



Summary of Comments

Support for Proposed Changes

All commenters expressed support for the proposed changes.

MFDA Response

We acknowledge these comments.

LTA Alternatives

An industry association commenter and Member stated its understanding that the MFDA issued an exemption at the early stage of the COVID pandemic industry and the industry is already operating on the basis that there is no mandatory use of the LTA. The industry association commenter indicated that it has put together a member task force to explore alternative solutions to the LTA.

Another industry association commenter expressed the view that fund companies should now eliminate their requirements for MFDA Members to obtain Limited Trading Authorization forms on an individual client basis and instead replace them with a blanket dealer waiver. This commenter noted that it would be a very negative unintended consequence if fund companies started to introduce their own unique Limited Trading Authorization forms.

MFDA Response

For further background and clarification purposes, the MFDA did not issue a formal exemption during the COVID pandemic as Members are currently permitted to obtain alternative forms of authorization.

As set out in the Publication Notice accompanying the proposed amendments, use of the LTA is still permitted. As a result, registrants are free to use the LTA, and to continue to require its use. We note that MFDA Members have a regulatory obligation to obtain client authorization for transactions in client accounts. The decision regarding whether to use an LTA or other form is a matter to be addressed by dealers and fund companies.

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