

IFIC Annual Report
Leading Issues, Trends, Perspectives

English

2003

Rapport annuel IFIC
Actualité, tendances et perspectives

Français



- Information
- Ideas
- Innovation

IFIC Annual Report
Leading Issues, Trends, Perspectives 2003

THE INVESTMENT FUNDS INSTITUTE OF CANADA •



Welcome to IFIC's 2003 Annual Report

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1) Hon. Thomas A. Hockin – Perspectives from the President



This was perhaps the most typical possible year to illustrate perfectly why it's important for an industry to support a vigorous, professional trade association. While markets and assets struggled, governments and regulators at both federal and provincial levels embarked on a plethora of new initiatives – many of which were positive and needed, but just as many of which had the potential to further impede the progress of an already overburdened industry.

That's where IFIC comes in. Informed by your participation on committees and working groups, we take your views and analysis and work with (and sometimes at odds with) the regulators to let them know that we are a responsible, mature industry, that we care about our investors, and that we take our public obligations seriously.

As your unified voice, we do this publicly in the media when necessary, and behind closed doors with the regulators when it is not. Some recent examples: we took your views on increased dealer costs to the Mutual Fund Dealers Association of Canada (MFDA); we advocated for and achieved reduced Ontario Securities Commission (OSC) fees for fund managers; we solved a thorny tax problem relating to securities lending; and, in response to direct government pressure, we worked with other financial services associations to create a single, industry-operated ombudservice for investor complaints to forestall the creation of multiple government-

sponsored services. As these issues illustrate, we constantly look for ways to improve your efficiency and reduce your costs.

Many often confuse our role *vis à vis* the regulators. Our role is *not* to foster additional regulation. Our role is to respond to current and proposed regulatory initiatives and help find ways to achieve legitimate regulatory purposes in a manner that imposes the least burden on your finances and operations. In this regard, we have been spectacularly successful – both in the past year, and over the past forty-one years.

As you read about our industry's many recent successes in the pages which follow, I challenge you to do two things. First, consider whether or how each initiative may have developed had IFIC not been there to inform the process and vigorously present your views. Second, please consider how you yourself can contribute to these and other ongoing initiatives in the year to come. IFIC's greatest strength is our industry expertise. And that, by and large, comes from our many committed volunteer participants. I urge you to become one and support your industry through supporting your industry association.

Sincerely,

IFIC President & CEO

www.ific.ca

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2) W. Terrence Wright, Q.C. – Perspectives from the Chairman



It has been my privilege to serve our industry association as Chairman over the past year. During this time, our Institute has time and time again, stepped up to the plate with federal and provincial governments and regulators, other associations and self-regulatory organizations, and the media to make sure that our interests were advanced and our voices heard on important issues impacting upon our business lives.

As I look to the future, I see another year of challenges for our industry. First and foremost for our fund manager members, will be the revised Canadian Securities Administrators (CSA) fund governance proposals – a key step in maintaining investor confidence in our product. Our challenge in this regard will be to continue to help the regulators develop a governance regime that balances the needs of the industry – for increased efficiency and flexibility, with the paramount interests of our investors. Preliminary indications from the regulators are good. Responses to the initial proposal from the industry, through IFIC and directly from IFIC members, have resulted in substantial changes to the regime as it was originally proposed. Even better, the regulators have shown a willingness to grant exemptions to some of the more arbitrary prohibitions in NI 81-102 on the basis that applicants had an independent governance agency in place and would permit it to review and decide on proposed transactions. This is a clear example of the cooperative and influential industry/regulator relationship established by our association through Hon. Tom Hockin, our President, and his staff, a key value brought by IFIC to its members.

As with previous years, dealer issues will continue to occupy front of mind for our Institute in the year ahead. As we continue to shepherd the MFDA towards its next incarnation as a true “self”-regulatory organization early in the New Year, IFIC will continue its efforts to help dealer members reduce their regulatory costs and forge an industry response to the OSC’s proposed Fair Dealing Model. A key step in this regard will be the creation of the new Dealer Issues Committee as a Standing Committee of the Institute. Operating in tandem with the new Manager Issues Committee, the Dealer Issues Committee will provide a high-level meeting place and focal point for the dealer community, as well as serving as a gatekeeper and jumping-off place for the more detailed efforts of myriad working groups focusing on a wide range of dealer operational and regulatory issues.

IFIC’s value to us as members is many-fold. It provides us with a forum to discuss issues, anticipate pitfalls and share solutions. As our unified voice, it forcefully and effectively influences our environment – both public and regulatory – to ensure our needs are considered. As our community, it provides our industry with focus, education and fellowship. On behalf of the Institute and its members, I would like to thank all of you that have volunteered your time to assist IFIC in its many endeavors on our behalf. Your efforts are crucial to our success as an association and as an industry.

Sincerely,

W. Terrence Wright, Q.C.
Chairman of the Institute

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3) Joanne Vézina – The Québec Investment Funds Council (QIFC)



The year 2002 will be remembered as one of great changes within the financial industry. It might also have been, for you, an occasion for downtime as well as a return to the foundation of the mutual fund product and a chance to focus back on your business practices. Going back to its sources has allowed the Quebec Investment Funds Council (QIFC) to conclude a strategic reflection on its organization, members and the industry's needs, in Quebec.

A wind of change is also blowing on the regulatory organizations throughout Canada, and more particularly in Quebec. In order to continue to protect the interests of investors, the past Finance Minister, Ms. Pauline Marois, has given the green light to the creation of the Quebec National Agency for the financial industry which will come into force in February 2004. This structural reorganization has been closely monitored by the QIFC which has presented many recommendations. Amongst other things, we ask the government to recognize the agreement between the Bureau des services financiers (BSF) and the MFDA so that mutual fund companies, which set up their business outside Quebec, have access to a sound competitive business approach. We have maintained our cooperative contacts with the BSF and its President, Ms. Louise Champoux-Paillé. We want to salute her efforts of the past three years, which were founded on a deep respect of the various parties.

Since the arrival of Law 188, we have maintained communications with the government so that the legislation and its regulations will take into account the particularities of the mutual fund industry. We are now hopeful that the Agency, in structuring its various ad hoc committees that will be set-up in the coming years, will take advantage of the expertise of the 56 member volunteers that comprise our

Communications, Regulation, Operations & Administration, Compliance Forum and Distribution Committees.

This past year has also seen our distributor members being forced to assume the costs of the negative experience of the American financial markets. Some distributors are facing E & O insurance premium increases that are ten times the usual amounts even without any claim history. The BSF has agreed to adjust its requirements. This could help dealers access insurance coverage. Further news is expected from the Finance Minister on this front.

This is my last mandate as Chair of the Quebec Investment Funds Council. After four very stimulating years, I would like to thank The Investment Funds Institute of Canada, for the support given to its Quebec members, and for helping us to participate in decisions that affect our industry. I would also, and especially, thank the many QIFC volunteer members; your involvement is a pledge to the success of us all.

Sincerely,

Joanne Vézina
Chair of the Québec Investment Funds Council, and
Vice President, Client and Corporate Development
Talvest Fund Management Inc.

QIFC Mission

To represent the various stakeholders of Quebec's investment funds industry and to promote the industry, in cooperation with The Investment Funds Institute of Canada.

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4) IFIC Leads:

● *Regulatory Harmonization*

● *Securities Lending*

Canada's securities regulatory model is a patchwork that has resulted from individual Provincial regulators launching multiple and often uncoordinated initiatives.

For many years, IFIC has articulated a clear and consistent message – our industry needs consistent rules, consistently interpreted and applied across Canada – and we need it all today. Meaningful reform in this regard must come soon. Piecemeal incremental movement on this issue is not enough.

IFIC submissions on this issue have articulated the numerous and inter-related domestic and international problems that flow from this regulatory patchwork: multiple, poorly-coordinated regulatory authorities make it difficult to know and fulfill regulatory obligations across Canadian jurisdictions; regulatory costs are exceptionally high – a clear barrier to growth for a small market like ours (the Canadian capital market represents an increasingly small share of international capital markets); likewise, multiple direct and transactional costs make the Canadian market less attractive to international and large domestic issuers as the cost of raising capital becomes too high.

Issuers abandoning Canadian capital markets for greener pastures elsewhere render our capital markets less liquid and hamper their ability to serve those Canadian investors and issuers that cannot afford to access international capital markets.

Fortunately, we are not the only organization to have identified this need. Financial services associations from all industry sectors have noted the need for securities regulatory reform. Over the past year, the Federal government has convened a “Wise Persons Committee” to

study the issue, Provincial Ministers of Revenue and Finance have commenced their own study recommending the adoption of a “passport” system for the qualification of securities and registration of market participants, and the CSA has embarked upon the “Uniform Securities Legislation Project” – aimed at drafting a single securities regulatory statute, with consistent application standards, for adoption by the legislatures of all provinces and territories. The Province of British Columbia has also proposed sweeping reforms of its current securities legislation – both to streamline its own processes and as a model for others to follow.

IFIC's Regulatory Committee and various working groups have done yeomen service in reviewing and preparing detailed comments on all of these proposed initiatives. Throughout our recent comments, our messaging remains the same: regardless of the form it takes, reform of our regulatory system to achieve efficient, consistent regulation across the country is desperately needed, and it is needed now!

Copies of recent submissions that (directly or indirectly) include IFIC's remarks on the need to reform our regulatory model include: comments to the Federal Government's Wise Persons Committee, comments on the Government of Alberta Discussion Paper (Provincial Ministers' Review), IFIC letter to Harold Mackay re: Securities Reform in Canada (October 24, 2002), and IFIC letter to B.C. Securities Commission re: Proposals for Reform (September 6, 2002). Copies of all of these documents are available for review on the IFIC web site.

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● Regulatory Harmonization

● Securities Lending

Securities lending is a strategy used by funds to earn income and thereby enhance investor revenues. The income is generated through fees paid by counterparties to the lending or repurchase transactions, and through compensating payments for dividends paid on loaned securities. CSA National Instrument 81-102 permits investment funds to lend securities, but only if the loan fits within the definition of a “securities lending arrangement” under s.260 of the *Income Tax Act* (Canada) (ITA).

ITA s. 260 specifies, however, that only corporate or government securities can be included in a “securities lending arrangement” – trust units are not included.

Mutual funds are significant holders of trust units. Securities borrowings in the current market, too, have recently focused on trust units – specifically, units of income trusts. The restrictions in ITA s.260, therefore, effectively precluded mutual funds from taking advantage of the improvements in market liquidity, and the consequent reduction in bid/ask spread and price volatility that result from these securities lending activities.

IFIC fund manager members were keen to take advantage of this market opportunity to generate increased income for their funds. As a result, IFIC, together with the Investment Dealers Association of Canada, strenuously lobbied the Federal Department of Finance last year for an amendment to s. 260 of the ITA to permit the lending by mutual funds of trust units. Our arguments were very successful. In December 2002, the Department of Finance issued a letter (available on the IFIC web site) stating that they would propose and support an amendment to ITA s.260 to permit funds to lend these securities.

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Early in 2002, the CSA released CSA Concept Proposal 81-402 – *Striking a New Balance: A Framework for Regulatory Mutual Funds and Their Managers*, which set out an extensive proposal for establishing a new governance regime for Canadian mutual funds. IFIC, and the industry, publicly supported the principles behind this very important initiative, recognizing that, if effected properly, a strong governance regime would significantly enhance investor protection while further supporting the trust that millions of average Canadian investors have long placed in Canada’s mutual fund industry.

In June of 2002, IFIC (and many other industry participants) submitted extensive and detailed comments on the fund governance proposals (see our comment letter dated June 4, 2002, available on the IFIC web site). Our comments dealt with both general and specific concerns. General principles articulated included: the proposed scope of the CSA fund governance initiative; the need to see fund governance in the context of our current regulatory framework (and its existing deficiencies); the need to fix long-standing problems first (securities lending, inter-fund trading, conflict of interest rules); and our fear that a new initiative of this scope would stall other ongoing, important work – regulatory reform in our industry is historically slow and market opportunities are fluid, thus we

must continually remind the regulators that their focus must be on ensuring that regulatory reform keeps pace with the industry. Even a major initiative like fund governance cannot be allowed to put these other important issues on the back burner.

In our specific comments, among other issues, we articulated strong opposition (a position which we continue to advocate) to the proposed independent governance agency members having the ability to terminate fund managers (this is duplicative of existing investor rights and would subvert investor choice); and we suggested that the role of competitive market forces in fund manager conduct, in our view, had not been given adequate consideration in the Concept Proposal.

Since our submission on the initial version of the Concept Proposal, a committee of IFIC’s Board of Directors – the Fund Governance Working Group – has met regularly with the regulators to provide comments and guidance on an ongoing basis. While the next iteration of the proposed fund governance regime has not yet been released, we are confident from these meetings that your input, through IFIC, has significantly influenced both the scope and direction of this important initiative.

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In summer of 1999, IFIC began participating in a group including representatives from the mutual funds industry, the insurance industry and the securities and insurance regulators that examined all aspects of the regulation of mutual funds and segregated funds. This group made recommendations regarding areas where the standards could be harmonized.

One of the recommendations was to create a basic investor guide to mutual funds and segregated funds, and a small joint IFIC/CLHIA working group forwarded a draft guide to the Joint Forum of Financial Market Regulators for its review. The Joint Forum released Consultation Paper 81-403, *Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds* in February 2003, setting out proposals to improve the way segregated fund and mutual fund information is conveyed to consumers.

The 81-403 proposal contemplates a four-part disclosure regime, consisting of a relatively-static *Foundation* document, a *Continuous Disclosure* record, a fund-specific *Fund Summary* (for point of sale) and a generic mutual/segregated funds informational guide based on the work of the joint IFIC/CLHIA working group. The proposed disclosure system is designed to bring information to consumers “when they need it, in a form

they can use, and in a cost-effective, practical manner”. The new “access equals delivery” concept will enable the industry to satisfy current delivery requirements for certain documents simply by having them available. As well, because fund information is expected to be made available to consumers before the point of sale, the existing rights of withdrawal and rescission are proposed to be eliminated.

Considering high-level concepts and practical applications, manager and distributor members of the 81-403 Working Group engaged actively in the formulation of a comment letter, dated April 30, 2003, and prepared mock *Foundation* and *Fund Summary* documents illustrating possible approaches in the proposed new disclosure environment.

While fully supportive of efforts to make a cost-efficient disclosure system relevant, reliable and accessible to investors, IFIC made a number of recommendations, including the following: (1) that the *Foundation* and *Fund Summary* documents together should constitute one disclosure package; (2) that the Joint Forum should establish principles for document content rather than mandate a strict form of disclosure; (3) that managers be permitted to create *Foundation* and *Fund Summary* documents for fund families; (4) that time-sensitive information,

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e.g. fund performance data, be referenced in the *Fund Summary* document and be presented on the fund company web site or SEDAR for 'just in time' printing; and (5) that a consumer's pre-purchase due diligence be formalized in writing and administered by the dealer.

A Joint Forum Committee member recognized IFIC's contribution to the 81-403 discussion by commenting: "your working committee has provided us, throughout our process, with invaluable insight and feedback..." IFIC's contribution is recognized and valued. Serving as a facilitator, IFIC brings together collective and individual experience, knowledge, ideas and innovation – members contribute, members benefit.

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Registered mutual fund salespersons come in many shapes and sizes. Until recently, so did their relationships with their sponsoring mutual fund dealer firms. For example, many salespersons chose (primarily for reasons of tax effectiveness) to adopt relationships with their sponsoring dealer akin to those of independent contractors and run their individual businesses through incorporated entities. This model is acceptable in the life insurance world and migrated to mutual funds as individual financial advisors took advantage of dual-licensing provisions in securities and life insurance legislation.

This business model is not acceptable in the securities world, however, because the various definitions of “salesperson” set out in Provincial securities laws do not include corporations. Indeed, most characterize salespersons quite clearly as “employees” of the sponsoring dealer firm. This issue first came to prominence with the release of the Report of the CSA Distribution Structures Committee in 1999. Publication of the Report highlighted the lack of legal certainty with respect to the ability of a corporation to receive income for an activity that it is not strictly eligible to perform and the tax treatment of that income. The resulting lack of clarity led to significant tax reassessments for a number of mutual fund salespersons who had structured their businesses as cor-

porations and were having commissions earned paid to these corporations. Industry participants had hoped that this issue could be resolved through the advent of the MFDA; however, it was set aside for further discussion with the CSA.

IFIC established the Incorporated Salespersons Working Group last year to push the CSA to resolve this long-outstanding issue. Throughout 2003, IFIC’s working group has been communicating regularly with the CSA to ensure that this important issue remains “top-of-mind” and is not lost in the multiplicity of ongoing regulatory initiatives.

A resolution to this issue must be considered from two perspectives. It must be tax efficient for users and consistent with current Department of Finance taxation policy on the one hand, and help the CSA meet its investor protection and capital market efficiency mandates on the other.

IFIC’s working group thoroughly canvassed the implications and merits of pursuing a solution through tax policy changes (ie. can the CCRA ignore the inability of a corporation to engage in the activity for which a commission is paid and still arrive at the desired tax treatment?)

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If so, what are the implications of this solution to long term legal certainty?), as against a CSA-sanctioned amendment to provincial securities laws that would simply permit corporations to become registered as salespersons. The working group determined that an approach to the CSA would be the most effective use of IFIC's lobbying efforts

The working group met with CSA officials on April 30, 2003. At this meeting, we reiterated how uncertainty in the current state of the law in this area was unfairly preventing industry participants from engaging in legitimate tax and succession planning strategies that were otherwise open to life insurance agents (not to mention doctors and lawyers in most Provinces). We outlined how controlling market realities served to address many of their major concerns and proposed practical concepts that could be incorporated into legislative revisions. At the conclusion of this very productive meeting, we undertook to provide the CSA with draft legislative

amendments which, if adopted by CSA jurisdictions, would correct this tax inequity and actually contribute to capital market efficiency, without compromising investor protection. This drafting work is now under way, and we expect to release suggested amendments for member review in the very near future.

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IFIC has been working with the mutual funds industry for more than a decade to urge regulators to establish a rule that would allow more flexibility in the use and structure of fund of funds. Current restrictions on such structures oblige fund managers to apply for exemptive relief.

In July 2002, IFIC was pleased that all CSA members released proposed amendments to the mutual fund regulatory regime that would permit actively managed fund of funds structures without the necessity of obtaining exemptive relief. The Fund of Funds Working Group of the Regulatory Committee reviewed and commented on the proposals.

In October 2002, the Working Group submitted comments to the CSA, which are available on IFIC's web site. Overall, the CSA proposals signalled a willingness to allow more flexibility to mutual funds wishing to use these structures. However, although the stated

objective of the proposals is based on the principle that a mutual fund is just one of the many potential investments that a portfolio adviser may make with the assets of another fund, there were certain aspects of the proposals that were considered potential impediments to the use of fund of fund investments.

In June 2003, a revised version of the proposals was released by the Commission des valeurs mobilières du Québec (CVMQ). The June 2003 version of the proposals accepted several of the comments that our Working Group had made in October 2002. In July 2003, the Working Group submitted comments to the CVMQ, which are available on IFIC's web site. For the most part, these comments reiterate the concerns that were previously submitted to the CSA in October 2002.

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6) IFIC Educates:

● [IFSE.ca](http://www.ifse.ca)



In Spring 2002, IFIC and The Canadian Institute of Financial Planning (CIFP) joined forces to create a new distance learning education institute, www.IFSE.ca, to deliver cost-effective financial services programs through its newly developed web-based education portal. The IFSE.ca educational portal has been extremely successful over the past year with many students now accessing our web-based courses. This innovative institute truly combines the strengths of traditional classroom-based learning and distance education learning together into one web-based campus. Many courses have been re-engineered, and the remainder will be completed soon, to take advantage of the web medium to maximize the distance education and to embrace all learning types across the spectrum. Learners learn more in fewer study hours. From course enrolment through to graduation, it can all be done by simply accessing our educational portal with a private login and student number.

www.IFSE.ca was also created to deliver one-stop financial services education to students and IFIC member organizations. We have integrated education programs providing students with a comprehensive and seamless path to all careers within the industry. As the industry consolidates and regulation requires more integrated proficiency, our programs adapt to meet these needs.

The programs we now offer, through this innovative learning portal include:

- The CFP™ Program
- The Life License Qualification Program (LLQP)
- The Canadian Investment Funds Course

2003 saw the introduction of insurance education to IFIC. The insurance regulators across Canada have introduced a new and enhanced proficiency regime to

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6) IFIC Educates:


● IFSE.ca (cont'd)

license life insurance agents. The new program is referred to as the Life License Qualification Program (LLQP). This program replaces the current Level I and Level II licensing regime. IFIC, together with the Peel Institute of Applied Finance, has been accredited by provincial regulators as an education provider for this new mandatory pre-licensing course. This course is backed by years of experience in financial and insurance education. IFIC's new LLQP on the Web™ was introduced and has been extremely successful in the first half of 2003.

We also have an extensive *academic partner network* of over 50 colleges and universities from across Canada who will be using our new web-based programs and portal to deliver class-based versions of our programs.

In addition, we offer *continuing education* to keep you at the professional knowledge level that you need to continue your successful career. Our suite of CE courses will be enhanced in 2003.

IFIC members can experience the power and results of our new *Corporate Training Plus™* program featuring fast track tutoring to deliver the results you need, when you need them most.

CIFP does not award the CFP™ and CERTIFIED FINANCIAL PLANNER™ designation. The right to use the marks CFP™, CERTIFIED FINANCIAL PLANNER™ and  is granted under licence by the Financial Planners Standards Council (FPSC) to those persons who have met its educational standards, passed the FPSC Certified Financial Planner (CFP)™ Examination, satisfied a work experience requirement and agreed to abide by the FPSC Code of Ethics.

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7) IFIC and CIFP Course Offerings

The Certified Financial Planner™ Web-based Program (CIFP on the Web™): The Canadian Institute of Financial Planning (CIFP), an educational institution dedicated to developing and maintaining high standards for financial planning professionals, offers a four-course Web-based Certified Financial Planner™ Program leading to the internationally recognized CFP™ designation. The program provides individuals with the knowledge and practical skills necessary to begin a career in this growing profession. The program consists of four core courses, a program evaluation and a final program examination. Upon successful completion of the program examination, graduates satisfy the educational requirement necessary for sitting the Certified Financial Planner™ Examination administered by the Financial Planners Standards Council.

Canadian Investment Funds Course (CIFIC on the Web™): CIFIC on the Web™ is unlike anything in the industry. Throughout this course, learners will be given information and exercises relevant to their work as mutual fund salespeople. The sequence of instruction parallels the process they will follow much of the time with clients. Our goal is not only to present the knowledge they will need for the role, but also to give them the opportunity to analyze case studies and put their knowledge into practice. By the end of the course, students will have the foundation to become mutual fund salespeople.

Life License Qualification Program (LLQP on the Web™): IFIC, through its educational portal www.ifse.ca, is offering an innovative web-based course that is flexible and provides a solid learning foundation for insurance professionals who are entering the field. This course replaces the old Level I and Level II. The course emphasizes practical case studies that will provide candidates with the practical skills that insurance professionals need to excel on the job.

90-Day Training Program to assist with the MFDA's requirements for new Mutual Fund Salespersons: The main objective of IFIC's 90-Day Training Program for new mutual fund salespersons is to assist mutual fund dealers in complying with the new MFDA Rule 1.2.1(c), which requires all newly registered salespersons to complete a training program within 90 days of being registered with a provincial securities commission. The Program will also assist dealers in ensuring that their new salespersons receive adequate up-front training and guidance to obtain a clear and adequate understanding of the industry in which they work, the dealer that they work for, the products they sell and the regulatory environment that governs them.

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7) IFIC and CIFP Course Offerings *(cont'd)*

The course is a self-study course with review questions and answers at the end of each chapter. At the end of the course there is a web-based assessment. This assessment is done on-line with immediate feedback. On successful completion, all students will receive a Certificate of Completion from IFIC.

Labour Sponsored Investment Funds Course:

The LSIF course is the licensing course for the sale of labour-sponsored investment funds and is accepted by the securities regulators in the provinces of Ontario, New Brunswick, Nova Scotia, Saskatchewan and Manitoba. Graduates of the LSIF course, who are already registered by the securities regulators as mutual fund salespersons, have their licenses extended to include sale of units of LSIFs. The LSIF course focuses on identification of practical differences between LSIFs and mutual funds. The LSIF course includes specific addenda conforming course information to individual requirements imposed by the provinces of Nova Scotia, Saskatchewan, Manitoba and New Brunswick.

Canadian Investment Funds Operations

Course: Developed in 1995 and updated regularly, this course provides in-depth discussion of the administrative and operational procedures that must occur for an investor to purchase or redeem mutual fund units in Canada. Aimed at mutual fund salespersons, dealer

administrators, or fund management personnel engaged in the processing of fund transactions, this course contains comprehensive appendices and review questions, a glossary, and a sample examination.

Branch Managers' Examination: The Branch Managers' Examination has been developed to ensure that branch managers are knowledgeable about industry regulations, policies and practices so they may carry out both their supervisory responsibilities and the compliance requirements of the Securities Commission in their jurisdiction.

Officers', Partners' and Directors' Examination:

This course has been developed to arm all officers, partners and directors with the policy and regulatory knowledge needed to both carry supervisory responsibilities and meet the compliance requirements of a particular province or territory.

Segregated Funds: A Salesperson's Complete Manual:

The objective of this course is to explain the main differences between segregated funds and mutual funds. Its focus is the suitability of segregated funds and issues related to the guarantee of such funds. The course is based on practical client suitability examples to ensure important principles are understood.

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7) IFIC and CIFP Course Offerings *(cont'd)*

Continuing Education (CE) Program:

Consistent with our mission to provide quality professional educational programs to advance the knowledge and competence of individuals in the financial services industry, we now offer fifteen continuing education courses. These timely courses give you the option of earning all your credits through a single source. Each course is worth up to eight CE credits with the exception of our Investment Risk Evaluation Course, which is worth 10 CE credits.

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Account Transfers Guidelines and Forms: A set of guidelines and forms created to standardize the timely processing of registered account transfers.

Bulk Account Transfer Authorization and Guidelines: Standardizes the transfer of multiple accounts between delivering and receiving members.

Business Recovery Planning Guide: Helps mutual fund companies continue operation in the event of a disaster.

Consolidated Sales Communications Bulletin: Guidance to the industry in the interpretation and application of National Instrument (NI) 81-102, Part 15.

Consolidated Sales Practices Bulletin: Clarification of sales and marketing practices and interpretation of National Instrument (NI) 81-105.

Co-operative Advertising Best Practices Guide: Assists members in determining if a sales communication is eligible for co-op support under NI 81-105 and helps fund managers and dealers prepare compliant co-op sales communications.

Co-operative Marketing Guidelines and Forms: A set of guidelines and forms to facilitate and standardize requests made in respect of co-operative marketing support under Part 5.1 of NI 81-105.

Dealing with Orders Received Direct from Investors – IFIC Best Practices Guide for Mutual Fund Managers: Suggested procedure for mutual fund managers when dealing with an order received directly from an investor.

Error Corrections Guide: Describes the nature of trading errors and proposes a general model for adjustments processing.

Final Report of Code of Ethics Committee on Personal Trading (including the Model Code for Personal Investing): Guidelines that mutual fund managers should adhere to for personal trading to ensure the highest principles of conduct.

First 60-day Processing Best Practices Guide: Provides guidance to firms that receive contributions on or before the 60th day but that have difficulty executing the trades by the CCRA deadline.

Guidelines for an Image Management Program: Guidelines for reducing paper with scanning technology.

Guidelines for Internet Sales Communications: A tool to assist the industry in meeting some of the challenges of Internet web site communications.

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Guidelines for a Mutual Fund Manager Code of Ethics: Guidelines that employees, officers and directors of an IFIC manager member firm should adhere to, ensuring the highest principles of conduct.

Guidelines for a Retail Distributor Code of Ethics: Guidelines that employees, licensed representatives, officers and directors of an IFIC retail distributor member firm should adhere to, ensuring the highest principles of conduct.

Guidelines for Use of Ratings, Rankings and Testimonials in Mutual Fund Sales Communications: Provides suggested best practices in connection with the use of ratings, rankings and testimonials in mutual fund sales communications.

IFIC Bulletins: Explanation, interpretation and guidance on issues of interest to the investment funds industry, including Revised Bulletin #21, “Personal Rates of Return”, Bulletin #22, “Correcting Portfolio NAV Errors”, which provides guidance regarding the fiduciary obligations of fund managers relating to pricing discrepancies in the calculation of the NAV of an investment fund, and Bulletin #23, “Fair Valuing Portfolio Securities”, which provides guidance to assist funds in assessing when they should consider fair valuing certain securities.

IFIC Member Code of Practice: Outlines members’ responsibilities to clients/unitholders.

IFIC Standard Application Form: A printable standardized form that can be customized by fund companies for use by dealers.

Internet Web Sites – Issues and Best Practices: Recommendations concerning legal and non-legal issues in the operation of Internet web sites by IFIC members.

Limited Authorization Form and Guidelines: A form and accompanying guidelines created to accommodate the desire of investors to give their dealer limited authorization over their account(s).

Money Laundering and Terrorist Financing: Detection and Deterrence – IFIC Guide: Assists members in complying with their obligations pursuant to Canada’s *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*.

Mutual Fund Sales Communications Compliance Guidelines and Checklist: Assists individuals who manage the process of developing sales communications to ensure regulatory compliance.

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National Instrument 81-102, Parts 9 and 10 – IFIC Best Practices Guide: Clarifies meaning and application of provisions in Parts 9 and 10 of NI 81-102 relating to the processing of purchase and redemption orders.

Practical Guide to Compliance for Fund Managers: A user-friendly plain language guide to regulation for fund managers.

Practical Guide to Compliance for Retail Distributors: A user-friendly plain language guide to regulation for retail distributors.

Privacy Code: Addresses the way IFIC members collect, use, disclose and protect clients' personal information, and the right of clients to have access to personal information. Compliant members are granted the right to use IFIC's 'seal of approval'.

RESP Account History Form and Guidelines: Assists RESP promoters to adopt a standardized form to facilitate transfers between RESPs.

Rights of Withdrawal and Rescission – Best Practices Bulletin: Summarizes obligations to deliver prospectuses and trade confirmations and best practices for discharging those obligations.

Serving Clients in the United States – IFIC Guide for Mutual Fund Dealers and Managers: Assists mutual fund dealers and managers

to understand complex state-level rules governing interaction with clients in the U.S.

Standard Locked-in Confirmation Agreement Guidelines and Form: Members can use the form to minimize the time frames currently encountered in the processing of registered account transfers involving locked-in funds.

IFIC's Public Information, available for use by members, includes:

- CD-ROM titled: **"Your Guide to Investing in Mutual Funds"**: interactive learning tool on mutual funds
- Power Point educational and training tool titled **"Funding Your Future"**
- 33-page investor workbook titled **"Investing in Your Future"**: provides basic information on mutual funds and investment strategies
- **SlideGuide**: helps clients understand mutual fund tables
- **Investor 'Frequently Asked Questions'**: plain-language documents for investors on various regulatory and commonly-asked issues relating to mutual funds
- **Mutual Funds 101**: Web site designed specifically for Canadian students at www.yourmoney.ific.ca

*Some public information material is available in French. Contact IFIC for more information.

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Front Row (Left to Right)

Joseph Canavan	Synergy Asset Management Inc.
Joanne Vézina	Talvest Fund Management
Hon. Thomas A. Hockin, PRESIDENT	The Investment Funds Institute of Canada
W. Terrence Wright, Q.C., CHAIR	Investors Group Inc.
Blake Goldring VICE CHAIR	AGF Management Limited
Michel Fragasso SECOND VICE CHAIR	Teraxis Financial Services
Susan Han	AIM Trimark Investments

Middle Row

Donald Panchuk	Phillips, Hager & North
Stephen Baker	HSBC Asset Management (Canada) Limited
Michael Killeen	CI Mutual Funds Inc.
Brenda Vince	RBC Funds Inc.
Steve Geist	TD Asset Management Inc.
Donald Ferris	Mawer Investment Management
Stephen Ellis	Assante Advisory Services
Kevin Wolfe	IMMEDIATE PAST CHAIR

Back Row

Robert Dameron	OTG Financial Inc.	Richard Austin	Scotia Securities Inc.
Thomas Rice	Rice Financial Group Inc.	Ted Cadsby	CIBC Securities Inc.
Jamie Williams	IPC Investment Corp.	David Goodman	Dynamic Mutual Funds Ltd.
Ron Cannata	Working Ventures Investment Services (resigned March 3, 2003)		

Not appearing in the photo

Michael Banham	Clarica Investco Inc.	Paul Hogan	Cartier Partners Financial Services
Michael Butler	Northwest Mutual Funds Inc.	Ed Legzdins	BMO Investments Inc.
Timothy Calibaba	TWC Group of Companies Inc.	Normand Paquin	Fiducie Desjardins
Robert Frances	PEAK Investment Services Inc.	Mary Taylor	Fidelity Investments Canada Limited
Chris Hodgson	Altamira Investment Services Inc. (resigned June 26, 2003)		

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Michel Fragasso	Capital Teraxis
Hon. Thomas A. Hockin, VICE CHAIR	The Investment Funds Institute of Canada
Joanne Vézina, CHAIR	Talvest Fund Management
Bernard Letendre SECOND VICE CHAIR	Standard Life Mutual Funds
Pierre Hamel	Optimum Placements.

Back Row

Daniel Marceau	Investia Financial Services
Robert Frances	PEAK Investment Services Inc.
Marc Dubuc	Fiducie Desjardins
Charles Guay	National Bank Securities
Eric Lapierre	Investors Group
Michel Marcoux	Avantages Services Financiers
Pierre Minville	Laurentian Bank of Canada

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Conference Committee

Carolyn Horan, Chair	Informco Inc.	Jackie Bizjak	Manulife Financial
Brian McOstrich	Assante Asset Management	Patricia Spice	RBC Global Services
Sarah Tucker	Berkshire Investment Group	Lesley Pascoe	TD Bank Financial Group
Kathryn Fuller	Borden Ladner Gervais	Ken Lecuyer	Unisen Inc.
Ross Pearman	Ernst & Young LLP	Gary Teelucksingh	CGI Group
Pat Dunwoody	International Financial Data Services Limited	(resigned January 13, 2003)	
Melissa Kelman	Jones Heward Investment Counsel Inc.	Paul Farrell	Working Ventures Investment Services
Valerie Shaw	Mackenzie Financial Corporation	(resigned January 13, 2003)	

Education Committee

Leena Malik, Chair	AGF Management Limited	Sandra Shibata	Investors Group Inc.
Mark Stechishin	Assante Advisory Services	Raj Kothari	PricewaterhouseCoopers, LLP
Gelsie Casella	Berkshire Investment Group Inc.	Anne Traczuk	Quadrus Investment Services Ltd.
Elizabeth Armstrong	BMO Nesbitt Burns	Tom Packwood	Scotia Securities Inc.
Laura Hinton	Counsel Wealth Management	Steven Kelman	Steven G. Kelman & Assoc.
Ray Singh	FRI Corporation	Monica Robson	TD Asset Management Inc.
Paul Griffin	ING Canada	Robert White	Tradex Management Inc.
Anne Shields	International Financial Data		

Joint IFIC/FundSERV Operations and Procedures Committee

Leslie Culjat, Chair	Northwest Mutual Funds Inc.	Terry Ford	Partners in Planning Financial Services
Michael Holder	Borden Ladner Gervais LLP	Serge Sigouin	PEAK Investment Services Inc.
Jerome Dwight	Ernst & Young LLP	Guy Chouinard	Performa Financial Group Ltd.
Anil Aggarwal	Fasken Martineau	Paul Ferrier	ScotiaMcLeod Inc.
Robert Dobbins	Fidelity Investments Canada Limited	Vincent Bruzzese	Talvest Fund Management Inc.
Deborah Rose	International Financial Data Services Ltd.	Holly Bell-Sparling	TD Bank Financial Group
Betty Jo Royce	IQON Financial Inc.	Judy Van De Sype	TWC Group of Companies Inc.
Marilyn Smolsky	Mackenzie Financial Corporation	Richard Shuetz	Dynamic Mutual Funds
Bill Devolin	Manulife Financial	(resigned as Chair and Committee member Feb '03)	

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Public Relations Committee

Linda Knight, Chair	BMO Investments Inc.	David Hawkins	Fund Trade Financial Corp.
David Pottinger	Aegon Dealer Services Inc.	Daniel A. Noot	Hartford Investments Can.
Ella Rebanks	AIM Funds Management	Jane Noonan	International Financial Data Services
Dwarka Lakhan	Altamira Investment Services Inc.	Barbara Axworthy	Investors Group Inc.
Murray Oxby	CI Mutual Funds Inc.	Kim Maggiacomo	Multiple Retirement Services
Tracy Hooley	Fasken Martineau	Jim Harries	Simplified Communications
Anne Lachance	Fleishman Hillard	Laura Sadak	TD Asset Management

Regulatory Committee

Sandra Kegie, Chair	Fundex Investments Inc.	Cheryl Anderson	International Financial Data Services
Judy Goldring	AGF Management Limited	(April '03 ongoing)	
Jennifer McDougall	AIC Limited	Donald MacDonald	Investors Group Inc.
James Hutchinson	CGI Group Inc.	Gerri Hoy	PEAK Financial Group
Patrice Jourdain	Desjardins Ducharme Stein Monast	Barry Myers	PricewaterhouseCoopers LLP
Garth Foster	Fasken Martineau	Mark Pratt	RBC Funds Inc.
Lewis Dubrofsky	Fidelity Investments Canada Limited	Lino Cambone	Scotia Securities Inc.
Lisa Johnson	Franklin Templeton Investment Corp.	James Ross	Synergy Asset Management Inc.
Derek McAllister	International Financial Data Services (resigned March 2003)		

Sales Communications Committee

Catherine de Freitas, Chair	TD Asset Management Inc.	Fraser Ball	Guardian Group
Christina Parr	AEGON Canada	(resigned Feb '03)	
Kyle Pohanka	Borden Ladner Gervais LLP	Jeffrey Ray	ING Direct Funds
Murray Morton	Cartier Partners Financial Group Inc.	(Mar '03 forward)	
Chris von Boetticher	CI Mutual Funds Inc.	Douglas Jones	Investors Group Inc.
Tony Tiberi	Services Financiers Diversifolio Ltee.	Patrick Ballantyne	KPMG LLP
Pierre-Yves Châtillon	Fasken Martineau	Nancy Church	RBC Funds Inc.
Gina Cho	Fidelity Investment Canada Limited	Michael Williams	Assante Financial Management Ltd.
Glenn Butt	FundTrade Financial Corporation	(resigned Apr '03)	
John Kruk	McCarthy Tetrault LLP	Felix Mazer	Assante Financial Management Ltd.
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Sales Practices Committee

Shelagh O'Gorman, Chair	Fidelity Investments Canada Limited	Joe DaSilva	Hartford Investments Canada Corp.
Sheila Wong	Assante Asset Management	Bernie Marshall	HSBC Investment Funds (Canada) Inc.
Donna Spagnolo	Borden Ladner Gervais LLP	Heather Schoeler	ING Investment Management Inc.
Christopher Marrese	Clarica Investco Inc.	Mary Filippelli	KPMG LLP
Mary Joyce Empensando	Clarington Funds Inc.	Jeanne Beverly-Cook	TD Asset Management
Reena Lalji	Fraser Milner Casgrain LLP	Dawn Scott	Torys LLP
Christopher Enright	FundTrade Financial Corporation	Howard Gurevich	Rice Financial Group Inc.
John Kaszel	Guardian Group of Funds Ltd.	(resigned Apr '03)	

Taxation Committee

Jamie Golombek, Chair	AIM Trimark Investments	Christopher Anderson	Franklin Templeton Investments Corp.
Steve McGuinness	AEGON Funds Management Inc.	Gary Green	Investors Group Inc.
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