



## MEMBER REGULATION



# notice

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ATTENTION:  
Ultimate Designated Persons  
Chief Financial Officers  
Panel Auditors

Please distribute internally to:  
Finance  
Operations  
Internal Audit

*Contact:*

Maysar Al-Samadi  
Vice President, Professional Standards  
(416) 943-6902  
malsamadi@ida.ca

**MR0429**

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### **Computer Fraud Coverage**

Concerns about computer fraud have recently surfaced following the discovery of fraudulent trading by outsiders in client accounts with on-line trading capability.

We have discussed the issue with the FAS Insurance sub-committee and with an insurer to establish how best to deal with such situations. This Notice is to inform Members that such computer fraud is not covered under the standard FIB policy, which only covers losses caused by fraudulent actions of employees and not outsiders. For such fraudulent losses to be covered, Members must arrange for specific computer fraud coverage. While such coverage is not currently required by Regulation 400, we recommend that Members review their FIB policy and consult with their insurance brokers to ensure that they have the desired coverage.

The FAS Insurance Subcommittee is presently considering whether to amend Regulation 400 to require Members with on-line trading capability to have computer fraud coverage.