



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

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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Approval of Proposed Amendments to MFDA By-Law No. 1, Sections 1 (Definitions) and 22 (Examinations and Investigatory Powers)

The securities regulatory authorities in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan have approved/not objected to proposed amendments to MFDA By-law No.1, Sections 1 (Definitions) and 22 (Examinations and Investigatory Powers). The proposed amendments have received all the requisite approvals and are now in effect.

The amendments are intended to modernize and clarify section 22 in light of current practices of MFDA staff, and maintain investor protection by providing the MFDA with appropriate examination and investigation powers. Attached to this Bulletin as Appendix “A” is a blackline copy of the amendments.

To view the Notice of Approval/Non-Objection, please go to: www.bcsc.bc.ca.

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Appendix "A"

MFDA By-law No. 1 – Proposed Definition of "records" to Section 1 (DEFINITIONS)

1. DEFINITIONS

"records" means, for the purposes of Section 22, recorded information of every description of a Member or Approved Person of the Member or other person under the jurisdiction of the Corporation pursuant to the By-laws or Rules, including all books of accounts, securities, cash, documents, banking and investment account records, trading and supervisory records, client files and records, accounting and financial statements, audio and video recording, data, minutes, notes and correspondence, whether written, electronically stored or recorded by any other means;

MFDA By-law No. 1 – Proposed Amendments to Section 22 (EXAMINATIONS AND INVESTIGATORY POWERS)

22. EXAMINATIONS AND INVESTIGATORY POWERS

22.1 For the purpose of any examination or investigation pursuant to this By-law, a Member, Approved Person of a Member or other person under the jurisdiction of the Corporation pursuant to the By-laws or the Rules may be required by the Corporation to:

- (a) submit a report with respect to any matter involved in any such examination or investigation;
- ~~(b) to produce for inspection any records in the possession or control of the Member, an Approved Person of the Member or other person under the jurisdiction of the Corporation pursuant to the By-laws or the Rules that the Corporation believes may be relevant to the examination or investigation and provide copies of the books, records and accounts of such person relevant to the matters being investigated; and;~~
- ~~(b)~~(c) provide copies of any such records in the manner and form, including electronically, that the Corporation requests;
- ~~(d) to attend and give information respecting any such matters~~answer questions with respect to any such matters;
- ~~(e) in an investigation, attend and answer questions under oath or otherwise, and any such attendance may be transcribed, recorded electronically, audio-recorded or video-recorded as the Corporation determines;~~
- ~~(f) to make any of the above information available through any directors, officers, employees, agents and other persons under the direction or control of the Member, Approved Person or other person under the jurisdiction of the Corporation~~

and the Member or person shall be obliged to cooperate in the examination or investigation. ~~submit such report, to permit such inspection, provide such copies and to attend, accordingly. Any Member or person subject to an investigation conducted pursuant to this By-law may be invited to make submission by statement in writing, by producing for inspection books, records and accounts and by attending before the persons conducting the investigation. The person conducting the investigation may, in his or her discretion, require that any statement given by any Member or person in the course of an investigation be recorded by means of an electronic recording device or otherwise and may require that any statement be given under oath.~~

22.2 For the purposes of Section 22.1, the Corporation may require production of original records and must provide a receipt for any original records received.

~~22.3~~ For the purpose of any In connection with an examination or investigation, pursuant to this By-law, the Corporation:

(a) may, with or without prior notice, enter the business premises of any Member or Approved Person during business hours;

(b) shall be is entitled to free access to, and to make and retain copies of, all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and records and electronic systems and other media in which records are stored, and to make and keep copies of all the records that the Corporation believes may be relevant to the examination or investigation, including by taking an image of the computer hard drives of the Member or Approved Person; and of every description of the Member or person concerned, and no such Member or person shall withhold, destroy or conceal any information, documents or thing reasonably required for the purpose of such examination or investigation.

(c) may remove the original of any record obtained under Section 22.3(b), and where an original record is removed from the premises, the Corporation must provide a receipt for the removed record.

22.4 The Member or Approved Person who is aware that the Corporation is conducting an examination or investigation must not conceal or destroy any record that contains information that may be relevant to the examination or investigation.

~~22.3~~22.5 The Corporation, may, with respect to any information received:

- (a) refer a matter to the applicable Regional Council for consideration in accordance with the provisions of Section 24; or
- (b) refer a matter to the appropriate securities regulatory authority, self-regulatory organization or law enforcement agency; or
- (c) take such other action under the By-laws or Rules which it considers appropriate in the circumstances.