



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

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA  
("MFDA")**

**CODE OF CONDUCT FOR DIRECTORS**

Purpose of Code of Conduct

The Board of Directors of the MFDA is committed to the highest standards of honesty, integrity, ethics and business conduct. The Board believes that operating according to these standards is critical to protect the interests of the general investing public, the MFDA and its stakeholders. Accordingly, the Board adopts this Code of Conduct (the "Code") to reflect its commitment to these standards.

Applicability and Scope

The Code is applicable to all directors of the MFDA. Directors who also serve as officers or employees of the MFDA must also comply with the MFDA Code of Conduct for Employees. Although this Code provides standards of conduct for many situations, it does not cover all possible situations that may arise. Accordingly, all directors are expected to conduct themselves in a manner consistent with the spirit and letter of this Code and avoid even the appearance of improper behaviour.

Duties and Conflicts of Interest

- A. In exercising the powers and in discharging the duties of a director in accordance with the provisions of the *Canada Not-for-profit Corporations Act* ("Act") and the common law, each director of the MFDA shall:
- a) act honestly and in good faith with a view to the best interests of the MFDA;
  - b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
  - c) exercise the powers for the purpose for which they were intended;
  - d) ensure that the director's personal interest and duty to the MFDA are not brought into conflict; and
  - e) ensure that the director does not obtain or receive, directly or indirectly, personal profit, gain or benefit (other than fees paid to Public Directors for so acting) as a result of the director's relationship with the MFDA.

- B. In discharging the foregoing duties, directors are required by the Act, MFDA's By-laws and the common law to disclose the nature and extent of any interest in a material contract or transaction with MFDA that the director or an immediate family member may have. This principle applies to any interest that a director (or immediate family member) may have in respect of MFDA and its operations including, without limitation, investigations and proceedings relating to an MFDA member, its affiliates or its approved persons.
- C. Apart from a director's interest in contracts or transactions with the MFDA referred to in B, existing or proposed activities, appointments or commercial arrangements may constitute a conflict of interest if they might interfere with, or appear to interfere with, the director's ability to exercise independent judgment in matters pertaining to the MFDA. An example of the foregoing could include the role of a director with an industry association which is discussed further below. Another example is the role of a director of an organization that may have interests that are, or may appear to be, adverse to the MFDA.
- D. Membership on the board of directors on an industry association may give rise to an actual or potential conflict of interest (or the appearance of such a conflict) making a person ineligible to serve or be nominated as a director, subject to the discretion of the Governance Committee to determine otherwise. The MFDA expects that only in unusual and exceptional circumstances would a candidate for the Board or a Board member be considered eligible to serve, notwithstanding his or her affiliation with an industry association as a board member (or officer or employee) thereof.
- E. If a director becomes aware of an actual or potential conflict of interest or other matter such as an interest in a contract or transaction or an activity, appointment or commercial arrangement, the director should disclose to, and consult with, the Chair or the CEO as to the appropriate action to take or way to proceed. In addition, directors will be asked on an annual basis to review their circumstances and confirm in writing to the MFDA that no conflicts of interest exist that have not been disclosed to the MFDA and in respect of which an appropriate resolution in the view of the Chair, CEO or Governance Committee has not been made.

#### Director Involvement in Enforcement Cases or Compliance Matters

No director will seek or receive from, or discuss with MFDA staff or any other person representing the MFDA, information pertaining to any aspect of an enforcement case or compliance matter undertaken by the MFDA including investigations, proceedings, negotiations and settlement terms, except as provided for otherwise in this Code, the By-laws, Rules or procedures of the MFDA or by applicable law. The foregoing prohibition shall apply whether the information is sought, received or discussed by a director directly or indirectly on his or her behalf through counsel, agents, colleagues or any other persons.

The foregoing prohibition shall not apply to a director: (a) to the extent the receipt or discussion of the information is necessary in the performance of his or her duties as director of the MFDA; or (b) if (i) the receipt or discussion of the information is required in the performance of his or her duties as an employee, officer or director of a Member or the enforcement case or compliance matter relates to the director personally, and (ii) such

director has obtained the prior consent of the CEO and the director has complied with the terms of such consent.

The CEO, at his or her discretion, may involve Public Directors in a discussion of novel or unique MFDA enforcement cases or compliance matters. Any Public Director involved in such discussions will keep all information confidential and will not participate in any appeal to the Board.

For greater certainty, Staff may present, and the Board may receive and discuss, statistical information relating to current enforcement cases and compliance matters for the purposes of allocating resources and assessing operational performance of the MFDA.

### Confidentiality

Directors have a fiduciary duty to maintain the confidentiality of all confidential and proprietary information of the MFDA including such information relating to (i) persons who the MFDA regulates or with whom the MFDA does business, (ii) the MFDA's Board of Directors and committees, and (iii) MFDA staff. Unauthorized disclosure of confidential information can severely damage the reputations of the MFDA and those persons to whom the confidential information relates. A director's duty of confidentiality continues even after the director no longer serves on the Board.

Confidential information includes all non-public information regarding the activities, enforcement cases, compliance matters and other affairs of the MFDA. If in doubt about whether information is confidential, it should be assumed all information acquired in the course of the activities and duties as a director is confidential unless otherwise determined. Directors must not make unauthorized disclosure of confidential information or use it for purposes other than those for which it was disclosed except as required by law. It is also critical that no advantage is taken, or perceived to be taken, of any information that may exist within the MFDA, or of which a director may become aware as a result of tenure on the Board. Without limiting the generality of the foregoing, directors must take all reasonable steps to protect confidential information, including the following:

- a) controlling access to confidential information;
- b) discussing confidential information with others only in the necessary course of business, and in doing so, exercising due care;
- c) not discussing confidential information in public places;
- d) not trading on the basis of confidential information;
- e) keeping documents containing confidential information secure and taking steps to secure sensitive information when it is unattended;
- f) safeguarding documents off the MFDA's premises;

- g) determining whether documents containing confidential information should be shredded or otherwise destroyed prior to disposal in order that confidentiality be assured; and
- h) not sharing confidential information about the affairs and activities of MFDA (for example, with any person that is or may be, seeking to provide products or services to MFDA, or is a party to an enforcement case or compliance matter, or may have a material interest in a person that is a party to such a case or matter).

#### Speaking Engagements and Publications

Directors who choose to publish, accept a speaking engagement from a third party or speak publicly are reminded that what they say publicly or publish may also reflect upon the MFDA.

Directors who publish or speak publicly on matters relevant to financial services generally, including mutual funds, should consider whether it would be advisable and/or appropriate to make it clear that their comments are theirs alone (either personally or on behalf of their employer) and do not necessarily reflect the views of the MFDA or its members.

#### Dealing with the Media

The MFDA is committed to providing, as appropriate or required, full and prompt disclosure to the media of material developments and events as they relate to its activities. MFDA's policy is that all communication with the media is "on the record". However, all media relations and inquiries are to be coordinated through the CEO. Directors should not comment on any inquiry from the media relating to the activities of the MFDA without prior authority from the Chair or the CEO and should refer any inquiries to the CEO.

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