

OSC NOTICE AND REQUEST FOR COMMENT
MFDA INVESTOR PROTECTION CORPORATION (MFDA IPC)
PROPOSED AMENDMENTS TO THE OVERSIGHT OF MFDA
IPC

A. Background

Staff of the Ontario Securities Commission (Staff) are publishing for public comment certain proposed changes to the Approving Regulators' oversight of the MFDA IPC. These proposed changes are composed of the following:

- Proposed amendments to the terms and conditions of the MFDA IPC's approval as an investor protection fund;
- Proposed amendments to the MFDA IPC's reporting requirements; and
- Proposed new Memorandum of Understanding (MOU) between the Approving Regulators governing their oversight of the MFDA IPC.

The MFDA IPC is a not-for-profit corporation established by the Mutual Fund Dealers Association of Canada (MFDA) to administer a protection plan for the benefit of clients of mutual fund dealers that are MFDA member firms.

The MFDA IPC is approved as a protection plan to provide protection within prescribed limits to eligible clients of MFDA member firms suffering losses if client property comprising securities, cash, and other property held by such MFDA member firms is unavailable as a result of the insolvency of the MFDA member firm.

In order to streamline and modernize its oversight of the MFDA IPC and ensure its oversight is consistent with current oversight practices, Staff are proposing to update the MFDA's oversight regime by:

- Clearly stating which documents the MFDA IPC requires prior approval to change.

- Amending and reorganizing the MFDA IPC's reporting requirements to improve efficiencies and reduce the number of ad hoc requests from the Approving Regulators.
- Putting an MOU in place to govern the Approving Regulators' oversight of the MFDA IPC.

A more detailed overview of the various proposed amendments is included below.

B. Key Proposed Amendments to the MFDA IPC's Approval Order

Terms & Conditions

- MFDA IPC will only be required to seek prior approval for proposed changes to its Coverage Policies and by-laws.

Reporting Requirements

- Reporting requirements will be categorized as:
 - regular reporting; or
 - notification only.
- Multiple date specific reporting requirements will be combined and amended into one semi-annual and one annual report.
- Events for which notification is required will be divided into 3 separate sub-categories: (1) prior, (2) immediate, and (3) prompt.
- A few specific new reporting requirements will be added including:
 - an annual certification of compliance with the MFDA IPC's terms and conditions of approval as an investor protection fund;
 - notification of information security breaches; and
 - prior notice before publication of any document expected to have a significant impact on the MFDA IPC's mandate.
- Certain other information will be required upon Staff request.

C. Key Details of the Proposed New MOU

- An MOU will be concluded among the Approving Regulators for the first time.
- Protocols will be appended to the MOU to:

- clarify that oversight reviews will be risk-based and that oversight review reports will be published; and
- provide guidance on the Approving Regulators' approval process for proposed changes to documents for which prior approval is required (including guidance on whether proposed changes will be deemed housekeeping or should be published for public comment).

D. Comment Process

OSC Staff are seeking comment on all aspects of the documents listed below:

- [Amended and restated MFDA IPC Approval Order \(blackline\)](#);
- [Amended and restated MFDA IPC Approval Order \(clean\)](#); and
- [New Memorandum of Understanding among the Approving Regulators governing their oversight of MFDA IPC](#).

You are asked to provide your comments in writing, via e-mail and delivered on or before June 24, 2019 addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8, e-mail: comments@osc.gov.on.ca.

The confidentiality of submissions cannot be maintained as comments received during the comment period will be published.

Questions may be referred to:

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