



Mutual Fund Dealers Association of Canada  
Association canadienne des courtiers de fonds mutuels  
121 King Street West, Suite 1600, Toronto, Ontario, M5H 3T9  
TEL: 416-361-6332 FAX: 416-943-1218 WEBSITE: www.mfda.ca

Contact: Laurie Gillett

Manager, Membership Services

Phone: 416-943-5827

E-mail : lgillett@mfda.ca

**BULLETIN #0048 – M**

January 16, 2004

# MFDA Bulletin

## Membership Information

**For Distribution to Relevant Parties within your Firm**

---

### Amendments to MFDA By-law No.1

The MFDA Board of Directors approved certain amendments to MFDA By-law No.1 on June 13, 2003. As part of the approval process, the proposed By-law amendments set out in amending By-law No. 5 (Board and Governance Amendments), By-law No.6 (Regional Council and Hearing Panel Amendments), By-law No. 7 (Miscellaneous Administrative Amendments) and By-law No.8 (Disciplinary and Enforcement Amendments) were published by the recognizing securities commissions for a 30-day public comment period in the Ontario Securities Commission Bulletin. Such amendments have received the requisite approval of MFDA Members and the recognizing securities commissions and are in effect as of December 5, 2003.

**An amended and consolidated version of MFDA By-law No.1 incorporating the amendments can be found on the MFDA website. The following is a brief summary of the amendments to MFDA By-law No.1. An updated version of the MFDA Rulebook on CD-ROM will be distributed to Members in the near future.**

### Summary of Amendments to MFDA By-law No.1

#### **Corporate Governance Amendments**

Amendments have been made to By-law No.1 that reflect the recommendations of the MFDA Corporate Governance Committee. The report of this Committee was posted on the MFDA web-site in February 2003. These amendments to MFDA By-law No. 1 include a new size for the MFDA Board of Directors at 13 directors, comprised of six industry directors, six public directors and the MFDA President and Chief Executive Officer and address particulars concerning the composition of the Board and its committees.

***Amended By-law No.1 References: Definitions:*** (“Industry Director”, “Public Director”), ***Sections:*** 3(Directors), 4.7(Meetings of Directors – Quorum), 7.1(Officers – Appointment), 7.4(Officers – Removal of Officers), 12.2(Members’ Meetings -Annual Meetings)

### **Regional Council Amendments**

Amendments have been made to By-law No.1 respecting MFDA Regional Councils that reflect the recommendations of the MFDA Corporate Governance Committee and a streamlined framework designed to enhance the effective administration of disciplinary proceedings and regional representation in the MFDA. These amendments address the function of Regional Councils, their composition and the 3-person Hearing Panels that will be struck from their members to preside over MFDA disciplinary hearings.

***Amended By-law No.1 References: Definitions:*** (“Appointments Committee”, “Hearing Panel”, “Industry representative”, “public representative”, “Regional Council”), ***Sections:*** 17.3 (Regions – Members of a Region), 18 (Regional Councils), 19 (Appointed Members to Regional Councils and Hearing Panels)

### **Disciplinary and Enforcement Amendments**

Amendments have been made to the enforcement and disciplinary provisions in MFDA By-law No.1 designed to:

- Clarify the role of Hearing Panels in MFDA disciplinary proceedings.
- Standardize fines and Hearing Panel powers with those at the IDA and securities commissions.
- Strengthen the effect of Hearing Panel decisions.
- Streamline the process respecting the approval of settlement agreements.
- Harmonize investigation and examination provisions with those in place at securities commissions.

***Amended By-law No.1 References: Definitions:*** (“Notice of Hearing”), ***Sections:*** 20 (Disciplinary Hearings), 24 (Discipline Powers), 22.1(Investigatory Powers)

### **Administrative Amendments**

Various amendments have been made to MFDA By-law No.1 that reflect administrative corrections or clarifications to the text of MFDA By-law No.1.

***Amended By-law No.1 References: Definitions:*** (“Board of Directors”, “client name”, “control” or “controlled”, “MFDA”, “nominee name”, “related Member”), ***Sections:*** 2.6 (Interpretation of the Board of Directors), 8 (For the Protection of Directors and Officers), 11.8(Approval Process – Review), 12.12 (Members’ Meetings – Proxies), 13.4 (Resignations), 13.9 (Ownership), 15.1(Other Fees – Power to Make Assessment), 23(Co-operation with Other Authorities), 24.A (Ombudsman Service – effective December 13, 2002), 29 (Execution of Instruments), 31.1(Notices - Service), 32(By-Laws))