

## **MFDA NOTICE – HOUSEKEEPING AMENDMENTS TO MFDA RULE 1.2.4 (CURRENCY OF COURSES)**

### **Current Rule**

MFDA Rules 1.2.1(a), 1.2.2(a) and 1.2.3(b) specify the courses and examinations that salespersons, branch managers and trading partners, directors, officers and compliance officers must successfully complete. Rule 1.2.4 currently provides an exemption to these course and examination requirements if the individual was registered/licensed under the applicable securities legislation in the same category within three years of the relevant time for qualification, or if the individual successfully completed the course or examination within three years of the relevant time for qualification.

### **Reasons for Amendments**

The first proposed amendment to Rule 1.2.4 would clarify the application of the Rule by modifying its language. The objective of Rule 1.2.4 is to ensure that an individual's industry knowledge remains relevant and current. Accordingly, the Rule is intended to require individuals to either successfully complete the required courses and examinations within three years of the relevant time for qualification or to have been registered/licensed under applicable securities legislation in the equivalent category within three years of the relevant time for qualification. However, Rule 1.2.4, as currently drafted, refers to the term "exempt" with respect to the requirement to complete courses and examinations, which creates confusion. The proposed amendment is intended to clarify the application of the Rule and relate the three-year currency requirement directly to the proficiency requirements.

The second proposed amendment would provide MFDA staff with the ability to consider whether individuals who do not meet the requirements under Rule 1.2.4(a) (i) and (ii) have met the objective of ensuring that their proficiency remains current by other means. MFDA staff has received several applications for exemptive relief from Rule 1.2.4, which have been considered to date by the Regulatory Issues Committee of the MFDA Board of Directors. These types of applications are typically routine, straightforward matters which are considered at the staff level at the securities commission. MFDA staff is of the view that these types of matters do not require the attention and resources of the Regulatory Issue Committee and would be more appropriately considered by MFDA staff.

### **Description of Amendments**

The first proposed amendment would remove the reference to the term "exempt" and redraft the Rule to accommodate the language modification.

The second proposed amendment would add the phrase "within three years of the relevant time for qualification or such longer period as the Corporation may determine if it is satisfied based on the individual's experience that his or her knowledge and

proficiency remains relevant and current” after reference to the proficiency requirements of the Rule.

The proposed amendments are housekeeping in nature in that they are intended to (i) eliminate confusion arising from the current language of the Rule; and (ii) relate to changes to procedures and administrative practices of the MFDA and do not impose any significant burden or barrier to competition that is not appropriate.

### **Comparison with Similar Provisions**

The amendments would harmonize the Rule with similar requirements under provincial securities legislation.

### **Effective Date**

The amended Rule will be effective on a date to be subsequently determined by the MFDA.

## MUTUAL FUND DEALERS ASSOCIATION OF CANADA

### MFDA Rule 1.2.4 (Currency of Courses)

On September 27, 2006, the Board of directors of the Mutual Fund Dealers Association of Canada made and enacted the following housekeeping amendments to Rule 1.2.4:

(a) ~~For the purposes of An individual shall be exempt from taking any of the courses or writing the examinations required under~~ Rules 1.2.1(a), 1.2.2(a) or 1.2.3(b); ~~if the individual:~~

(i) the courses or examinations must have been successfully completed; or

(ii) the individual must have been registered/licensed under applicable securities legislation in the equivalent category;

within three years of the relevant time for qualification or such longer period as the Corporation may determine if it is satisfied based on the individual's experience that his or her knowledge and proficiency remains relevant and current.

~~(a) was registered/licensed under applicable securities legislation in the same category within three years of the relevant time for qualification; or~~

~~(b) successfully completed the course or examination within three years of the relevant time for qualification;~~

(b) Notwithstanding ~~provided that despite~~ subsections (a) ~~and (b)~~, if an individual completes a course for which another course is a prerequisite, the course which is a prerequisite need not have been completed within the three year period.