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**Amendments to MFDA Policy No. 3 –
Handling Client Complaints**

**THE MUTUAL FUND DEALERS ASSOCIATION (MFDA)
NOTICE OF COMMISSION APPROVAL
AMENDMENTS TO MFDA POLICY NO. 3 –
HANDLING CLIENT COMPLAINTS**

The Ontario Securities Commission approved amendments to MFDA Policy No. 3 on handling client complaints. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved; and the British Columbia Securities Commission did not object to the amendments. The amendments to MFDA Policy No. 3 establish additional reporting requirements for MFDA Members or Approved Persons on customer complaints. The amendments also prohibit direct settlement between Approved Persons and clients made without the Member's knowledge. A copy and description of these amendments were published on July 11, 2003 at (2003) 26 OSCB 5414. A summary of the public comments received is contained in Appendix "A".

APPENDIX "A"

**Summary of Public Comments Respecting
Proposed Amendments to MFDA Policy No. 3 -
Handling Client Complaints
And Response of the MFDA**

On July 11, 2003, the Ontario Securities Commission published for public comment proposed amendments to MFDA Policy No. 3 "Handling Client Complaints" (the "Proposed Amendments"). The MFDA proposal was published in Volume 28, Issue 26 of the Ontario Securities Commission Bulletin, dated July 11, 2003.

The public comment period expired on August 11, 2003.

Two submissions were received during the public comment period:

1. Royal Mutual Funds Inc.
2. Independent Planning Group Inc.

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1600, Toronto, Ontario by contacting Laurie Gillett, Corporate Secretary and Membership Services Manager, (416) 943-5827.

The following is a summary of the comments received, together with the MFDA's responses.

One commentator requested further guidance as to the expectations of the MFDA regarding the reporting of complaints that are unrelated to the sale of a security. In particular, the commentator noted that greater clarity would be helpful with respect to complaints arising from financial planning activity but unrelated to the sale of a security.

MFDA Response

Further guidance will be provided by way of a bulletin to Members. The MFDA will expect Members to report such conduct with regard to all Member business. The MFDA will encourage Members as a matter of best practice to also report any such conduct of which it is aware relating to licensed insurance activity, any other financial activity or any activity on the part of Approved Persons relating to individuals who are clients of the Member.

Another commentator requested clarification as to whether the reference to "individual" in the commentary that accompanied the Proposed Amendments is the same as an Approved Person. The Detailed Analysis section in the commentary to the Proposed Amendments noted that each Member must report to the MFDA whenever such Member or a partner, director, officer, salesperson, employee or agent of the Member has entered into a private settlement or has disposed of any claim in securities related litigation or arbitration by judgement, award or settlement where the amount exceeds the monetary threshold prescribed (\$25,000 for a Member and \$15,000 for an individual).