



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels
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MR-0017

March 28, 2003

MEMBER REGULATION NOTICE

TRANSFER OF CLIENT ACCOUNTS

Written Client Authorization Required

MFDA Rule 2.12 provides that no account transfer shall be effected by a Member without the written authorization of the client holding the account. If an account transfer is authorized by the client, the delivering Member and receiving Member shall act diligently and promptly in order to facilitate the transfer of the account in an orderly and timely manner.

The MFDA does not consider a negative confirmation to be an acceptable form of client authorization. Under a negative confirmation, clients are informed that if they do not wish to have their accounts transferred to another mutual fund dealer they must contact the salesperson or their current mutual fund dealer to confirm their disagreement.

Confidentiality of Client Information

The transfer of confidential client information without the prior written consent of the client is contrary to MFDA Rule 2.1.3. The MFDA also notes that the transfer of confidential client information without the prior express consent of the client violates securities law and may also violate confidentiality provisions of federal and provincial privacy legislation.

Corporate Reorganizations, Mergers and Amalgamations and Ceasing to Carry on Business as a Mutual Fund Dealer

The MFDA will consider permitting the transfer of client accounts by way of negative confirmation only in the following circumstances:

- Where one Member ceases to carry on business as a mutual fund dealer, surrenders its registration to the applicable securities commissions and resigns from MFDA Membership; or
- In the case of a corporate reorganizations, mergers and amalgamations where one Member ceases to carry on business as a mutual fund dealer, surrenders its

registration to the applicable securities commissions, resigns from MFDA Membership and the client is left without representation for their account.

Pursuant to MFDA By-law No.1, section 13.7, corporate reorganizations, mergers and amalgamations require prior notification to, and approval by, the MFDA. The proposed procedure to transfer client accounts will be considered as part of the MFDA's review of the proposed reorganization, merger or amalgamation.

A Member ceasing to carry on business as a mutual fund dealer must submit a letter of resignation in accordance with MFDA By-law No.1, section 13.1. As part of the resignation procedure, the Member must provide details regarding the orderly transfer of client accounts to another dealer. Clients of the resigning Member must be given sufficient advance notice and an opportunity to direct that their accounts be transferred elsewhere.