



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

Proposed Amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash)

On June 25, 2010, the British Columbia Securities Commission (“BCSC”) published for public comment proposed amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash).

The proposed amendments are intended to remove the existing restrictions in Rule 3.3.2 to hold client cash for investment in mutual funds separately from client cash for other investments, while maintaining existing requirements to segregate client cash held in trust from Member property. In addition, the proposed amendments would permit Members discretion as to whether they will pay interest on client cash held in trust, subject to conditions, including a disclosure requirement on account opening, as to whether or not such interest will be paid and if so, at what rate.

Comments should be made in writing. One copy of each comment letter should be delivered by **September 24, 2010** (within 91 days of the BCSC’s publication of the proposed amendments), addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1000, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of Julianna Paik, Senior Legal Counsel, British Columbia Securities Commission, 701 West Georgia Street, P.O. Box 10142, Pacific Centre, Vancouver, British Columbia, V7Y 1L2.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

To view the proposed amendments, please go to:
<http://www.mfda.ca/regulation/propAmend/Prop3-3-2.pdf>

The proposed amendments may also be viewed on the BCSC’s website at:
<http://www.bcsc.bc.ca/sros.asp?id=10264>.

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