



## MFDA INVESTOR PROTECTION CORPORATION

Sponsored by

Mutual Fund Dealers Association of Canada

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### INVESTOR PROTECTION FOR MUTUAL FUND DEALER BANKRUPTCY

The MFDA Investor Protection Corporation (IPC) exists to ensure that you are protected if your mutual fund dealer becomes bankrupt.

The following outlines what the IPC means to you. For more information, please visit our web site at [www.mfda.ca](http://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)**

The IPC is sponsored by the Mutual Fund Dealers Association of Canada (MFDA). Its purpose is to ensure, within defined limits, that your assets are protected if a MFDA Member becomes bankrupt. This protection extends to cash, securities, segregated funds and certain other property held in the account of a MFDA Member (other than in Quebec).

#### **How to obtain coverage**

Coverage is automatic when you become a customer of a MFDA Member. There are no fees to you, the investor.

#### **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.

#### **Limit on the amount of coverage**

Coverage will be in the amount of up to \$1 million per customer account in respect of the loss of securities, cash and other property held by a MFDA Member. Most customers will have two accounts, a general account and a retirement account, that are each eligible for up to \$1 million coverage.

#### **Covered accounts**

Each of your accounts will be aggregated as one general account to the extent that the accounts are held in the same capacity and circumstances.

Some accounts 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.

The general and separate accounts that you hold with one MFDA Member will not be combined with the general and separate accounts that you might hold with another Member.

Please review the information on our web site at [www.mfda.ca](http://www.mfda.ca) to help you determine which of your accounts will be combined.

## 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 mutual fund are not covered.**

**Securities, cash, segregated funds or other property that is 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 similarly not eligible for IPC coverage.**

**At this time, coverage does not extend to customers with accounts held in the province of Quebec.**

Each customer claim is considered according to the policies adopted by the IPC. Please visit our web site at [www.mfda.ca](http://www.mfda.ca) to view these policies or call us at 416-361-6332 or toll free at 1-888-466-6332.

## 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 are requested to file a proof of claim promptly (and in any event within 180 days of the date of insolvency) upon receipt of information from the trustee or receiver in order to ensure that this process is completed as quickly as possible.

## Recovery of assets

In some cases, your assets will be transferred or sold to another securities firm or MFDA Member. This permits continued access to your accounts and reduces losses.

## Guarding against insolvencies

Mutual fund dealer bankruptcy is a rare occurrence. The IPC relies on the adequacy of the MFDA's prudential regulation. The IPC may carry out reviews of MFDA Members in certain circumstances. Both the IPC and MFDA have experience in identifying certain conditions or activities that may indicate financial difficulties. If a bankruptcy does occur, the IPC is able to protect you.

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

**MFDA Investor Protection Corporation  
c/o Mutual Fund Dealers Association of  
Canada**

121 King Street West  
Suite 1000

Toronto, Ontario  
M5H 3T9

Tel: 416-361-6332

Toll Free: 1-888-466-6332

Fax: 416-943-1218

Email: [ipc@mfda.ca](mailto:ipc@mfda.ca)

Website: [www.mfda.ca](http://www.mfda.ca)