

# MUTUAL FUND DEALERS ASSOCIATION OF CANADA

## Proposed Amendments to MFDA Rule 1.2 (Individual Qualifications)

### Blackline Version Showing Changes After Proposal Published for Public Comment

## 1.2 INDIVIDUAL QUALIFICATIONS

1.2.1 **Compliance with MFDA Requirements.** Each Member shall ensure that any Approved Person executes and delivers to the Member an agreement in a form as prescribed from time to time by the Corporation agreeing, among other things, to be subject to, comply with and be bound by the By-laws and Rules.

1.2.2 **Registration.** An Approved Person must have satisfied any applicable proficiency and other registration requirements set out in securities legislation and established by the securities regulatory authority having jurisdiction.

1.2.3 **Education, Training and Experience.** An Approved Person must not perform an activity that requires ~~securities~~ registration under securities legislation unless the Approved Person has the education, training and experience that a reasonable person would consider necessary to perform the activity competently, including understanding the structure, features and risks of each security that the Approved Person recommends.

1.2.4 **Training and Supervision.** Upon commencement of trading or dealing in securities for the purposes of any applicable legislation on behalf of a Member, all Approved Persons who are salespersons shall complete a training program within 90 days of such commencement and a concurrent six month supervision period in accordance with such terms and conditions as may be prescribed from time to time by the Corporation, unless he or she has completed a training program and supervision period in accordance with this Rule with another Member or was licensed or registered in the manner necessary, and is in good standing, under applicable securities legislation to trade in mutual fund securities prior to the date of this Rule becoming effective.

1.2.5 **Misleading Business Titles Prohibited.** No Approved Person shall hold him or herself out to the public in any manner including, without limitation, by the use of any business name or designation of qualifications or professional experience that deceives or misleads, or could reasonably be expected to deceive or mislead, a client or any other person as to the proficiency or qualifications of the Approved Person under the Rules or any applicable legislation.

## 1.3 OUTSIDE ACTIVITY

1.3.1 **Definition.** For the purpose of the By-laws, Rules and Policies, “outside activity” means any activity conducted by an Approved Person outside of the Member:

- (a) for which direct or indirect payment, compensation, consideration or other benefit is received or expected;
- (b) involving any officer or director position and any other equivalent positions; or

(c) involving any position of influence.

**1.3.2 Requirements for Outside Activity.** An Approved Person may have, and continue in, an outside activity provided that:

(a) *Not prohibited.* The Corporation and the securities regulatory authority in the jurisdiction in which the Approved Person carries on, or proposes to carry on, the outside activity **does** not prohibit the Approved Person from engaging in such outside activity;

(b) *Notification.* The Approved Person discloses the outside activity to the Member;

(c) *Approval.* The Approved Person obtains written Member approval of the outside activity prior to engaging in such outside activity;

(d) *Conduct unbecoming.* The outside activity of the Approved Person must not be such as to bring the Corporation, its Members or the mutual fund industry into disrepute; and

(e) *Disclosure.* To the extent that the outside activity could be confused with Member business, clear written disclosure is provided to clients that any activities related to the outside activity are not the business of the Member and are not the responsibility of the Member.

#### **1.4 REPORTING REQUIREMENTS**

(Amendments not proposed to text of Rule)

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