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

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MFDA Bulletin

Compliance

For Distribution to Relevant Parties within your Firm

Mutual Fund Dealers Association – 2018 Client Research Project

The 2016 Client Research Project provided the MFDA with valuable information and insight into Members' business, their Approved Persons and their clients. In order to support our ongoing compliance efforts, we will be conducting a second client research project.

Data Request

The MFDA intends on issuing a mandatory data request in June 2018 and will be collaborating with the Autorité des marchés finanaciers to obtain data for all clients residing in the province of Quebec. The data request will include information on all client accounts and positions, including performance returns and charges and compensation information. Members may choose any date between July 1 and September 30, 2018 to extract the data, as long as the date is the same for each data file. Member responses will be due by September 30, 2018. The MFDA also intends on contacting Member third party system providers to discuss the data request.

Appendix A describes the 2 options available for completing the data request and Appendix B provides additional guidance and instructions regarding the data file templates. Members should review this information with their operations staff and system providers.

Request for Feedback

We are seeking feedback from Members regarding their ability to provide client data for this research project. In addition to any general comments that Members may have, input is specifically requested in respect of the questions set out below:

Questions:

1. Do you have any comments regarding the timing of the request and the length of time to submit the data files?

2. For Option 1, do you have any comments regarding the process to anonymize the address and account number information?

3. For Option 2, do you have any comments regarding the encryption process described?

4. Do you have any comments regarding the extraction of the “1 Year Rate of Return” and “1 Year Charges and Compensation” information?

Please submit your comments in writing on or before **May 31, 2018** addressed to the attention of:

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APPENDIX "A"

OPTION 1 (Recommended)

Option 1 is recommended because it provides the greatest protection of client data. This option requires Members to anonymize Household and Account Number information prior to submission.

For example, for anonymization of Household information, Members should:

1. Query all accounts to obtain the municipal address, account IDs and eldest birth year information
2. Group the query results by municipal address fields, meaning the results should contain one record for each distinct combination of street address lines (including suite/unit numbers), city, state/province, postal code, and country
3. Assign a new sequential number to each record in this query result. This will be used as the anonymized "Household ID".
4. Store the results of this query in a table or similar object for use in subsequent processing.

A similar process would be followed to anonymize Account Numbers. If a Member is unable to anonymize client data as specified, the MFDA will provide technical assistance.

To compile the data for Option 1, Members will use 4 separate CSV files as described below.

Household Data – a list of anonymized unique Household IDs for each client municipal address location with city, province, country and forward sortation code information.

Account Data – a list of anonymized unique Account Number IDs for each client account with account type, leveraged account, inception date, Household ID, account holder(s) birth year(s), representative code, 1 year rate of return and 1 year charges and compensation information for each Account Number ID.

Position Data – a list of investment product codes and market values for each position held in each Account Number ID.

Representative Data – a list of each Representative Code with associated Representative Names and National Registration Database numbers.

Additional guidance and notes regarding the above files is attached under Appendix "B".

OPTION 2

Option 2 does not require Members to anonymize Household and Account Number information. However, the data files must be GPG encrypted prior to submission.

For example, Members may use "GNU Privacy Guard for Windows" (GPG4WIN) to produce encrypted copies of the CSV data files. The MFDA will provide a download link and detailed installation instructions for this software, which is available at no cost. MFDA staff will also be available to provide technical assistance to Members.

To compile the data for Option 2, Members will use 3 separate CSV files as described below.

Household/Account Data –	a list of unique Account Number IDs with address, account type, leveraged account, inception date, account holder(s) birth year(s), representative code, 1 year rate of return and 1 year charges and compensation information for each Account Number ID.
Position Data –	a list of investment product codes and market values for each position held in each Account Number ID.
Representative Data –	a list of each Representative Code with associated Representative Names and National Registration Database numbers.

Additional guidance and notes regarding the above files is attached under Appendix "B".

File Format

For both Option 1 and 2, the data files must be submitted using the described CSV file format. There are no restrictions on the file size. Members using Option 1 may also choose to encrypt the file prior to submission using the encryption process described under Option 2.

File Transfer

All data files will be transferred via the MFDA's Secure File Transfer Protocol ("FTP") site. To facilitate the data transfer, a dedicated folder for each Member will be created and access to information will be provided only to the Chief Compliance Officer of the Member. Once a Member has submitted the required information to their dedicated folder on the FTP site, MFDA staff will transfer the files to the MFDA's secure internal network. Files on the FTP site will then be deleted. At all times, access to the data files will be restricted to authorized personnel.

Data Analysis

The MFDA will enter into a written agreement with a data analysis firm to assist the MFDA in performing the data analysis. The transfer of information from the MFDA to the third party will be by an encrypted database. Only anonymized data will be transferred to the third party.

To further ensure data privacy and security, the MFDA will be running its own anonymization protocol on the Household and Account Number IDs for all records received.

The agreement between the MFDA and the data analysis firm will address the safeguarding, use, retention, and disclosure of data and information during the period in which the third party is engaged, and following the conclusion of the engagement. At no time will the third party be permitted to use, share, or disclose any data or information provided to them as part of this project in any way that would breach confidentiality.

File Retention

All data files received by the MFDA as part of this project will be retained for a period no longer than 6 months from the submission due date.

APPENDIX “B”

DATA FILE TEMPLATES AND NOTES

OPTION 1 - HOUSEHOLD TEMPLATE					
Field Name	**Household ID**	**City**	**Province**	**Country**	**Forward Sortation Area**
Data Type	*ALPHA-NUMERIC*	*ALPHA*	*ALPHA*	*ALPHA*	*ALPHA-NUMERIC*
Cell Notes:	1	2	3	4	5
Example	Household ID#1	Toronto	ON	CAN	M5H
Example	Household ID#2	Toronto	ON	CAN	M5H
Example	Household ID#3	Toronto	ON	CAN	M5H

OPTION 1 - ACCOUNT TEMPLATE										
Field Name	**Account Number ID**	**Account Type**	**Leveraged Account**	**Account Inception Date**	**Household ID**	**Account Holder Birth Year**	**Joint Account Holder Birth Year**	**Rep Code**	**1 Year Rate of Return**	**1 Year Charges and Comp**
Data Type	*ALPHA-NUMERIC*	*ALPHA*	*ALPHA*	*YYYY-MM-DD*	*ALPHA-NUMERIC*	*YYYY*	*YYYY*	*ALPHA-NUMERIC*	*NUMERIC*	*NUMERIC*
Cell Notes:	6	7	8	9	10	11	11	12	13	14
Example	Account Number ID#1	SDRSP	No	2014-05-23	Household ID#1	1970		R001	7.25	356.12
Example	Account Number ID#2	TFSA	No	2015-02-19	Household ID#1	1970		R001	-3.25	177.56
Example	Account Number ID#3	OPEN	Yes	2009-07-03	Household ID#1		1986	R001		
Example	Account Number ID#4	OPEN	No	2005-12-06	Household ID#2	1986	1989	R123	6.53	56.52
Example	Account Number ID#5	OPEN	Yes	2016-05-13	Household ID#2	1990	1993	R123	-1.17	453.56
Example	Account Number ID#6	RIF	No	2003-03-15	Household ID#3	1944		R456	5.01	251.01

OPTION 2 - HOUSEHOLD/ACCOUNT TEMPLATE																
Field Name	**Address Line 1**	**Address Line 2**	**Address Line 3**	**City**	**Province**	**Country**	**Postal Code**	**Account Number ID**	**Account Type**	**Leveraged Account**	**Account Inception Date**	**Account Holder Birth Year**	**Joint Account Holder Birth Year**	**Rep Code**	**1 Year Rate of Return**	**1 Year Charges and Comp**
Data Type	*ALPHA-NUMERIC*	*ALPHA-NUMERIC*	*ALPHA-NUMERIC*	*ALPHA*	*ALPHA*	*ALPHA*	*ALPHA-NUMERIC*	*ALPHA-NUMERIC*	*ALPHA*	*ALPHA*	*YYYY-MM-DD*	*YYYY*	*YYYY*	*ALPHA-NUMERIC*	*NUMERIC*	*NUMERIC*
Cell Notes:	1	1	1	2	3	4	5	6	7	8	9	11	11	12	13	14
Example	123 Main St.			Toronto	ON	CAN	M5H 3T9	Account Number ID#1	SDRSP	No	2014-05-23	1970		R001	7.25	356.12
Example	123 Main St.			Toronto	ON	CAN	M5H 3T9	Account Number ID#2	TFSA	No	2015-02-19	1970		R001	-3.25	177.56
Example	123 Main St.			Toronto	ON		M5H 3T9	Account Number ID#3	OPEN	Yes	2009-07-03	1985	1986	R001		
Example	999 Any Drive	Apt 605		Calgary	AB	CAN	T2J 1M9	Account Number ID#4	OPEN	No	2005-12-06	1986	1989	R123	6.53	56.52
Example	999 Any Drive	Apt 605		Calgary	AB	CAN	T2J 1M9	Account Number ID#5	OPEN	Yes	2016-05-13	1990	1993	R123	-1.17	453.56
Example	Suite 105	555 Some Dr.		Vancouver	BC	CAN	V6H 6H8	Account Number ID#6	RIF	No	2003-03-15	1944		R456	5.01	251.01

OPTION 1&2 - POSITION TEMPLATE			
Field Name	**Account Number ID**	**Investment Product Code**	**Investment Product Market Value**
Data Type	*ALPHA-NUMERIC*	*ALPHA-NUMERIC*	*NUMERIC*
Cell Notes:	15	16	17
Example	Account Number ID#1	ABC123	8675.73
Example	Account Number ID#1	CBA4322	13725.25
Example	Account Number ID#2	GIC	5235.32
Example	Account Number ID#2	ABC123	9250.88
Example	Account Number ID#3	CBA4322	15760.25
Example	Account Number ID#3	SEG1234	3125.50

OPTION 1&2 - REPRESENTATIVE TEMPLATE			
Field Name	**Rep Code**	**Rep Name**	**NRD #**
Data Type	*ALPHA-NUMERIC*	*ALPHA-NUMERIC*	*NUMERIC*
Cell Notes:	18	19	20
Example	R444	Jane Smith	325611
Example	R123	Ron Jones	185672
Example	R123	Jane Smith	325611
Example	R456	Bob Roberts	875683
Example	R789	Murphy/Roberts	875683
Example	R789	Murphy/Roberts	958741
Example	R789	Murphy/Roberts	958741
Example	R001	House Account	

NOTES OPTION 1 - HOUSEHOLD TEMPLATE				
Cell Note #	**Cell Name**	**Format**	**Anonymization**	**Cell Notes**
1	Household ID	*ALPHA-NUMERIC*	Yes	See Anonymization guidance
2	City	ALPHA	No	Use full city name
3	Province	ALPHA	No	For Canadian jurisdictions, use provincial short codes For USA jurisdictions, use state short codes For Other jurisdictions, may use full province/state name or relevant short codes (if available)
4	Country	ALPHA	No	May use full country name or short codes
5	Forward Sortation Area	ALPHA-NUMERIC	No	First 3 characters of Postal Code
6	Account Number ID	*ALPHA-NUMERIC*	Yes	See Anonymization guidance
7	Account Type	*ALPHA*	No	Use actual account types from the Member's system (e.g. RSP, RIF, OPEN, TFSA)
8	Leveraged Account	*ALPHA*	No	Respond "Yes" if account is leveraged
9	Account Inception Date	*YYYY-MM-DD*	No	Since Inception Date used for CRM2 Reports
10	Household ID	*ALPHA-NUMERIC*	-	Use Household ID from the Household template
11	Account Holder Birth Year/ Joint Account Holder Birth Year	*YYYY*	No	
12	Rep Code	*ALPHA-NUMERIC*	No	From the Representative template (where applicable)
13	1 Year Rate of Return	*NUMERIC*	No	Use the 1 year rate of return reported on the most recent Annual Performance Report Use whole percentages. For example, 7.54% return should read as "7.54" in the cell Use negative numbers where return is negative "-7.54" Leave blank where account has been opened for less than 1 year
14	1 Year Charges and Compensation	*NUMERIC*	No	Use the total charges and compensation amount reported on the most recent Charges and Other Compensation Report issued to the client Leave blank if no report has been issued Use whole numbers or numbers including 2 decimals No commas Must include trailing commissions and all other charges and compensation (may exclude referral fee compensation)
15	Account Number ID	*ALPHA-NUMERIC*	-	Use Account Number ID from the Account or Household/Account template
16	Investment Product Code	*ALPHA-NUMERIC*	No	Include all investment productsOne investment product code per line
17	Investment Product Market Value	*NUMERIC*	No	Market value to be reported in the currency in which the position is reported on the client account statements Use either whole numbers or numbers with 2 decimal points No commas
18	Rep Code	*ALPHA-NUMERIC*	No	May appear more than once for joint codes
19	Rep Name	*ALPHA-NUMERIC*	No	For joint codes, only 1 name per row
20	NRD #	*NUMERIC*	No	Not required for "House Accounts"

NOTES OPTION 2 - HOUSEHOLD/ACCOUNT TEMPLATE				
Cell Note #	**Cell Name**	**Format**	**Anonymization**	**Cell Notes**
1	Address Line 1 Address Line 2 Address Line 3	*ALPHA-NUMERIC*	No	Full address including Apartment/Unit numbers must be included
2	City	ALPHA	No	Use full city name
3	Province	ALPHA	No	For Canadian jurisdictions, use provincial short codes For USA jurisdictions, use state short codes For Other jurisdictions, may use full province/state name or relevant short codes (if available)
4	Country	ALPHA	No	May use full country name or short code
5	Postal Code	ALPHA-NUMERIC	No	Postal Code required for Canadian addresses only. Example "A1A 1A1"
6	Account Number ID	*ALPHA-NUMERIC*	Optional	See Anonymization guidance
7	Account Type	*ALPHA*	No	Use actual account types from the Member's system (e.g. RSP, RIF, OPEN, TFSA)
8	Leveraged Account	*ALPHA*	No	Respond "Yes" if account is leveraged
9	Account Inception Date	*YYYY-MM-DD*	No	Since Inception Date used for CRM2 Reports
11	Account Holder Birth Year/ Joint Account Holder Birth Year	*YYYY*	No	
12	Rep Code	*ALPHA-NUMERIC*	No	From the Representative template (where applicable)
13	1 Year Rate of Return	*NUMERIC*	No	Use the 1 year rate of return reported on the most recent Annual Performance Report Use whole percentages. For example, 7.54% return should read as "7.54" in the cell Use negative numbers where return is negative "-7.54" Leave blank where account has been opened for less than 1 year
14	1 Year Charges and Compensation	*NUMERIC*	No	Use the total charges and compensation amount reported on the most recent Charges and Other Compensation Report issued to the client Leave blank if no report has been issued Use whole numbers or numbers including 2 decimals No commas Must include trailing commissions and all other charges and compensation (may exclude referral fee compensation)
15	Account Number ID	*ALPHA-NUMERIC*	-	Use Account Number ID from the Account or Household/Account template
16	Investment Product Code	*ALPHA-NUMERIC*	No	Include all investment products One investment product code per line
17	Investment Product Market Value	*NUMERIC*	No	Market value to be reported in the currency in which the position is reported on the client account statements Use either whole numbers or numbers with 2 decimal points No commas
18	Rep Code	*ALPHA-NUMERIC*	No	May appear more than once for joint codes
19	Rep Name	*ALPHA-NUMERIC*	No	For joint codes, only 1 name per row
20	NRD #	*NUMERIC*	No	Not required for "House Accounts"