



NOTICE AND REQUEST FOR COMMENT

REVISED APPLICATION FOR APPROVAL OF MFDA INVESTOR PROTECTION CORPORATION

A. Revised Application

The Commission is publishing for comment the revised application (Revised Application) of the Mutual Fund Dealers Association of Canada (MFDA) and the MFDA Investor Protection Corporation/Corporation de Protection des investisseurs de l'ACFM (MFDA IPC) for the approval by the Saskatchewan Financial Services Commission (Commission) of the MFDA IPC as a compensation fund, pursuant to section 23 of *The Securities Regulations*. The Commission is also publishing for comment the proposed form of approval order (Proposed Approval Order). The MFDA IPC has also made application for approval to the British Columbia Securities Commission ("BCSC"), the Alberta Securities Commission ("ASC"), the Ontario Securities Commission ("OSC") and the Nova Scotia Securities Commission ("NSSC"). They are also publishing the application and related documents for comment.

In a decision (Recognition Order) dated February 13, 2001, the Commission, along with the BCSC, ASC, OSC and NSSA, recognized the MFDA as a self-regulatory organization for mutual fund dealers, pursuant to section 21(2) of *The Securities Act, 1988* ("the Act") subject to certain terms and conditions. The Recognition Order contemplated that a compensation fund would be established for customers of members of the MFDA, which the Recognition Order described as the "Mutual Fund Dealers Investor Protection Plan".

The MFDA and the MFDA IPC submitted an application, dated November 14, 2002, (Initial Application) to the Commission seeking Commission approval of the MFDA IPC as a compensation fund for customers of members of the MFDA. The Initial Application was published for public comment in the Ontario Securities Commission Bulletin on November 29, 2002, at (2002) 25 OSCB 8095. Eight comment letters were received. The MFDA and MFDA IPC's summary of comments and responses is also being published at this time. As a result of making revisions to the Initial Application, the MFDA and MFDA IPC have now submitted the Revised Application.

Submitted with the Revised Application are the following supporting documents, which are also being published:

1. MFDA IPC Letters Patent Pursuant to Part II of the *Canada Corporations Act* (Exhibit A);
2. By-law No. 1 of the MFDA IPC (Exhibit B);
3. Black-line version of By-law No. 1 showing revisions to document published in November 2002.
4. Draft policy relating to MFDA IPC customer coverage (Exhibit C);
5. Black-line version of draft policy relating to MFDA IP customer coverage showing revisions to document published in November 2002.

6. Proposed amended MFDA advertising rule with commentary regarding the proposed amendments (Exhibit D);
7. Black-line version of MFDA advertising rule showing revision to document published in November 2002.
8. Proposed MFDA advertising policy relating to MFDA IPC (Exhibit E).
9. Black-line version of advertising policy showing revisions to document published in November 2002.

We, along with the other recognizing jurisdictions, are seeking comments on all aspects of the Revised Application and related documents.

Proposed Amended MFDA Rule and Proposed MFDA Policy Relating to Advertising and Comments on the Amended Rule and Proposed Policy

In connection with the Revised Application, the MFDA proposes to amend MFDA Rule 2.7 – Advertising and Sales Communications and to create related MFDA Policy Number 4. Exhibit D to the Application contains a MFDA notice that requests comments on the Amended Rule and the related Proposed Policy (Exhibit E).

B. Proposed Approval Order

The Proposed Approval Order establishes terms and conditions in the following areas:

1. Corporate Structure and Purpose of MFDA IPC
2. Corporate Governance
3. Funding and Maintenance of MFDA IPC
4. Customer Protection
5. Financial and Operational Viability
6. Risk Management
7. Reporting to the Commission
8. Rules
9. Agreement between the MFDA IPC and the MFDA
10. Establishment of a Working Group

C. Comment Process

Please deliver your comments on the Revised Application in writing before March 28, 2005, addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario M5H 3S8.

We request that you submit a diskette containing an electronic copy of your comments. The confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

February 25, 2005

Questions may be referred to:

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