



**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**

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#### **Proposed Amendments to MFDA Rule 2.2 (Client Accounts), Policy No. 2 *Minimum Standards for Account Supervision*, Rule 2.8 (Client Communications) and Rule 5.3 (Client Reporting)**

The securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick and Nova Scotia (the “Recognizing Regulators”) have approved/not objected to proposed amendments to MFDA Rule 2.2 (Client Accounts), Policy No. 2 *Minimum Standards for Account Supervision*, Rule 2.8 (Client Communications) and Rule 5.3 (Client Reporting).

The proposed amendments to Rule 2.2 and Policy No. 2 clarify the nature of the client/advisor relationship and expand the disclosure to be provided to clients on account opening. In addition, the amendments are intended to help ensure that client accounts are reviewed at relevant times and remain consistent with the client’s needs and objectives. The Rule 2.2 and Policy No. 2 amendments also clarify procedures that Members and Approved Persons must follow in order to satisfy their obligations in respect of the collection and maintenance of know-your client (“KYC”) information, investment suitability and account supervision.

The proposed amendments to Rule 2.8 and 5.3 are intended to clarify the supervisory obligations of Members in relation to performance reporting provided directly to clients by Approved Persons and to ensure that all clients are provided with a minimum level of information with respect to the performance of investments in their accounts.

The proposed amendments to Rules 2.2, 2.8 and 5.3 will be brought forward for ratification at the December 2010 Annual General Meeting of Members (“AGM”). If approved, the amendments to Rules 2.2, 2.8 and 5.3, as well as the amendments to Policy No. 2, will be made effective shortly thereafter subject to transition periods for certain requirements.

The proposed amendments may be viewed at the BCSC website at:  
<http://www.bpsc.bc.ca/sros.asp?id=10464>.

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