



**Notice of BCSC Non-Objection to Proposed Public Interest Amendments
to MFDA Rule 3.3.2 (Segregation of Client Property – Cash)**

As of April 2, 2012, the BCSC and the MFDA's other recognizing regulators¹ did not object to or approved² proposed public interest amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash) and Policy No. 4 (Internal Control Policy Statements). The non-objection or approval is subject to the MFDA not implementing the proposed amendments until corresponding amendments to Parts 11 and 12 of NI 81-102 *Mutual Funds* are in force. We expect those amendments to come into force on April 30, 2012.

The MFDA's proposed amendments:

- Remove the requirement to hold client cash for investment in mutual funds separately from client cash for other investments, while maintaining the requirement to segregate client cash held in trust from member property.
- Give members discretion as to whether they will pay interest on client cash held in trust. Members must disclose on account opening whether they will pay interest and, if so, at what rate.

The BCSC published the proposed amendments for comment on its website on June 25, 2010 for a 91-day comment period. The MFDA received three comment letters. We attach the MFDA's summary of these comments and responses to them.

April 13, 2012

Ref: Proposed amendments to MFDA Rule 3.3.2 (Segregation of Client Property – Cash)

¹ Alberta Securities Commission, Saskatchewan Financial Services Commission, Manitoba Securities Commission, Ontario Securities Commission, New Brunswick Securities Commission and Nova Scotia Securities Commission.

² Non-objection and approval are the different ways in which the recognizing regulators express their decisions after reviewing proposed MFDA rules.