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For distribution to relevant parties within your firm

BULLETIN #3572
September 11, 2006

By-Laws and Regulations

Amendments to Regulation 400.1, Insurance Requirements

The Board of Directors of the Association has approved an amendment to Regulation 400.1 – Mail Insurance, effective immediately.

The current rules, as set out in Regulation 400.1, requires every Member to keep in force mail insurance against loss arising by reason of any out-going shipments of money or securities, negotiable or non-negotiable, by first class mail, registered mail; registered air mail, express or air express, such insurance to provide at least 100 percent coverage.

Insurance companies have expressed concern about using the word “money” in Regulation 400.1, which can be interpreted as “cash” since they do not insure such shipments. Furthermore, insurers have also stated they would not insure any mail shipment that is not registered.

The proposed revision removes the reference to “money” since no “money” should be shipped using mail. The wording proposes to limit mail shipments to “registered mail” since no insurance provider will insure any shipment using mail other than registered mail. References to first-class mail, registered air mail, express or air express were therefore dropped.

A copy of the amendments to Regulation 400.1 is attached.

Kenneth A. Nason
Association Secretary

INVESTMENT DEALERS ASSOCIATION OF CANADA
PROPOSED AMENDMENTS TO THE INSURANCE REQUIREMENTS – REGULATION 400

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 400.1 Mail Insurance, is repealed and replaced as follows:

“Every Member shall have mail insurance that covers 100% of losses arising from any out-going shipments of securities, negotiable or non-negotiable, by registered mail. The Vice President of Financial Compliance may exempt a Member from the requirements of Regulation 400.1 if the Member delivers a written undertaking to the Vice President of Financial Compliance that it will not use registered mail for out-going shipments of securities.”

PASSED AND ENACTED BY THE Board of Directors this 18th day of January 2006, to be effective on a date to be determined by Association staff.