



Mutual Fund Dealers Association of Canada  
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## **MEMBER REGULATION NOTICE**

### **MFDA ACCESS TO INFORMATION – SERVICE ARRANGEMENTS AND INTRODUCING/CARRYING ARRANGEMENTS**

The purpose of this Notice is to clarify the obligation of service providers and carrying dealers to provide information to the MFDA with respect to activities performed for MFDA Members pursuant to Rule 1.1.3 (Service Arrangements) and Rule 1.1.6 (Introducing and Carrying Arrangement).

#### **Service Arrangements and Introducing/Carrying Arrangements**

Pursuant to Rule 1.1.3, Members and Approved Persons may engage any person (including another Member or Approved Person) to provide administrative services provided the requirements of the Rule are met, including the requirement that the services themselves do not constitute securities related business or duties or responsibilities that are required to be performed by the Member or Approved Person pursuant to the By-laws, Rules or applicable securities legislation.

Members may also enter into an introducing/carrying dealer arrangement with another Member, pursuant to which accounts of one Member are carried by the other Member. The services provided by the carrying dealer may include order execution, clearing and settlement, custody of funds and securities and maintenance of books and records. The requirements regarding introducing/carrying dealer arrangements and the obligations of the parties to such arrangements are contained in MFDA Rule 1.1.6.

#### **MFDA Access to Books and Records**

In order to perform its regulatory oversight and supervisory functions, it is critical that the MFDA have access to books and records of service providers and carrying dealers relating to activities they provide for MFDA Members. Rule 1.1.3(d) requires that any person preparing and maintaining books and records as a service in respect of the business of a Member or Approved Person make such books and records available for review by the Corporation in accordance with the By-laws and Rules. Further, MFDA Rule 5.5 requires Members, including introducing and carrying dealers, to make records available to the Corporation.

Accordingly, the MFDA must be able to obtain promptly, on request, any books and records pertaining to the business of MFDA Members that are in the possession of the service provider

or carrying dealer. The MFDA may request such information of the carrying dealer or service provider irrespective of whether it may also be available at the introducing dealer or the Member engaging the services under a service arrangement. Further, unless the MFDA specifically requests that the Member not be advised, the recipient of the request may notify the introducing dealer or the Member engaging the services under a service arrangement of the MFDA's request for books and records pertaining to that Member's business.

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