

## MUTUAL FUND DEALERS ASSOCIATION OF CANADA

On October 3, 2012, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to the MFDA Form 1:

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(Member Name)

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(Date)

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# FORM 1 – INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS A, D AND E

**To: The Mutual Fund Dealers Association of Canada and MFDA Investor Protection Corporation**

We have audited the accompanying Statements of \_\_\_\_\_ which comprise  
(Member)  
the statement of financial position as at \_\_\_\_\_ (Statement A) and the statement of income  
(date)  
and comprehensive income (Statement D) and statement of changes in capital and retained earnings (Statement E)  
for the year then ended \_\_\_\_\_ and a summary of significant accounting policies and other  
(date)  
explanatory information. These Statements have been prepared by management based on the financial reporting  
provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

We have audited the accompanying Statements of \_\_\_\_\_ which comprise:  
(Member)

Statement A == Statement of financial position as at  
\_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

Statement D == Statement of income and comprehensive income for the years ended  
\_\_\_\_\_ and  
(date)

Statement E == Statement of changes in capital for the year ended \_\_\_\_\_ and changes  
(date)  
in retained earnings (corporations) or undivided profits (partnerships) for the years ended  
\_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

and a summary of significant accounting policies and other explanatory information. These Statements have been prepared by management based upon the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

## Management’s responsibility for the Statements

Management is responsible for the preparation and fair presentation of these Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

## Auditor’s responsibility

Our responsibility is to express an opinion on these Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Member’s preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Member’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the Statements present fairly, in all material respects, the financial position of \_\_\_\_\_ as at \_\_\_\_\_ ~~and the results of its operations for the year~~  
\_\_\_\_\_ as at \_\_\_\_\_ and \_\_\_\_\_ and  
~~(Member)~~ \_\_\_\_\_ ~~(date)~~ \_\_\_\_\_ ~~(date)~~  
~~(Member)~~ \_\_\_\_\_ ~~(date)~~ \_\_\_\_\_ ~~(date)~~  
the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.  
~~prescribed by the Mutual Fund Dealers Association of Canada.~~

### Going Concern [Note: EFS to allow for auditor to include emphasis of matter paragraph for Going Concern – this is an option for auditors but not part of the standard report]

Without modifying our opinion, we draw attention to Note \_\_\_\_\_ in the Statements which indicates that \_\_\_\_\_  
(Member) \_\_\_\_\_ (\$ amount) \_\_\_\_\_ during the year ended \_\_\_\_\_  
(date) and, as of that date, \_\_\_\_\_ (Member's) \_\_\_\_\_ 's current liabilities  
exceeded its total assets by \_\_\_\_\_ (\$ amount) . These conditions, along with other matters as set forth in  
in Note \_\_\_\_\_ indicate the existence of a material uncertainty that may cast significant doubt about  
(note) \_\_\_\_\_ 's ability to continue as a going concern.  
(Member's)

### Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note \_\_\_\_\_ to the Statements which describes the  
(note) \_\_\_\_\_ basis of accounting. The Statements are prepared to assist \_\_\_\_\_ to meet the  
(Member) requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for \_\_\_\_\_, the Mutual  
(Member) Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not be used by parties other than \_\_\_\_\_, the Mutual Fund Dealers Association of Canada and  
(Member) the MFDA Investor Protection Corporation.

*(Note: EFS to allow for auditor to include other potential Emphasis of Matter and Other Matter paragraphs should one be required under the CASs or determined appropriate by the auditor to be included in the auditor's report. Such wording would be agreed upon with MFDA prior to the filing of Form 1).*

### Unaudited Information

We have not audited the information in Schedule 5 of Part II of Form 1 and accordingly do not express an opinion on this schedule.

[Audit Firm]

[Signature]

[Date]

[Address]

# FORM 1 – INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS B, C AND F

**To: The Mutual Fund Dealers Association and MFDA Investor Protection Corporation**

We have audited the accompanying Statements of Form 1 (the “Statements”) of \_\_\_\_\_,  
*(Member)*

which comprise:

~~Statement B – Statement of Risk Adjusted Capital as at \_\_\_\_\_  
*(date)*~~  
~~Statement B – Statement of risk adjusted capital as at \_\_\_\_\_ and \_\_\_\_\_  
*(date)* *(date)*~~  
Statement C – Statement of ~~E~~arly ~~w~~arning ~~e~~xcess as at \_\_\_\_\_  
*(date)*  
Statement F – Statement of ~~c~~hanges in ~~s~~ubordinated ~~l~~oans for the year ended \_\_\_\_\_  
*(date)*

These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

## Management’s responsibility for the Statements

Management is responsible for the preparation of the Statements of Form 1 in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

## Auditor’s responsibility

Our responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Member’s preparation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Member’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

~~In our opinion, the financial information in Statements B and C of Form 1 as at \_\_\_\_\_ and in  
*(date)*~~  
~~Statement F for the year ended \_\_\_\_\_ is prepared, in all material respects, in accordance with the financial  
*(date)*~~  
In our opinion, the financial information in Statements B as at \_\_\_\_\_ and \_\_\_\_\_  
*(date)* *(date)*

Statement C as at \_\_\_\_\_ and in Statement F for the year ended \_\_\_\_\_ is  
(date) (date)  
prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and  
Instructions to Form 1 prescribed by the Mutual Fund Dealers Association of Canada.

**Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note \_\_\_\_\_ to the Statements which describes the  
basis of accounting. The Statements are prepared to assist \_\_\_\_\_ to  
meet the requirements of the Mutual Fund Dealers Association of Canada. As a result, the Statements may not be  
suitable for another purpose. Our report is intended solely for \_\_\_\_\_,  
the Mutual Fund Dealers Association of Canada and the MFDA Investor Protection Corporation and should not  
be used by parties other than \_\_\_\_\_, the Mutual Fund Dealers  
Association of Canada and the MFDA Investor Protection Corporation.

[Audit Firm]

[Signature]

[Date]

[Address]

**FORM 1 – INDEPENDENT AUDITOR’S REPORTS  
NOTES AND INSTRUCTIONS**

A measure of uniformity in the form of the auditor’s reports is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their reports should take the form of the auditor’s reports shown above.

Any limitations in the scope of the audit must be discussed in advance with the Corporation. Discretionary scope limitations will not be accepted. Any emphasis of matter in the auditor’s reports must be discussed in advance with the Corporation.

Two copies with original signatures must be provided to the Corporation.