

**1.1.3 Notice of Memorandum of Understanding between certain provincial securities regulators and the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) concerning MFDA access to the National Registration Database (NRD)**

The Ontario Securities Commission, certain other provincial securities regulators and IIROC recently entered into a memorandum of understanding with the MFDA concerning MFDA access to NRD (the MOU).

The MOU was delivered to the Minister of Finance on January 21, 2011 and is subject to approval by the Minister. The MOU will take effect the date it receives Ministerial Approval, or, if the Minister does not reject or approve the MOU by March 22, 2011, it will automatically come into effect on March 23, 2011.

The MOU was entered into with the MFDA in order to facilitate the sharing of information concerning compliance and enforcement matters. The MOU establishes a framework for the entry and viewing of regulatory notes on NRD by the MFDA in connection with such matters where they relate to current and former MFDA Member firms and Approved Persons or applicants for MFDA membership or approval.

Questions may be referred to:

Christopher Jepson  
Senior Legal Counsel  
Compliance and Registrant Regulation  
Tel: 416-593-2379  
[E-mail: cjepson@osc.gov.on.ca](mailto:cjepson@osc.gov.on.ca)

**January 21, 2011**



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

August 3, 2010

Mr. Larry Waite  
President and Chief Executive Officer  
Mutual Fund Dealers Association of Canada  
Suite 1600, 121 King Street West,  
Toronto, Ontario  
M5H 3T9

Dear Mr. Waite:

**Re: Access to the National Registration Database system by Mutual Fund Dealers Association of Canada**

This letter agreement ("**Agreement**") is between the British Columbia Securities Commission ("**BCSC**"), Alberta Securities Commission ("**ASC**"), Ontario Securities Commission ("**OSC**"), Autorité des marchés financiers ("**AMF**"), and the Investment Industry Regulatory Organization of Canada ("collectively, the "**Regulators**"), on the one hand, and the Mutual Fund Dealers Association of Canada ("**MFDA**"), on the other. In this Agreement, the Regulators, together with the securities regulatory authorities of Saskatchewan, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, the Northwest Territories and Nunavut, are collectively referred to as the "**Securities Administrators**".

This Agreement confirms the terms and conditions under which the Regulators have authorized the MFDA to access and use the National Registration Database system ("**NRD**"). Such access and use is subject to approval by CDS Inc. in accordance with the NRD Operations Agreement between the Regulators and CDS Inc. Subject to the foregoing, the MFDA is authorized by the Regulators to access and use NRD on the following terms and conditions:

1. The MFDA's access to and use of NRD is limited to:
  - (a) viewing information and adding regulatory notes concerning current and former MFDA Members or Approved Persons (as defined in MFDA By-Law No. 1) and applicants for MFDA membership or approval (collectively, "**MFDA Members and Approved Persons**") for the purpose of ensuring compliance with and enforcement of MFDA By-laws, Rules, Policies and other requirements prescribed by the MFDA; and
  - (b) viewing information concerning non-MFDA Members and non-Approved Persons ("**Other Persons**") for the purpose of identifying the appropriate regulatory authority to which complaints about such Other Persons may be referred.
2. The MFDA may add regulatory notes to NRD concerning current and former MFDA Members and Approved Persons in accordance with the Canadian Securities Administrators' Regulatory Procedures Manual. These regulatory notes may be for early warnings, terms and conditions, compliance and enforcement issues. The MFDA is not authorized to add any other information to NRD.
3. The MFDA is not permitted to collect, use or disclose the information which it views on NRD for any commercial or other non-regulatory purpose or in the course of a commercial or other non-regulatory activity. The MFDA acknowledges the necessity to respect the privacy of individuals and will comply with privacy legislation where applicable.
4. The MFDA is not permitted to disclose the information which it obtains from or views on NRD to any other person, except the authorities identified in section 23 of MFDA By-law No. 1 or where required by law.
5. The MFDA will ensure that access to NRD by staff of the MFDA will be in compliance with the MFDA's Internal Procedure – NRD Access by MFDA Staff, a copy of which is attached as Schedule A.
6. MFDA staff located in British Columbia, Alberta or Ontario will be granted access to NRD through the use of user names and passwords created by the BCSC, ASC or OSC, as applicable. Requests for granting or terminating NRD access will be made through the MFDA's Director, Membership Services and Communications, who will make such requests to the securities regulatory authority in whose jurisdiction the relevant MFDA staff member is located. Immediately upon request, the MFDA will cease use of any user names and passwords, and will surrender and provide the details thereof, to the securities regulatory authority which created the user name and password.

7. The MFDA agrees to defend, indemnify and hold each of the Securities Administrators and their respective commissioners, commission members, directors, employees and agents harmless from and against any and all damages, liabilities, losses, demands, claims, actions, suits, costs, charges or expenses (including all legal and advisor's fees, costs and expenses) suffered or incurred by any of them in connection with, or arising or resulting from, the MFDA's access to or use of NRD. This indemnity, and paragraphs 3, 4 and 6 above, shall survive the termination of this Agreement.

The Regulators may at any time, in their sole discretion, modify or amend the above terms and conditions governing the MFDA's access to and use of NRD, upon written notification to the MFDA. The MFDA may request a change to the above terms and conditions by submitting a request in writing to the Regulators. The acceptance of any such requested change shall be in the sole discretion of the Regulators.

The Regulators, on the one hand, or the MFDA, on the other hand, may terminate this Agreement at any time, upon the provision of written notification to the other party.

The parties may send any request or give notice in respect of this Agreement (other than as contemplated in paragraph 6 above) by fax, email or courier, to the other party at the following address:

To the Regulators:

CSA IT Systems Office  
c/o Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario, M5H 3S8

Attention: Ian Campbell  
Chief Information Officer  
Economic Analysis, Strategy and Project Planning Branch

Email: [icampbell@osc.gov.on.ca](mailto:icampbell@osc.gov.on.ca)  
Tel.: (416) 593-8306  
Fax: (416) 593-8218

To the MFDA:

Mutual Fund Dealers Association of Canada  
Suite 1600, 121 King Street West  
Toronto, ON, M5H 3T9

Attention: Ken Woodard  
Director, Membership Services and Communications

Email : [kwoodard@mfdca.ca](mailto:kwoodard@mfdca.ca)  
Tel.: (416) 943-4602  
Fax: (416) 943-1218

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes any prior agreements, understandings, negotiations and discussions, whether written or oral, pertaining to the subject matter hereof.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, including any fax counterpart, and it shall not be necessary when making proof of this Agreement to account for more than one counterpart.

The execution of this Agreement by the AMF may be subject to any approval or consent required by the AMF under any law to which the AMF is subject.

Please indicate your acknowledgement, confirmation and acceptance of the foregoing by signing the enclosed copy of this letter where indicated and returning one (1) original signed copy to the attention of the CSA IT Systems Office, c/o Deputy Director, Policy and Project Office - Economic Analysis, Strategy and Project Planning Branch of the Ontario Securities Commission at 20 Queen Street West, 19th Floor, Toronto, Ontario M5H 3S8.

Yours truly,

**ALBERTA SECURITIES COMMISSION**

Per: "David Linder", Executive Director

**AUTORITÉ DES MARCHÉS FINANCIERS**

Per: "Jean St. Gelais", Chair

For purposes of An Act respecting the Ministère du Conseil exécutif (R.S.Q., c. M-30), **Secrétaire général associé aux affaires intergouvernementales canadiennes**

Per: "Yves Castonguay", Secrétaire général associé aux Affaires intergouvernementales canadiennes

**BRITISH COLUMBIA SECURITIES COMMISSION**

Per: "Paul Bourque", Executive Director

**ONTARIO SECURITIES COMMISSION**

Per: "Peggy Dowdall-Logie", Executive Director and Chief Administrative Officer

**INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA**

Per: "Paul Riccardi", Senior Vice President, Enforcement, Policy and Registration

"Rossana DiLieto", Vice President, Registrations and Complaints

- c. Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
New Brunswick Securities Commission  
Superintendent of Securities of Prince Edward Island  
Nova Scotia Securities Commission  
Newfoundland and Labrador Securities Commission  
Superintendent of Securities of the Yukon  
Registrar of Securities of the Northwest Territories  
Registrar of Securities of Nunavut

**Acknowledged, confirmed and accepted this 21<sup>st</sup> day of October, 2010.**

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

"Mark T. Gordon", Executive Vice President

## SCHEDULE A

### Mutual Fund Dealers Association of Canada

#### MFDA Internal Procedure

#### NRD Access by MFDA Staff

##### A. Introduction

Many of the securities regulatory authorities in Canada use a database for registrations called the National Registration Database ("NRD"). Registrants are required to update and submit changes to their registration using NRD. Such updates and changes would include termination of a Registrant sponsored by them ("Approved Person"), transfer of an Approved Person, new sponsorship of a proposed Approved Person and registration of corporate changes such as branch opening and closings.

The MFDA requires certain registration information for conducting reviews of Members, Membership applications and enforcement of our rules, by-laws and policies. The CSA and IIROC have granted NRD access to the MFDA to facilitate this activity. *It is important to note that the CSA and IIROC have placed strict terms and limitations on our access, which are reflected in this procedure, and it is essential that all staff ensure that they fully comply with this procedure.*

The MFDA is authorized only to view information about MFDA Members, applicants, and Approved Persons and to add regulatory notes about such firms and individuals. The MFDA also has limited authority to identify individuals who are the subject of complaints. For further details, see section D of this procedure below. Access to NRD within the MFDA is strictly-controlled and limited to a few specifically-designated individuals.

This procedure is an important MFDA policy. An employee's failure to comply with this procedure may be considered to be a violation of the terms of their employment agreement.

The procedure is set forth below.

##### B. Restriction of Access to Authorized Staff Members

NRD access will be restricted to the following authorized staff members:

- For the Enforcement Department access will be restricted to the Director and Managers of Case Assessment, the Case Assessment Analysts, the Case Assessment Officers, Director and Managers of Investigations and the Administrative Assistant, Investigations.
- For the Membership Services Department, access will be restricted to the Director, Membership Services and the Membership Services Coordinators.
- For Compliance, access will be restricted to the Vice-President, Directors, Managers and Senior Compliance Officers.
- For the Prairie Region, access will be restricted to the Regional Director, the Compliance Manager, Senior Compliance Officers, the Investigations Manager and the Administrative Assistant.
- For the Pacific Region, access will be restricted to the Regional Director, the Compliance Manager, Senior Compliance Officers, the Investigations Manager and the Administrative Assistant.
- All of the above positions will have access to view information on NRD, however, only the following positions will be permitted to add regulatory notes:
  - Director and Managers of Case Assessment
  - Prairie and Pacific Region Investigations Managers
  - Case Assessment Analysts
  - Case Assessment Officers

- o Administrative Assistant, Investigations
- o Director, Membership Services

The Director, Membership Services and Communications will maintain on a current basis a list of the individuals who currently have NRD access. Individuals in the above positions will not have access until it has been authorized by the British Columbia Securities Commission (in the case of the Pacific Region), Alberta Securities Commission (in the case of the Prairie Region) or the Ontario Securities Commission in accordance with the procedures noted below. Only designated staff will be allowed access to NRD.

Requests for granting or terminating access will be made through the Director, Membership Services and Communications, who will deal with the applicable securities regulatory authority. MFDA management must ensure that they provide immediate notification of the resignation, suspension or termination of authorized individuals to the Director, Membership Services and Communications, as it is imperative that the MFDA provide immediate notification of such events to the applicable securities regulatory authority so that that the individual's NRD authorization may be revoked. No other MFDA departments or staff members will have access to NRD.

#### C. Process for Accessing NRD Information

Any requests from departmental staff members for NRD information will be required to be made via Email to an authorized staff member. The Email should specify the following:

- a. The individual or firm name that you are requesting information for;
- b. The reason for the request; and
- c. The file number to which the request is associated, where appropriate.

Any information obtained from NRD may only be used in accordance with section D below.

#### D. Use of Registration Information

Authorized staff may access NRD:

- to view information concerning current and former MFDA Members or Approved Persons (as defined in MFDA By-Law No. 1) and applicants for MFDA membership or approval for the purpose of ensuring compliance with and enforcement of MFDA By-laws, Rules, Policies and other requirements prescribed by the MFDA. Certain authorized staff, as set out in Part B of the procedure, may also access NRD to add regulatory notes. Any regulatory notes must be added in accordance with the Canadian Securities Administrators' Regulatory Procedures Manual. These regulatory notes may be for early warnings, terms and conditions, compliance and enforcement issues. No other information may be added to NRD; or
- to view information concerning non-MFDA Members and non-Approved Persons ("Other Persons") for the purpose of identifying the appropriate regulatory authority to which complaints about such Other Persons may be referred.

Bear in mind that you must comply with all applicable privacy laws. Information obtained from or viewed on NRD may not be disclosed to any entity or individual other than the authorities permitted by MFDA By-law 1, section 23 or where required by law. Such information may not be collected, used or disclosed for, or in the course of, any commercial or non-regulatory purpose or activity.

#### E. Questions

Any questions regarding this procedure should be directed to the Director, Membership Services and Communications.