



INVESTMENT
DEALERS
ASSOCIATION
OF CANADA

bulletin



ASSOCIATION
CANADIENNE
DES COURTIER
EN VALEURS MOBILIÈRES

Contact:

Wesley Henry
Director, Finance & Administration
(416) 943-5871

For distribution to relevant parties within your firm

BULLETIN #3035

August 20, 2002

By-Laws and Regulations

Amendments to By-law 28

Discretionary Fund (formerly the Discretionary Trust Fund)

General

The Board of Directors of the Association has approved the attached amendment to By-law 28, to be effective as at August 8, 2002.

By-law 28 previously called for (1) the funds held in the Discretionary Trust Fund (“DTF”) to be held in an account that is separate from the general funds of the Association and (2) that cheques drawn on the DTF be signed by any two of the Chair, Vice-Chair and President. These requirements reflected the fundamental reason for the DTF, which remained unchanged over the years, which was to cover the initial payment to the Canadian Investor Protection Fund (“CIPF”) in the case of the bankruptcy of any IDA Member within its prime audit jurisdiction.

The amendment eliminates both of the above requirements, which are no longer necessary because the CIPF Board of Governors eliminated the Association’s liability for the initial payment to the CIPF, as at January 1, 2002. The DTF will continue to operate at the discretion of the Board of Directors as an internally restricted fund, the Discretionary Fund (“DF”).

The effect of the rule change is to reduce administrative complexities and costs by simplifying the Association’s cash management process. Signing requirements for the DF would be in accordance with the Association’s general signing authority.

Kenneth A. Nason
Association Secretary

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAW 28

DISCRETIONARY TRUST FUND

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:

By-law No. 28, Discretionary Trust Fund, is amended as follows:

1. Throughout the By-laws, Regulations, Forms, and Policies of the Association, the term “Discretionary Trust Fund” is repealed and replaced with the term “Discretionary Fund”.
2. By-law No. 28.1 is amended by replacing the words “There shall be a separate trust fund (the “Discretionary Trust Fund”)” with the words “There shall be a Discretionary Fund”.
3. By-law No. 28.2 is amended by:
 - (a) replacing the words “held or deposited in one or more separate trust accounts” with the words “held or deposited in one or more accounts”; and
 - (b) deleting the sentence “Notwithstanding By-law 15.5, cheques drawn on such trust accounts shall be signed by any two of the Chair, the Vice-Chair and the President”.
4. By-law No. 28.3 is amended by replacing the words “capital employed in the business” with the words “financial statement capital”.
5. By-law No. 28.4 is amended by:
 - (a) adding new paragraph 28.4(e) prior to existing paragraph 28.4(e) as follows: “To make payments for special non-recurring projects that (1) benefit the public and/or (2) generally benefit Canadian Capital Markets, as determined by the Board of Directors or Executive Committee”; and
 - (b) renumbering existing paragraph 28.4(e) to 28.4(f)

PASSED AND ENACTED BY THE Board of Directors this 10th day of April 2002, to be effective on a date to be determined by Association staff.