

# SECTION 4

## MFDA MEMBERSHIP APPLICATION FORM



## General Instructions

1. This form is to be used by a corporation or partnership seeking admission to membership in the Mutual Fund Dealers Association of Canada.
2. Answers to the questions on this application are to be provided on a separate response sheet.
3. The response sheet, application checklist, Certificate and Agreement, and Statutory Declaration comprise the application for membership ("the Application"). The Application must be submitted in its entirety. An Application will not be considered by the MFDA as filed or submitted until it is complete and properly executed.
4. All questions must be answered: "Yes", "No" or "N/A".
5. Attachments pertaining to any question must be made exhibits to the Application and must be so marked.
6. All signatures must be original.
7. For Question 28, Offences Under the Law, disclosure is not required for any offence for which a pardon has been granted under the Criminal Records Act (Canada) and such pardon has not been revoked. Under such circumstances, the appropriate response is "No". If there is any question as to the appropriate response to any question in the Application, a legal adviser should be consulted.
8. For eligibility, fees and other requirements for membership, refer to the Membership Application Guide and the MFDA's By-laws, Rules, Policies and Forms.

***Answers to the questions on this Application are to be provided on a separate response sheet.***

\_\_\_\_\_ (the "applicant") hereby applies for membership in the Mutual Fund Dealers Association of Canada ("the MFDA") and provides the following information:

1.
  - (a) Legal name of applicant.
  - (b) Name(s) under which applicant will carry on business.
  - (c) Former names of applicant, if applicable (attach Articles of Amendment).
  
2.
  - (a) Head office address.
  - (b) Head office telephone number(s).
  - (c) Head office fax number(s).
  - (d) Web site address, if applicable.
  - (e) Name of individual to contact regarding this application, including telephone and fax numbers and e-mail address.
  
3.
  - (a) Will the applicant hold client cash in a trust account? If so, please provide name and address of the financial institution where the account will be located, a copy of the trust bank account evidencing it as a "trust account" and a copy of the Notification to Financial Institution sent in accordance with Rule 3.3.2 hold client cash in a trust account.
  - (b) Will the applicant hold client securities or other investment products in nominee name accounts or in physical storage?
  - (c) In accordance with Rule 3.1.1, what level of dealer is the applicant applying for membership?
    - Level 1
    - Level 2
    - Level 3
    - Level 4

4.
  - (a) Will the applicant offer clients self-directed plans registered for income tax purposes?
  - (b) If the response to (a) was yes, please indicate whether the plans will be administered in-house or by a third party.
  - (c) Will the applicant act as an agent for the trustee in administering accounts of client self-directed plans? If so please provide the name(s) of the trustee(s) and the agreement(s) signed with the trustee(s) for the plans.
  - (d) Will the applicant introduce client self-directed accounts that are registered for income tax purposes to another organization? Note: **Pursuant to MFDA Rule 1.1.6(ii), Members may only introduce such accounts to another MFDA Member.** If so, please provide the name(s) of the Carrying Dealer(s) and the signed Introducing/Carrying Dealer Agreement(s).
5. If the applicant intends to be an Introducing Dealer, provide the name(s) of the Carrying Dealer(s) and the signed Introducing/Carrying Dealer Agreement(s).
6. If the applicant outsources services in accordance with Rule 1.1.3, please provide the name(s) of the Service Provider(s) and the signed Service Agreement(s).
7. If the applicant intends to enter into any referral arrangements (as defined in Rule 2.4.2) provide the signed referral agreement(s).
8. Branch and sub-branch offices. For each location, including home offices, provide complete address, telephone number, designated branch manager, web-site address if applicable and number of Approved Persons assigned to the Branch. (Please complete and attach Schedule D in the Application Guide).
9.
  - (a) Has the applicant received a signed agreement from every Approved Person in a form set out in Schedule G to the Application Guide? If not, please provide particulars.
  - (b) In accordance with Rule 1.2.1(b), for each Approved Person using a trade or business name other than that of the applicant, provide the name of the Approved Person, the trade or business name the Approved Person is using, and the Approved Person's branch location. (Please complete and attach Schedule F in the Application Guide.)
10.
  - (a) If the applicant intends to conduct its business through Approved Persons retained or contracted by it as agents, rather than employees, provide a sample copy of its agency contract.

- (b) If the applicant is providing an agency contract per 10(a), please confirm whether the contract complies with all of the requirements of Rule 1.1.5.
- 11.
- (a) Legal status of applicant (indicate whether corporation or partnership).
  - (b) Date of incorporation or formation.
  - (c) Jurisdiction of incorporation or governing statute.
  - (d) Attach articles or other constating documents evidencing formation.
12. If the applicant is a corporation,
- (a) Indicate full names of all directors.
  - (b) Indicate full names of all officers and office held.
  - (c) Describe capitalization (classes of shares and other securities, number authorized, number issued and outstanding, and their dollar value).
  - (d) Describe subordinated debt (amounts authorized or advanced, terms, holders) and attach Subordinated Loan Agreements in triplicate. (Refer to Schedule I in the Application Guide).
  - (e) Indicate all persons, alone or together with associates or affiliates, having a significant equity interest in the applicant as defined in By-law 1.
13. If the applicant is a partnership,
- (a) Indicate the type of partnership (general or limited).
  - (b) Indicate full names of all partners.
  - (c) Indicate full names of all officers and office held.
  - (d) Describe partnership interest of each partner.
14. Provide the names of all associates and affiliates (as defined in By-law 1) of the applicant and details of the nature of the business. Identify those that meet the definition of "related Member" as set out in By-law No. 1. Attach a corporate organization chart.

15. (a) Provide particulars of persons or companies acting as guarantors in relation to the financial or other undertakings of the applicant.
- (b) Provide particulars of persons or companies for which the applicant has undertaken to act as guarantor with respect to financial or other undertakings.
16. Date applicant commenced business.
17. (a) Indicate the investment products or services the applicant will trade, deal in, or offer:
- Mutual Funds
  - Segregated Funds
  - Labour Sponsored Investment Funds
  - Hedge Funds
  - GIC's
  - Limited Partnerships
  - Financial Planning
  - Other (specify)\_\_\_\_\_
- (b) Total mutual fund assets under administration. (Please refer to Schedule A in the Membership Application Guide)
- \$\_\_\_\_\_
- (c) Total assets under administration, not including mutual funds.
- \$\_\_\_\_\_
18. Indicate any business, other than the sale of investment products or services described in question 17 above, that the applicant also engages in or proposes to engage in.
19. Provide the name, telephone number and e-mail address of the designated compliance officer and the alternate compliance officer.
20. Attach applicant's business plan.

21. Attach applicant's Policies and Procedures Manual. Please complete and attach Schedule K in the Application Guide.
  
22. Attach applicant's Account Opening Documents and disclosures as follows:
  - New Account Application Form (and Know Your Client Form if separate)
  - Disclosure and Acknowledgement form re: Introducing/Carrying dealer arrangement, if applicable
  - Limited Trading Authorization Form
  - Risks of Leveraging Disclosure document
  - Client Complaint information disclosure
  - Dual Occupation disclosure for dually employed Approved Persons, if applicable
  - Disclosure of referral arrangements, if applicable
  - Any other account opening documents/disclosures.
  
23.
  - (a) Name and address of applicant's auditors.
  - (b) Name of audit partner.
  - (c) Name of applicant's Chief Financial Officer, or equivalent, responsible for the preparation of financial reports. Include title if different from above, telephone number and e-mail address.
  - (d) Fiscal year end.
  - (e) Attach an audited MFDA Financial Questionnaire and Report (the audited financial questionnaire should be as at a date not more than 90 days prior to the date of application for membership) and unaudited Monthly Financial Questionnaire and Report(s) for any month end subsequent to the date of the audited FQR. At the time of MFDA staff review of the application, MFDA staff will contact the applicant and may request that the applicant complete and submit an unaudited financial questionnaire and report for subsequent month end(s). The audited and unaudited questionnaires should evidence the fact that the applicant is in compliance with the MFDA's capital requirements.

- (f) Attach most recent audited financial statements and financial statements for the three preceding years, if applicable.
- (g) Attach a report from the applicant's auditor indicating that the applicant maintains a proper system of books and records
- (h) Attach Letter of Acknowledgement from the audit engagement partner (see Schedule H and H.1 in the Application Guide).
- (i) Provide the name of the carrier providing financial institution bond coverage. Attach a complete copy of the financial institution bond, including riders, evidencing coverage provided, limits of liability and deductible amounts.
- (j) Provide information regarding errors and omissions insurance or surety bonding insurance maintained by the applicant including type, limits of liability and deductible amounts.

24. Current and prior registration or licensing - applicant

- (a) Is the applicant currently registered or licensed, or has it ever applied for registration or licensing in any capacity under any legislation governing trading or advising in securities in any province, territory, state or country?

List all authorities with which the applicant is registered or has applied for registration, the dates of registration and state whether the registration is currently in effect.

- (b) Is the applicant currently registered or licensed or has it applied for registration or licensing in any capacity **other than** for securities related activities in any province, territory, state or country?

State the name of the legislation, the nature of the registration or license and whether it is currently in effect.

25. Current and prior registration or licensing – partners, directors and officers of the applicant

- (a) Has any partner, director or officer of the applicant ever been registered or licensed, or ever applied for registration or licensing in any capacity under any legislation governing trading or advising in securities in any province, territory, state or country?

26. Refusal, suspension, cancellation or disciplinary measure



- (a) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been refused registration or licensing, or has its registration or license ever been suspended, restricted, cancelled or had terms and conditions imposed on it by any securities regulatory authority in any province, territory, state or country? If yes, provide full particulars, including details of any decision, terms and conditions or settlement agreement with the securities regulatory authority.
- (b) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been refused registration or licensing, or has its registration or license ever been suspended or cancelled under any legislation which requires registration or licensing in any capacity **other than** as a mutual fund dealer in any province, territory, state or country? If yes, provide full particulars.
- (c) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been denied the benefit of any exemption from registration or licensing provided by any act or regulation governing trading in securities in any province, territory, state or country? If yes, provide full particulars.
- (d) Has the applicant, or any partner director or officer or shareholder owning a significant equity interest in the applicant, ever been the subject of any securities regulatory authority proceedings whatsoever including a breach or alleged breach under any legislation governing trading or advising in securities in any province, territory, state or country? If yes, provide full particulars, including details of any decision or settlement agreement with the securities regulatory authority.

27. Self-regulatory organizations

- (a) Is the applicant now or has it ever been a member of any stock exchange, commodities exchange, commodity futures exchange, association of investment dealers, investment bankers, brokers, broker-dealers, mutual fund dealers, commodity futures dealers, investment counsel, other professional association or any similar organization in any province, territory, state or country? If yes, or if an application with any of the above-named organizations is pending, provide full particulars.
- (b) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been refused registration, licensing, approval for membership or any other approval by any authority described in 27(a)? If yes, provide full particulars.
- (c) Has the applicant, or any partner, director, or officer or shareholder owning a significant equity interest in the applicant, ever been the subject of discipline undertaken by any authority as described in 27(a)? If yes, provide full particulars.

28. Offences under the law

- (a) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been convicted of any offence relating to trading or advising in securities, the theft or fraud of securities or been a party to any proceedings taken on account of fraud arising out of any trade in or advice respecting securities under any law of any province, territory, state or country? If yes, provide full particulars.
- (b) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been convicted under any law of any province, territory, state or country for criminal offences not noted in 28(a), whether summary conviction or indictable, or in other jurisdictions whether misdemeanour or felony? If yes, provide full particulars.
- (c) Is the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, currently the subject of any charge or indictment under any law of any province, territory, state or country for criminal offences or other conduct of the type described in 28(a) or (b)? If yes, provide full particulars.

29. Civil proceedings

- (a) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant, ever been found to have committed misrepresentation, fraud or similar conduct? If yes, provide full particulars.

30. Bankruptcy

- (a) Has the applicant, or any partner, director or officer or shareholder owning a significant equity interest in the applicant ever:
  - i) been declared bankrupt or made a voluntary assignment in bankruptcy;
  - ii) made a proposal under any legislation relating to bankruptcy or insolvency;
  - iii) been subject to or instituted any proceedings, arrangement or compromise with creditors including, without limitation, produced a declaration under the Quebec Voluntary Deposit of Salary Wages Law or had a receiver and/or manager appointed to hold or control assets;
  - iv) gone out of business leaving debts outstanding?

If yes, and if applicable, attach a copy of any discharge, release or document with similar effect.

- (b) Has any partner, director or officer or shareholder owning a significant equity interest in the Member ever been employed by, or associated with, a company or other organization that has ever:
  - (i) been declared bankrupt or made a voluntary assignment in bankruptcy;
  - (ii) made a proposal under any legislation relating to bankruptcy or insolvency;
  - (iii) been subject to proceedings under any legislation relating to the winding-up, dissolution or companies creditors arrangements;
  - (iv) been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver and/or manager appointed to hold or control assets; or
  - (v) gone out of business leaving debts outstanding?

If yes, and if applicable, attach a copy of the discharge, release or document with similar effect.

31. Judgment or Garnishment

- (a) Has any judgment or garnishment ever been rendered against the applicant or any partner, director, officer or shareholder owning a significant equity interest or is any judgment or garnishment outstanding in any civil court in any province, state, territory or country for damages or other relief in respect of fraud or for any reason whatsoever? If yes, provide full particulars.

32. Fidelity Bond

- (a) Has the applicant ever applied for a surety or fidelity bond and been refused? If yes, provide name and address of bonding company and the date and particulars of refusal.

## CERTIFICATE AND AGREEMENT

The applicant hereby certifies that the foregoing statements are true and correct and hereby undertakes to notify the Mutual Fund Dealers Association of Canada (the "MFDA"), in writing, of any material changes herein as prescribed in the By-laws, Rules, Policies and Forms (collectively the "Rules") of the MFDA.

The applicant acknowledges that it has received a copy of the Rules.

The applicant agrees that it is conversant with the Rules and agrees that, if admitted to membership, it will keep fully informed about them as they are from time to time amended or supplemented and will comply with them as so amended and supplemented.

The applicant agrees to submit to the jurisdiction of the MFDA and, wherever applicable, the Board of Directors, Regional Councils and committees thereof.

The applicant agrees that it will conduct its securities related business only through the Approved Persons who are its employees or agents, duly licensed or registered under, and in compliance with, applicable securities legislation and the Rules of the MFDA. The applicant agrees that it is responsible for and will supervise the conduct of such Approved Persons in respect of its business, including compliance with all applicable legislation and the Rules of the MFDA.

The applicant agrees that so long as it remains a member of the MFDA, it will be and remain licensed or registered as a mutual fund dealer under the applicable law of the province(s) and/or territories where the applicant carries on business.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

BY

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Name of Partner or Senior Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

**STATUTORY DECLARATION**  
(by a partner or senior officer of the applicant)

CITY OF \_\_\_\_\_, PROVINCE OF \_\_\_\_\_

IN THE MATTER OF THE APPLICATION OF

\_\_\_\_\_  
FOR MEMBERSHIP IN THE MUTUAL FUND DEALERS ASSOCIATION OF  
CANADA.

I, \_\_\_\_\_, of the \_\_\_\_\_ of \_\_\_\_\_  
in the province of \_\_\_\_\_

**SOLEMNLY DECLARE AND UNDERTAKE THAT:**

1. I am \_\_\_\_\_ of the applicant named in the foregoing Application for Membership and thereby have the authority and knowledge to make the foregoing application.
2. I have read and understood the Application for Membership.
3. The statements contained in the Application for Membership and the attachments thereto are true.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

\_\_\_\_\_  
Signature of Partner or Officer

DECLARED before me at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
A Commissioner for Oaths or Notary Public