



MFDA INVESTOR PROTECTION CORPORATION
Sponsored by the
Mutual Fund Dealers Association of Canada

INVESTOR PROTECTION FOR MUTUAL FUND DEALER BANKRUPTCY

The following is a general description of the coverage provided by the MFDA Investor Protection Corporation. Full details of coverage and how customer claims are handled are available in our policies and procedures on our web site at www.mfda.ca or call us at 416-361-6332 or toll free at 1-888-466-6332.

About the MFDA Investor Protection Corporation (IPC)

IPC exists to provide compensation to you if your assets are unavailable because your mutual fund dealer becomes bankrupt. The IPC is sponsored by the Mutual Fund Dealers Association of Canada (MFDA) and coverage is automatic when you become a customer of a MFDA Member. There are no fees to you, the investor.

Amount of coverage

Coverage is in the amount of up to \$1 million per customer account in respect of the loss of customer property held by a MFDA Member. Most customers will have two "accounts" for coverage purposes, a general account and a separate account (see covered assets and accounts below), that are each eligible for up to \$1 million coverage.

Covered assets and accounts

IPC protection extends, within its limits, to cash, securities, segregated funds and certain other property held by a MFDA Member. Customers with accounts in Quebec are not covered by IPC.

Each of your non-registered accounts held at the insolvent firm will be aggregated as one general account to the extent that the accounts are held in the same capacity and circumstances.

Some accounts at the insolvent firm are considered separate accounts. These include registered retirement plan accounts such as RRSPs, RRIFs, LIRAs, etc. which will be combined into one separate account for coverage purposes.

Losses not covered

The IPC covers losses arising as a result of the insolvency of a MFDA Member. **Losses caused by other reasons such as the change in the market value of mutual fund securities, unsuitable investments or default of an issuer of a security are not covered.**

Customer assets not held by the MFDA Member, or not recorded in a customer's account as being held by a MFDA Member (such as mutual fund securities that are registered directly in your name with the mutual fund company) are not eligible for IPC coverage, unless the asset is otherwise in the custody or control of the Member.

Transfer of assets

In some cases in the event of your MFDA Member's insolvency, your assets will be transferred to another securities firm or MFDA Member. This permits continued access to your account holdings without having to claim them in an insolvency.

Making a claim

Claims of a customer of an insolvent MFDA Member should be made directly to the trustee in bankruptcy or the receiver, if one has been appointed. The IPC may rely on the trustee in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or on the receiver under applicable law in determining the amount and eligibility of your claim. You must file a proof of claim within 180 days of the date of bankruptcy or insolvency or by the date established by the receiver or trustee.

Guarding against insolvencies

Mutual fund dealer bankruptcy is a rare occurrence. The IPC relies on the adequacy of the MFDA's prudential regulation. The MFDA has experience in identifying certain conditions or activities that may indicate financial difficulties and carries out this monitoring on a continuous basis.

Where this protection comes from

The IPC maintains a fund to which each MFDA Member contributes. The IPC assesses each Member according to certain criteria and in

consultation with the MFDA. The principle is that MFDA Members are to be collectively responsible for the payments of client losses arising as a result of the insolvency of a MFDA Member.

If a Member's insolvency depletes the cash of the IPC, the IPC will call on the Members for additional funds. This situation may result in payments made to customers over time, as assessments are collected.

Additional information can be obtained by contacting the MFDA IPC at:

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c/o Mutual Fund Dealers Association of
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