

De : Membership Services <MembershipServices@mfd.ca>
Envoyé : Thursday, March 19, 2020 4:28 PM
À : 'MFDAMailingList@mfd.ca' <MFDAMailingList@mfd.ca>
Objet : COVID-19 Update

Dear Member:

MFDA has issued guidance ([Bulletin #0814-M](#) and [Bulletin #0815-M](#)) relating to COVID-19. Since that time, MFDA has received inquiries and has been working collaboratively with Members as they enact their business interruption and crisis management plans in light of the COVID-19 situation.

We understand the challenges Members are experiencing as they move to work-from-home arrangements, close branch locations and develop new operational practices to minimize direct client contact. As the situation is rapidly evolving, we encourage Members stay in contact with us and communicate any concerns or issues they are experiencing. We intend to provide updates and guidance as the situation unfolds. In this respect, we would like to advise Members of the following:

- 1) Compliance examinations – MFDA has decided to temporarily suspend both the start of any new examinations and additional information requests for examinations that are currently in process. We will update Members when we resume examination activity.
- 2) Financial Filings –MFDA staff will continue to review the monthly and annual audited Form 1 to monitor the financial condition of the membership. As a reminder, the deadline to submit the Form 1 for the month ended February 29, 2020 is **Friday, March 27, 2020**. Members with a December 31st fiscal year end are also required to submit their audited Form 1 by **Monday, March 30, 2020**. As an alternative to mailing 2 signed paper copies of the audited Form 1 to the MFDA, Members and their auditors may attach a signed PDF copy of the following reports and documents to their EFS filing:
 - Certificate of Partners and Directors;
 - Independent Auditor's Report;
 - Report on Compliance for Insurance and Segregation of Cash and Securities; and
 - Notes to the Audited Form 1.

Members who anticipate challenges in meeting the Form 1 filing deadlines are asked to contact their Financial Compliance Manager or Membership Services at 1-888-466-6332 (Option 1) or membershipservices@mfd.ca. Extensions will be provided where warranted.

We also remind Members of their requirement under Rule 3.2.1 to notify the MFDA immediately if at any time the Member's Risk Adjusted Capital is less than zero.

- 3) Member AUA Reporting for Fee Purposes – MFDA will not be issuing our annual AUA Survey which is used for determining membership fees. Instead, this year the MFDA will be using AUA reported on Members' March 31st Form 1 filing for fee purposes. As a result, Members are advised to use reasonable diligence to determine and accurately report AUA as at March 31st on the Form 1.

- 4) Dealing with Clients Remotely – Since advisors may not be able to meet with clients face-to-face and obtain signatures for various account activities, some Members are proposing changes to their practices to manage the increased need to deal with clients remotely. We recommend Members first try to use existing processes and platforms as much as possible to service clients remotely (e.g. call centres, digital signature processes and online platforms). We also encourage Members to speak to their Sales Compliance Manager directly relating to their plans for servicing clients remotely. We can, however, provide the following general guidance in response to questions we have received:
- Acting on Client Instructions for Client Name Funds– In some cases, Members do not have a signed Limited Trading Authorization (LTA) on file that would allow them to act on client instructions without obtaining a client signature for mutual funds registered in client name. Given the current circumstances, for the time being Members can allow advisors to act as if an LTA is on file. This means that advisors should follow the same policies and procedures that Members have in place for LTA or nominee trades. Policies and procedures for LTA or nominee name trades would include adequate steps to authenticate the client before acting on instructions. For example, Members should not rely on e-mail instructions alone without additional steps such as telephone confirmation with the client to verify the authenticity of the instructions. Procedures would also include the requirement to maintain detailed notes and records of all client instructions.
 - Changes to Address and Banking Information, Redemptions and Issuing Third Party Cheques – The increase in remote servicing poses higher risk of cyber incidents, including phishing attempts. As a result, Members have instituted temporary fraud protection measures including:
 - continuing to require signatures or other robust authentication controls for changes to client address or banking information as required by MFDA Rules;
 - limiting redemptions to existing bank accounts on file; and
 - prohibiting the issuance of third party cheques.
- 5) Implementation Dates of MFDA Rule Amendments to Reflect Client Focused Reforms (CFRs) – We have advised the CSA that Members have raised concerns with meeting CFR implementation dates relating to conflicts of interest and relationship disclosure requirements. If the CSA extends the implementation dates, we will adopt the same implementation timelines for the MFDA's corresponding Rule amendments.
- 6) Enforcement – Enforcement continues to perform its core functions. Enforcement can provide the following guidance and assistance to Members in the current circumstances:
- METS – Members should continue to make event reports on METS. If you are unable to access the METS system, you can email the MFDA at complaints@mfd.ca to report the information. With regard to timing of reporting:
 - Members should make best efforts to report events under section 6.1(b) of Policy No. 6, (including theft/fraud, undeclared outside activity, personal financial dealings and breach of client confidentiality), which may involve material ongoing risk to clients, in accordance with the applicable timelines.

- Other client complaints (s. 6.1(a) of Policy No. 6) - The requirements for reporting events under this section are extended from 20 to 30 business days until further notice.
- Timelines - Enforcement staff will take a reasonable and practical approach with respect to Member timelines for providing information to the MFDA, including METS filings and responding to Enforcement-related document requests. If Members have any concerns with meeting any Enforcement-related timelines, please contact the MFDA by email at complaints@mfd.ca or the specific MFDA staff person with whom you are dealing. Extensions will be provided where warranted.
- Other Issues - Members that are currently experiencing difficulties meeting other Enforcement-related MFDA requirements, such as those related to complaint handling, are encouraged to seek guidance from MFDA staff who may be able to provide assistance in the circumstances.
- Communicating with MFDA – Members are encouraged to communicate with MFDA staff electronically whenever possible.

As the COVID-19 situation continues, MFDA is committed to working with Members to assist them in continuing to service and protect clients. Please contact us if you have any questions or require assistance.

MFDA Membership Services

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