



# The Benefits of Working with an MFDA Member

## About the MFDA

The Mutual Fund Dealers Association of Canada ("MFDA") is a national Self-Regulatory Organization ("SRO") and regulates its Members and their advisors who are mutual fund dealers in Canada<sup>1</sup>.

The MFDA regulates in the public interest and by working with an MFDA Member and Advisor you benefit from the regulatory protections provided by the MFDA.

The MFDA is accessible to the public and information relating to the MFDA and its regulatory activities is available on the MFDA website at [www.mfda.ca](http://www.mfda.ca).

<sup>1</sup> Except for activity which occurs solely in Quebec.

## Rules to Protect Investors

The MFDA has detailed Rules that exist to protect investors like you. All MFDA Members and Advisors are required to abide by these Rules. One of the many ways that these Rules protect you is by requiring that MFDA Members and Advisors recommend investments that are suitable for you, based on facts and circumstances specific to you. MFDA Members obtain certain information from you for this purpose as further outlined in the *Opening Your Investment Account Information Sheet*.

As a regulator the MFDA has various ways to determine MFDA Member and Advisor compliance with the Rules such as:



### Compliance Examinations

The MFDA regularly conducts compliance examinations of all MFDA Members to determine that MFDA rules and standards are being met. In addition, MFDA Members have procedures to supervise the activities of their Advisors and must perform daily supervision to ensure that all business is conducted according to regulatory requirements.



### Financial Requirements

MFDA Members are required to maintain certain levels of capital to ensure that they can properly function. MFDA Members must fully segregate client assets from Member assets, and are prohibited from using uninvested client cash in their operations. The MFDA monitors its Members' financial condition, conducts on-site examinations, and requires its Members to submit monthly and annual financial reports. MFDA Members must have their financial statements audited annually.



## Disciplinary Action for Rule Breaches

MFDA Members and Advisors who breach the rules are subject to strict disciplinary measures which can include a permanent ban from selling mutual funds, monetary fines and warning or cautionary letters. The type of discipline imposed generally depends on the severity of the misconduct.



## Public Registrations Records

All MFDA Advisors are required to undergo specific background checks and meet specific proficiency requirements before they can deal in mutual funds. In addition, all MFDA Members and Advisors are required to be registered with the securities regulatory authority in each Province and Territory in which they do business. This means that there is a publically available register of all MFDA Members and Advisors. A full list of MFDA Members is available on the MFDA website at [www.mfda.ca/members/members.html](http://www.mfda.ca/members/members.html). You can check the registration status of your Advisor at [www.aretheyregistered.ca](http://www.aretheyregistered.ca).

**Individuals who are not registered in your Province or Territory cannot sell mutual funds to you or advise you on mutual funds, and you should not deal with them.**

## Disciplinary Hearing Process for MFDA Members and Advisors

The MFDA holds disciplinary hearings against Members and Advisors who commit serious breaches of MFDA rules. You can learn more about the disciplinary hearing process on the MFDA website at [www.mfda.ca](http://www.mfda.ca). You can check whether your Advisor or Member has been, or is currently the subject of an MFDA disciplinary hearing on the MFDA website at [www.mfda.ca/investors/advisor.html](http://www.mfda.ca/investors/advisor.html).



## Member Complaint Handling Standards

If you have a complaint about the advice or services you received, it is important to know that each MFDA Member is required to have a clear process for clients to submit a complaint, a single point of contact for complaints, and a robust procedure for resolving complaints. In addition, MFDA Members are required to ensure that client complaints are dealt with promptly and fairly.

If you are not satisfied with an MFDA Member's response to your complaint, you can file a complaint with the MFDA which will review the matter, and ensure that it is handled to the required standard.

Additionally, if you are not satisfied with an MFDA Member's response to your complaint you are entitled to use the services of the Ombudsman for Banking Services and Investments ("OBSI"). OBSI investigates unresolved complaints and works informally and confidentially to find a fair outcome, and is independent of government, the financial services industry and the MFDA. All MFDA Members are required to participate in the dispute resolution process offered by OBSI, and there is no cost to investors who use OBSI's services. OBSI can make a non-binding recommendation that an MFDA Member compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. More information on OBSI can be found at [www.obsi.ca](http://www.obsi.ca).



## Protection from a Member Insolvency

MFDA Members contribute to the MFDA Investor Protection Corporation (the "MFDA IPC"). The MFDA IPC exists to provide compensation to you if your assets are unavailable because an MFDA Member becomes insolvent. Coverage is in the amount of up to \$1 million per customer account in respect of the loss of customer property held by an MFDA Member.

**To learn more about the MFDA IPC please visit [www.mfda.ca/ipc/index.html](http://www.mfda.ca/ipc/index.html)**