

Appendix C - Text of MFD Rules to Reflect MFD Rules Amendments Respecting the Integrated Fee Model

Text of Provision Following Adoption of the Proposed MFD Rules Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed MFD Rules Amendments
<p>1(ii) Notwithstanding paragraph (i), where a Dealer Member is registered under securities legislation as a mutual fund dealer and an investment dealer, the Dealer Member and its Approved Persons are exempt from these Rules, provided they are in compliance with corresponding requirements established by the Corporation that are applicable to Investment Dealer Members.</p>	<p>1(ii) Notwithstanding paragraph (i), where a Dealer Member is registered under securities legislation as a mutual fund dealer and an investment dealer, the Dealer Member and its Approved Persons are exempt from these Rules, except for Rules 8.5 (Annual Fees), 8.6 (Other Fees) and 8.7 (Effect of Non-Payment of Fees), provided they are in compliance with corresponding requirements established by the Corporation that are applicable to Investment Dealer Members.</p>
<p>3.5.4(a) Repealed.</p>	<p>3.5.4(a) <u>Repealed</u>. Excessive Attention. If at any time the Corporation is of the opinion that the financial condition or conduct of the business of any Member has required excessive attention from the Corporation and that it would be in the interests of the Corporation that the Corporation be reimbursed by such Member, the Corporation shall have the power to impose an assessment against such Member.</p>
<p>7.4.8(e) shall continue to be liable for the payment of its Annual Fee pursuant to the Fee Model and any other fees, levies or assessments pursuant to any By-law or Rules of the Corporation.</p>	<p>7.4.8(e) shall continue to be liable for the payment of its Annual Fee pursuant to <u>Rule 8.5 the Fee Model</u> and any other fees, levies or assessments pursuant to any By-law or Rules of the Corporation.</p>
<p>8.1 Applications – Submission of Financial Information</p> <p>An application submitted under section 3.5(1) of General By-law No.1 shall be accompanied by: 8.1.1 financial statements of the applicant as of a date not more than 90 days prior to the date of application for</p>	<p>8.1 Applications – Submission of Financial Information</p> <p>An application submitted under section 3.5(1) of General By-law No.1 shall be accompanied by: 8.1.1 financial statements of the applicant as of a date not more than 90 days prior to the date of application for</p>

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<p>Membership (or as of such other date as the Corporation may require), prepared in accordance with Form 1 and audited by an auditor acceptable to the Corporation;</p> <p>8.1.2 interim unaudited monthly financial statements, prepared in accordance with Form 1, for the period following the date of the audited financial statement submitted under Rule 8.1.1 up to the most recent month prior to the date of the Membership application;</p> <p>8.1.3 a report by the applicant's auditor to the effect that, based on his examination of the affairs of the applicant, the applicant keeps a proper system of books and records</p> <p>8.1.4 such additional financial information, if any, relating to the applicant as the Corporation may in its discretion request; and</p> <p>8.1.5 fees as prescribed in the Fee Model.</p>	<p>Membership (or as of such other date as the Corporation may require), prepared in accordance with Form 1 and audited by an auditor acceptable to the Corporation;</p> <p>8.1.2 interim unaudited monthly financial statements, prepared in accordance with Form 1, for the period following the date of the audited financial statement submitted under Rule 8.1.1 up to the most recent month prior to the date of the Membership application;</p> <p>8.1.3 a report by the applicant's auditor to the effect that, based on his examination of the affairs of the applicant, the applicant keeps a proper system of books and records</p> <p>8.1.4 such additional financial information, if any, relating to the applicant as the Corporation may in its discretion request; and</p> <p><u>8.1.5 fees as prescribed in the Fee Model.</u></p>
<p>8.5 Repealed.</p>	<p>8.5 <u>Repealed</u>. Annual Fee</p> <p>8.5.1 Calculation of Annual Fee</p> <p>The Annual Fee for each Member shall be such amount, not less than \$1,500 for Members designated as being in Level 1, 2 or 3 under Rule 3.1.1, and not less than \$10,000 for Members designated as being in Level 4, determined in accordance with a formula which is based upon the assets under administration of the business of the Member. The Board of Directors in its discretion shall from time to time prescribe such formula and the basis on which the assets under administration of a business are to be determined.</p> <p>8.5.2 Re-determination of Annual Fee The Board of Directors may from time to time re-determine the Annual Fee to be payable by</p>

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	<p>any Member. Before any such determination or re-determination is made, the Board of Directors shall obtain, but shall not be obliged to act upon, the recommendation of the Corporation.</p> <p>8.5.3 Timing of Payment The Annual Fee shall be paid in quarterly instalments on a due date established by the Corporation by each Member beginning not later than the first quarter after admission to Membership of such Member and any additional or redetermined Annual Fee shall be paid in its entirety on or before April 30th in each year.</p> <p>8.5.4 Exemption from Payment Notwithstanding the foregoing, in the event that:</p> <p>8.5.4.1 an applicant for Membership has acquired the whole or a substantial part of the business and assets of a Member or Members in good standing whose Annual Fee for the then current fiscal year has been paid in full and who is or are resigning from Membership concurrently with the admission of the applicant to Membership; and</p> <p>8.5.4.2 at least a majority in number of the partners of the applicant, in the case of a firm, or at least a majority in number of the directors and at least a majority in number of the officers of the applicant, in the case of a corporation, are partners, or directors and officers, as the case may be, of the retiring Member or Members; then the applicant, if the Board of Directors so approves, shall be exempted from payment of the Annual Fee for the then current fiscal year.</p>

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<p>8.6 Other Fees</p> <p>Power to Make Assessment</p> <p>Notwithstanding other Rules and the Fee Model, the Board of Directors shall have power to make an assessment in any fiscal year upon each Member on account of:</p> <p>(a) exemption application filings or any other such filing fees which the Board of Directors in its discretion may determine from time to time;</p> <p>(b) a Member changing its name from that which is shown on the most recent Membership List; or</p> <p>(c) assessments or levies in respect of Members of the Corporation made by the Ombudservice approved by the Board of Directors.</p>	<p>8.6 Other Fees</p> <p>Power to Make Assessment</p> <p>Notwithstanding <u>other Rules and the Fee Model</u>Rule 8.5, the Board of Directors shall have power to make an assessment in any fiscal year upon each Member on account of:</p> <p>8.6.1.1 any extraordinary costs and expenses of the Corporation incurred in connection with the review and/or approval of any reorganization, takeover or other substantial change in the business, structure or affairs of a Member;</p> <p>8.6.1.2 fees levied by the Corporation in connection with:</p> <p>(a) exemption application filings or any other such filing fees which the Board of Directors in its discretion may determine from time to time;</p> <p>(b) a Member changing its name from that which is shown on the most recent Membership List; or</p> <p>(c) an application for Membership under Section 3.5 of General By-law No. 1; or</p> <p>8.6.1.3 assessments or levies made by any customer or investor protection or compensation fund or plan in respect of which Members of the Corporation are required to participate.</p> <p>8.6.1.4 assessments or levies in respect of Members of the Corporation made by the Ombudservice approved by the Board of Directors.</p> <p>Timing of Payment</p> <p>Each Member shall pay the amount so assessed upon it within thirty days after receiving</p>

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	<p>written notification thereof from the Corporation.</p>
<p>8.7 Repealed.</p>	<p>8.7 <u>Repealed</u>. Effect of Non-Payment of Fees</p> <p>If the amount assessed upon any Member pursuant to Rule 8.5 or 8.6.1.1 has not been paid within 30 days after the date specified in the written notification thereof received from the Corporation, the Corporation shall, by registered mail, request the Member pay the same and draw the Member's attention to the provisions of this Rule 8.7. If the entire amount owing by the Member has not been paid within 30 days from the date the Corporation has mailed the request, the Corporation shall notify the Board of Directors to this effect and the Board of Directors may, in its discretion, terminate the Membership of the Member in default. If the Board of Directors decides to terminate</p> <p>the Membership of a Member pursuant to the provisions of this Rule 8.7, the Corporation will</p> <p>notify the Member, by registered mail, of the decision of the Board of Directors. A former Member whose Membership has been terminated pursuant to the provisions of this Rule 8.7 shall cease to be entitled to exercise any of the rights and privileges of Membership but shall remain liable to the Corporation for all amounts due to the Corporation from the former Member.</p>