IN THE MATTER OF
THE *SECURITIES ACT*, R.S.P.E.I. 1988, Cap. S-3.1
(the "Act")

AND

IN THE MATTER OF
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS
(the "MFDA")

VARIATION AND RESTATEMENT OF RECOGNITION ORDER
(Subsection 15(2) of the Act)

WHEREAS:

1. The Superintendent issued an order dated March 15, 2013, recognizing the MFDA as a self-regulatory organization for mutual fund dealers pursuant to sections 71 and 72 of the Act ("Previous Order"); and

2. The Recognizing Regulators entered into a Memorandum of Understanding regarding oversight of the MFDA effective October 2, 2013;

3. The Recognizing Regulators have entered into a new Memorandum of Understanding regarding oversight of the MFDA effective April 1, 2021 (MOU), which includes a Joint Rule Review Protocol (JRRP) for review and approval of, or non-objection to, Rule Changes (as defined in the MOU) of the MFDA; and

4. The Superintendent expects that the other Recognizing Regulators will issue orders to amend Schedule A and Appendix A of their respective recognition orders to clarify and update the terms and conditions of the MFDA's recognition as a self-regulatory organization.

5. The Superintendent has determined that it is not prejudicial to the public interest to issue an order that varies and restates the Previous Order to amend Schedule A and Appendix A to clarify and update the terms and conditions of the MFDA's recognition as a self-regulatory organization.

IT IS ORDERED pursuant to subsection 15(2) of the Act that the Previous Order be varied and restated as follows:

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.P.E.I. 1988, Cap. S-3.1
(the "Act")

AND

IN THE MATTER OF
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS
(the "MFDA")

RECOGNITION ORDER
(Sections 71 and 72 of the Act)

WHEREAS:

(1) In February 2012 the MFDA applied to the Prince Edward Island Superintendent of Securities (the "Superintendent") for recognition as a self-regulatory organization for mutual fund dealers ("Recognition") under sections 71 and 72 of the Act;

(2) On February 22, 2012, the Superintendent published a Notice and Request for comments in connection with the MFDA's application;

(3) The Superintendent did not receive any comments on the Notice;

(4) The Superintendent recognized the MFDA as a self-regulatory organization for mutual fund dealers by an order dated March 15, 2013 ("Previous Order"), subject to terms and conditions;

(5) The MFDA will continue to regulate, in accordance with its by-laws, rules, regulations, policies, forms, and other similar instruments ("Rules"), the operations and the standards of practice and business conduct of its members and their Approved Persons as defined under its Rules; and

(6) The Superintendent is satisfied that continuing to recognize the MFDA would not be prejudicial to the public interest.

THE SUPERINTENDENT HEREBY VARIES AND RESTATES the MFDA's recognition as a self-regulatory organization so that the recognition pursuant to sections 71 and 72 of the Act continues, subject to the terms and conditions set out in Schedule A, which recognition shall continue until revoked by the Superintendent. In the event that a term or condition is, in the view of the Superintendent, breached by the MFDA, the Superintendent shall give notice to the MFDA of his or her intention to revoke this Recognition and shall give the MFDA a reasonable opportunity to be heard prior to revoking this Recognition.

Dated at Charlottetown, Prince Edward Island, March 15, 2013, as amended March 22, 2021, to be effective on April 1, 2021.

"Steve Dowling"

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Steve Dowling,
Superintendent of Securities

SCHEDULE A

TERMS AND CONDITIONS OF RECOGNITION OF THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA AS A SELF-REGULATORY ORGANIZATION FOR MUTUAL FUND DEALERS

1. Definitions

For the purposes of this Schedule:

"Approved Person" has the same meaning as that under the MFDA rules, as amended by the MFDA and approved by the Superintendent from time to time;

"member" means a member of the MFDA;

"MFDA IPC" means MFDA Investor Protection Corporation;

"rules" means the by-laws, rules, regulations, policies, forms, and other similar instruments of the MFDA; and

"securities legislation" has the same meaning as that defined in National Instrument 14-101.

2. Status

The MFDA is and shall remain a not-for-profit corporation.

3. Corporate Governance

(A) The MFDA's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules of the MFDA, being the Board of Directors (the "Board"), shall secure a proper balance between the interests of the different members of the MFDA in order to ensure diversity of representation on the Board. In recognition that the protection of the public interest is a primary goal of the MFDA, a reasonable number and proportion of directors on the Board and on the committees of the Board shall be and remain during their term of office Public Directors as defined in By-law No. 1 of the MFDA.

(B) The MFDA's governance structure shall provide for:

(i) at least 50% of its directors, other than its President and Chief Executive Officer, shall be Public Directors;

(ii) the President and Chief Executive Officer of the MFDA is deemed to be neither a Public Director nor a non-Public Director;

(iii) appropriate representation of Public Directors on committees and bodies of the Board, in particular:

(a) at least 50% of directors on the governance committee of the Board shall be Public Directors,

(b) a majority of directors on the audit committee of the Board shall be Public Directors,

(c) at least 50% of directors on the executive committee of the Board, if any, shall be Public Directors,

(d) meetings of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, with at least two Public Directors, and

(e) meetings of any committee or body of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, provided that if the committee or body has Public Directors then the quorum must require at least one Public Director be present;

(iv) the remaining number of directors serving on the Board and on the above referred to committees and bodies of the Board, shall consist of directors representing the different members of the MFDA to ensure diversity of representation on the Board in accordance with paragraph (A);

(v) appropriate qualification, remuneration, and conflict of interest provisions and provisions with respect to the limitation of liability of and indemnification protection for directors, officers and employees of the MFDA; and

(vi) a chief executive officer and other officers, all of whom, except for the chair of the Board, are independent of any member.

4. Fees

(A) Any and all fees imposed by the MFDA on its members shall be equitably allocated and bear a reasonable relation to the costs of regulating members, carrying out the MFDA's objects and protecting the public interest. Fees shall not have the effect of creating unreasonable barriers to membership and shall be designed to ensure that the MFDA has sufficient revenues to discharge its responsibilities.

(B) The MFDA's process for setting fees shall be fair, transparent, and appropriate.

5. Compensation or Contingency Trust Funds

The MFDA shall co-operate with and assist the MFDA IPC and any compensation funds or contingency trust funds that are from time to time considered by the Superintendent under securities legislation to be compensation funds or contingency trust funds for mutual fund dealers. The MFDA shall ensure that its rules give it the power to assess members, and require members to pay such assessments, on account of assessments or levies made by or in respect of the MFDA IPC.

6. Membership Requirements

(A) The MFDA's rules shall permit all properly registered mutual fund dealers who satisfy the membership criteria to become members thereof and shall provide for the non-transferability of membership.

(B) Without limiting the generality of the foregoing, the MFDA's rules shall provide for:

(i) reasonable financial and operational requirements, including minimum capital and capital adequacy, debt subordination, bonding, insurance, record-keeping, new account, knowledge of clients, suitability of trades, supervisory practices, segregation, protection of clients' funds and securities, operation of accounts, risk management, internal control and compliance (including a written compliance program), client statement, settlement, order taking, order processing, account inquiries, confirmation and back office requirements;

(ii) reasonable proficiency requirements (including training, education and experience) with respect to Approved Persons of members;

(iii) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self-regulatory organizations or MFDA rules, prior involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally, of applicants for membership and any partners, directors and officers, in order that membership may, where appropriate, be refused where any of the foregoing have previously engaged in improper conduct, and shall be refused where the past conduct of any of the foregoing affords reasonable grounds for belief that the applicant's business would not be conducted with integrity;

(iv) reasonable consideration of relationships with other members and other business activities to ensure the appropriateness thereof; and

(v) consideration of the ownership of applicants for membership under the criteria established in paragraph 6(E).

(C) The MFDA shall require members to confirm to the MFDA that persons that it wishes to sponsor, employ or associate with as Approved Persons comply with applicable securities legislation and are properly registered.

(D) The MFDA rules shall require a member to give prior notice to the MFDA before any person or company acquires a material registered or beneficial interest in securities or indebtedness of or any other ownership interest in the member, directly or indirectly, or becomes a transferee of any such interests, or before the member engages in any business combination, merger, amalgamation, redemption or repurchase of securities, dissolution or acquisition of assets. In each case there may be appropriate exceptions in the case of publicly traded securities, de minimis transactions that do not involve changes in de facto or legal control or the acquisitions of material interests or assets, and non-participating indebtedness.

(E) The MFDA rules shall require approval by the MFDA in respect of all persons or companies proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) and, except as provided in paragraph 6(F), for approval of all persons or companies that satisfy criteria providing for:

(i) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self-regulatory organizations or MFDA rules, involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally; and

(ii) reasonable consideration of relationships with other members and involvement in other business activities to ensure the appropriateness thereof.

(F) The MFDA rules shall give the MFDA the right to refuse approval of all persons or companies that are proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) who do not agree to:

(i) submit to the jurisdiction of the MFDA and comply with its rules;

(ii) notify the MFDA of any changes in his, her or its relationship with the member or of any involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or in civil proceedings involving business conduct or alleging fraudulent conduct or deceit;

(iii) accept service by mail in addition to any other permitted methods of service;

(iv) authorize the MFDA to co-operate with other regulatory and self-regulatory organizations, including sharing information with these organizations; and

(v) provide the MFDA with such information as it may from time to time request and full access to and copies of any records.

7. Compliance by Members with MFDA Rules

(A) The MFDA shall enforce, as a matter of contract between itself and its members, compliance by its members and their Approved Persons with the rules of the MFDA and, to assist the Superintendent with carrying out its regulatory mandate, the MFDA shall cooperate with the Superintendent in ensuring compliance with applicable securities legislation relating to the operations, standards of practice and business conduct of members and Approved Persons, without prejudice to any action that may be taken by the Superintendent under securities legislation.

(B) The MFDA shall conduct periodic reviews of its members and the members' Approved Persons to ensure compliance by its members and the members' Approved Persons with the rules of the MFDA and shall conduct such reviews at a frequency requested by the Superintendent or staff. The MFDA shall also cooperate with the Superintendent in the conduct of reviews of its members and the members' Approved Persons as requested by the Superintendent or staff, to ensure compliance by its members and their Approved Persons with applicable securities legislation.

(C) The MFDA shall promptly advise the MFDA IPC of any actual or apparent material breach of the rules thereof of which the MFDA becomes aware.

8. Discipline of Members and Approved Persons

(A) The MFDA shall, as a matter of contract, have the right to and shall appropriately discipline its members and their Approved Persons for violations of the rules of the MFDA and, to assist the Superintendent with carrying out its regulatory mandate, shall cooperate with the Superintendent in the enforcement of applicable securities legislation relating to the operations, standards of practice and business conduct of the members and Approved Persons, without prejudice to any action that may be taken by the Superintendent under securities legislation.

(B) The MFDA rules shall enable it to prevent the resignation of a member from the MFDA if the MFDA considers that any matter affecting the member or any registered or beneficial holder of a direct or indirect ownership interest in securities, indebtedness or other interests in the member, or in a person or company associated or affiliated with the member or affecting the member's Approved Persons or any of them, should be investigated or that the member or any such person, company or Approved Person should be disciplined.

(C) The MFDA shall require its members and their Approved Persons to be subject to the MFDA's review, enforcement and disciplinary procedures.

(D) The MFDA shall notify the public and the media

(i) of any disciplinary or settlement hearing, as soon as practicable and in any event not less than 14 days prior to the date of the hearing, and

(ii) of the disposition of any disciplinary action or settlement, including any discipline imposed, and shall promptly make available any written decision and reasons.

(E) Any notification required under paragraph 8 (D) shall include, in addition to any other information specified in paragraph 8 (D), the names of the member and the relevant Approved Persons together with a summary of circumstances that gave rise to the proceedings.

(F) The MFDA shall maintain a register to be made available to the public, summarizing the information which is required to be disclosed under paragraphs 8 (D) and (E).

(G) The MFDA shall at least annually review all material settlements involving its members or their Approved Persons and their clients with a view to determining whether any action is warranted, and the MFDA shall prohibit members and their Approved Persons from imposing confidentiality restrictions on clients vis-à-vis the MFDA or the Superintendent, whether as part of a resolution of a dispute or otherwise.

(H) Disciplinary and settlement hearings shall be open to the public and media except where confidentiality is required for the protection of confidential matters. The criteria and any changes thereto for determining these exceptions shall be specified and submitted to the Superintendent for approval.

9. Due Process

The MFDA shall ensure that the requirements of the MFDA relating to admission to membership, the imposition of limitations or conditions on membership, denial of membership and termination of membership are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and provision for appeals.

10. Use of Fines and Settlements

All fines collected by the MFDA and all payments made under settlement agreements entered into with the MFDA may be used only as follows:

(A) as approved by the MFDA's Board,

(i) for funding the MFDA IPC;

(ii) for the development of systems or other expenditures that are necessary to address emerging regulatory issues and are directly related to protecting investors or the integrity of the capital markets, provided that any such use does not constitute normal course operating expenses;

(iii) for education or research projects that are directly relevant to the investment industry, are in the public interest, and which benefit the public or the capital markets;

(iv) to contribute to a non-profit, tax-exempt organization, the purposes of which include protection of investors, or those described in paragraph (A)(iii);

(v) for such other purposes as may be subsequently approved by the Superintendent; or

(B) for reasonable costs associated with the administration of the MFDA's hearing panels.

11. Purpose of Rules

(A) The MFDA shall, subject to the terms and conditions of its recognition and the jurisdiction and oversight of the Superintendent in accordance with securities legislation, establish such rules as are necessary or appropriate to govern and regulate all aspects of its business and affairs and shall in so doing:

(i) seek to ensure compliance by members and their Approved Persons with applicable securities legislation relating to the operations, standards of practice and business conduct of the members;

(ii) seek to prevent fraudulent and manipulative acts and practices and to promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;

(iii) seek to promote public confidence in and public understanding of the goals and activities of the MFDA and to improve the competence of members and their Approved Persons;

(iv) seek to standardize industry practices where appropriate for investor protection;

(v) seek to provide for appropriate discipline;

and shall not:

(vi) permit unfair discrimination among investors, mutual funds, members or others; or

(vii) impose any barrier to competition that is not appropriate.

(B) Unless otherwise approved by the Superintendent, the rules of the MFDA governing the conduct of member business regulated by the MFDA shall afford investors protection at least equivalent to that afforded by securities legislation, provided that higher standards in the public interest shall be permitted and are encouraged.

12. Rules and Rule-Making

MFDA will comply with the process for filing and obtaining Superintendent approval for by-laws, Rules and any amendments to by-laws or Rules as outlined in the JRRP, as amended from time to time.

13. Operational Arrangements and Resources

(A) The MFDA shall have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules. With the consent of the Superintendent, the arrangements for monitoring and enforcement may make provision for the following:

(i) one or more parts of those functions to be performed (and without affecting its responsibility) by another body or person that is able and willing to perform it; and

(ii) its members and their Approved Persons to be deemed to be in compliance with its rules by complying with the substantially similar rules of such other body or person.

The Superintendent's consent may be varied or revoked from time to time and may be subject to terms and conditions.

(B) The MFDA shall respond promptly and effectively to public inquiries and generally shall have effective arrangements for the investigation of complaints (including anonymous complaints) against its members or their Approved Persons. With the consent of the Superintendent, such arrangements may make provision for one or more parts of that function to be performed on behalf of the MFDA (and without affecting its responsibility) by another body or person that is able and willing to perform it. The Superintendent's consent may be varied or revoked from time to time and may be subject to terms and conditions. The MFDA and any other body or person performing such function on behalf of the MFDA shall not refrain from investigating complaints due to the anonymity of the complainant where the

complaint is otherwise worthy of investigation and sufficiently detailed to permit investigation.

(C) The MFDA shall ensure that it is accessible to the public and shall designate and make available to the public the names and telephone numbers of persons to be contacted for various purposes, including making complaints and enquiries.

(D) The arrangements and resources referred to in paragraphs (A) and (B) above shall consist at a minimum of:

(i) a sufficient complement of qualified staff, including professional and other appropriately trained staff;

(ii) an adequate supervisory structure;

(iii) adequate management information systems;

(iv) a compliance department and an enforcement department with appropriate reporting structures directly to senior management, and with written procedures wherever practicable;

(v) procedures and structures that minimize or eliminate conflicts of interest within the MFDA;

(vi) inquiry and complaint procedures and a public information facility, including with respect to the discipline history of members and their Approved Persons;

(vii) guidelines regarding appropriate disciplinary sanctions; and

(viii) the capacity and expertise to hold disciplinary hearings (including regarding proposed settlements) utilizing public representatives within the meaning of the current section 19.5 of the MFDA's By-law No. 1 together with member representatives.

(E) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its self-regulatory functions by the MFDA IPC or the Superintendent. In addition, in the event that the Superintendent is of the view that there has been a serious actual or apparent failure in the MFDA's fulfilment of its self-regulatory functions, the MFDA shall, where requested by the Superintendent, undergo an independent third-party review on terms and by a person or persons satisfactory to or determined by the Superintendent, which review shall be at the expense of the MFDA.

(F) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its corporate governance structure by the Superintendent. In addition, in the event that the Superintendent is of the view that there has been a serious weakness in the

MFDA's corporate governance structure, the MFDA shall upon the request of the Superintendent undergo an independent third-party review on terms and by a person or persons satisfactory to or determined by the Superintendent, which review shall be at the expense of the MFDA.

(G) The MFDA shall not make material changes to its organizational structure, which would affect its self-regulatory functions, without prior approval of the Superintendent.

(H) The MFDA shall comply with reporting requirements set out in Appendix A, as amended from time to time by the Superintendent or staff. The MFDA shall also provide the Superintendent with other reports, documents and information as the Superintendent or staff may request.

14. Capacity and Integrity of CE Tracking System

(A) The MFDA must ensure that its Continuing Education (CE) Tracking System, has

(i) appropriate internal controls to ensure integrity and security of information; and

(ii) has reasonable and sufficient capacity, and backup to enable the MFDA to properly carry on its business.

(B) The MFDA must on a reasonably frequent basis, and at least biennially, cause a report to be prepared in accordance with established audit standards by a qualified party which provides details of a review designed to ensure that the CE Tracking System has an adequate system of internal controls (including, but not limited to, integration into the MFDA business continuity and disaster recovery plans).

(C) Before finalizing any engagement to prepare the report described in (B), the MFDA must discuss the choice of qualified party and scope of the review with the Superintendent.

15. Information Sharing

The MFDA shall assist and cooperate with, by sharing information and otherwise, the MFDA IPC, the Superintendent and staff, and other Canadian federal, provincial and territorial recognized self-regulatory organizations and regulatory authorities, including without limitation, those responsible for the supervision or regulation of securities firms, financial institutions, insurance matters and competition matters. The Superintendent and staff shall have unrestricted access to the books and records, management, staff and systems of the MFDA.

APPENDIX A

REPORTING REQUIREMENTS

1. Prior Notification

The MFDA will provide the Superintendent with at least twelve months' written notice prior to completing any transaction that would result in the MFDA:

(a) ceasing to perform its services;

(b) discontinuing, suspending or winding-up all or a significant portion of its operations; or

(c) disposing of all or substantially all of its assets.

2. Immediate Notification

The MFDA will immediately notify the Superintendent of the following events:

(a) the admission of a new member, including the member's name, and any terms and conditions that are imposed on the member;

(b) members whose rights and privileges or membership will be suspended or terminated, including:

(i) the member's name;

(ii) the reasons for the proposed suspension or termination; and

(iii) a description of the steps being taken to ensure that the member's clients are being dealt with appropriately;

(c) receipt of a member's intention to resign;

(d) receipt of an application for a Board exemption or amendment to a Board exemption that could have a significant impact on:

(i) MFDA members and others subject to the MFDA’s jurisdiction, or

(ii) the capital markets generally including, for greater clarity, certain stakeholders or sectors.

The notice required by this section, other than in (d), may be provided by the MFDA issuing a public notice containing the information, provided that such public notice will be issued immediately after the decision is made for admission, suspension or termination

of membership and immediately after receipt of a notice of intention to resign, as the case may be.

3. Prompt Notification

The MFDA will provide the Superintendent with prompt notice of the following events and situations, and in each case describe the circumstances that gave rise to the reportable event or situation, the MFDA's proposed response to ensure resolution, and, if appropriate, provide timely updates:

(a) situations that would reasonably be expected to raise concerns about the MFDA's financial viability, including but not limited to, an inability to meet its expected expenses for the next quarter or the next year;

(b) any determination by the MFDA, or notification from any of the Recognizing Regulators, that the MFDA is not or will not be in compliance with one or more of the terms and conditions of its recognition in any jurisdiction;

(c) any material violations of securities legislation of which the MFDA becomes aware in the ordinary course operation of its business;

(d) any breach of security safeguards involving information under the MFDA's control if it is reasonable in the circumstances to believe that the breach creates a real risk of significant harm to investors, issuers, registrants, other market participants, the MFDA, the MFDA IPC, or the capital markets;

(e) actual or apparent misconduct or non-compliance by members, Approved Persons, or others, where investors, clients, creditors, members, the MFDA IPC or the MFDA may reasonably be expected to suffer serious damage as a consequence thereof, including but not limited to:

(i) where fraud appears to be present; or

(ii) where serious deficiencies in supervision or internal controls exist;

(f) situations that would reasonably be expected to raise concerns about a member's continued viability, including but not limited to, capital deficiency, early warning, and any condition which, in the opinion of the MFDA, could give rise to payments being made out of the MFDA IPC, including any condition which, alone or together with other conditions, could, if appropriate corrective action is not taken, reasonably be expected to:

(i) inhibit the member from promptly completing securities transactions, promptly segregating clients' securities as required or promptly discharging its responsibilities to clients, other members, or creditors;

(ii) result in material financial loss to the member or its clients; or

(iii) result in material misstatement of the member's financial statements;

(g) any action taken by the MFDA with respect to a member in financial difficulty;

(h) any terms and conditions imposed, varied or removed by the MFDA relating to a member;

(i) any enforcement agreement and undertaking entered into, varied or rescinded at the MFDA's request relating to a member.

4. Quarterly Reporting

The MFDA will file on a quarterly basis with the Superintendent a report pertaining to the MFDA's regulatory operations promptly after the report is reviewed or approved by the MFDA's Board, board committees, or senior management, as the case may be, containing at a minimum the following information and documents:

(a) a summary of ongoing initiatives, policy changes, and emerging or key issues that arose in the previous quarter for each of the MFDA's regulatory operations;

(b) a summary of all compliance examinations in progress or completed during the previous quarter, and all compliance examinations scheduled to be commenced in the upcoming quarter by the MFDA office and department, including information on repeat or significant deficiencies;

(c) a summary of all discretionary exemptions granted to individuals and members during the previous quarter;

(d) summary statistics for the previous quarter regarding all client complaints, and complaints received from other sources including, but not limited to, any other securities regulatory authority;

(e) summary statistics by MFDA office for the previous quarter regarding the caseload for each of case assessment, investigations, and prosecutions, including the length of time the files have been open;

(f) a summary of enforcement files that were referred to any of the Recognizing Regulators during the previous quarter; and

(g) the MFDA's regulatory staff complement, by function, and details of any material changes or reductions in regulatory staffing, by function, during the previous quarter.

5. Annual Reporting

The MFDA will file on an annual basis with the Superintendent a report pertaining to the MFDA's regulatory operations promptly after the report is reviewed or approved by the MFDA's Board, board committees or senior management, as the case may be, containing at a minimum the following documents:

(a) a self-assessment containing information as specified by the Superintendent from time to time and include the following information:

(i) an assessment of how the MFDA is meeting its regulatory mandate, including an assessment against the recognition criteria and the terms and conditions in Schedule A to the Recognition Order;

(ii) an assessment against its strategic plan;

(iii) a description of trends seen as a result of compliance reviews, investigations and prosecutions conducted, and complaints received, including the MFDA's plan to deal with any issues;

(iv) whether the MFDA is meeting its benchmarks, and reasons for any benchmarks not being met;

(v) a description and update on significant projects undertaken by the MFDA; and

(vi) a description of issues raised by any of the Recognizing Regulators, external auditors or internal audit, which are being tracked by the MFDA's senior management, together with a summary of the progress made on their resolution; and

(b) certification by the MFDA's Chief Executive Officer and General Counsel that the MFDA is in compliance with the terms and conditions applicable to it in Schedule A to this Recognition Order.

6. Financial Reporting

(a) The MFDA will file with the Superintendent unaudited quarterly financial statements with notes within 60 days after the end of each financial quarter.

(b) The MFDA will file with the Superintendent audited annual financial statements accompanied by the report of an independent auditor within 90 days after the end of each fiscal year.

7. Other Reporting

(a) The MFDA will provide the Superintendent on a timely basis with the following information and documents upon publication or completion of review and approval by the MFDA's Board, board committees, or senior management, as the case may be:

(i) the results of any corporate governance review referred to in term and condition 13(F) of Schedule A to this Recognition Order;

(ii) material changes to the code of business ethics and conduct and the written policy about managing potential conflicts of interests of members of the MFDA's Board;

(iii) changes in the members of the MFDA's Board;

(iv) the financial budget for the current year, together with the underlying assumptions, that have been approved by the MFDA's Board;

(v) enterprise risk management reports, and any material changes to enterprise risk management methodology;

(vi) the internal audit charter, annual internal audit plan, and internal audit reports, or similar interval review documents;

(vii) the annual report for the current year;

(viii) material changes to the compliance or enforcement processes or scope of work, including risk assessment models for:

(A) Financial Compliance;

(B) Sales Compliance; and

(C) Enforcement.

(b) The MFDA will provide the Superintendent with reasonable prior notice of any document that it intends to publish or issue to the public, or to any class of members which, in the opinion of the MFDA, could have a significant impact on:

(i) its members and others subject to its jurisdiction; or

(ii) the capital markets generally.

(c) The MFDA will, upon request, provide the Superintendent with the following information and documents as soon as practicable:

(i) information concerning closed investigations or prosecutions which did not lead to disciplinary or settlement proceedings including the final investigation report and recommendation memorandum; and

(ii) information concerning enforcement matters that resulted in disciplinary or settlement proceedings including the final investigation report and recommendation memorandum.