MR-0032 – *Rule 1.1.7 Use of Business, Style or Trade Names by Members and Approved Persons* issued November 22, 2004.

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