



THE MANITOBA
SECURITIES
COMMISSION

MSC STAFF NOTICE 2005-36

REQUIREMENT TO FILE A COPY OF WRITTEN POLICIES AND PROCEDURES

Introduction

The Manitoba Securities Commission ("Commission") is publishing this Staff Notice in an ongoing effort to remind registrants of the importance of the establishment and enforcement of written policies and procedures. A current policy and procedures manual helps prove to regulators that the firm is complying with all the requirements of The Securities Act, and also contributes to a strong compliance environment. The Notice will provide general guidelines describing what matters need to be contained in the registrant's policies and procedures manual.

Background

New applicants for registration in any category in Manitoba are currently required to file a copy of their written policies and procedures with the Commission. In addition, the Commission is giving notice that a registrant will be required to file any changes made to its policies and procedures with the Commission on an ongoing basis. The Director may refuse an applicant, or suspend a current registration if the registrant's policies and procedures are not sufficient to protect the interests of the registrant's clients.

Implications

In order to ensure the records of the Commission are current, the Commission requires all *current registrants with their head office located in Manitoba* to file a copy of its written policies and procedures by no later than October 31, 2005. A review of the submission will be undertaken and deficiencies noted. Registrants are required to file any updates or changes to the manual on a timely basis.

Guidelines for Policies and Procedures Manual

A firm's policy and procedures manual is a guidebook for conducting business in accordance with legal and ethical standards. Policies and procedures which are clearly documented and enforced contribute to a strong compliance environment and enable a registrant to serve their clients adequately.

A manual that contains the relevant regulatory requirements must be prepared. The manual should be sufficiently comprehensive, updated periodically and cover all areas of the registrant's business. The manual should be made available to all relevant staff, and should be detailed enough to inform the staff of their duties and responsibilities. If a certain activity is not engaged in or allowed, the procedure should be a simple statement to that effect.

For registrants who are members of self-regulatory organizations, continued registration is dependent on maintaining a policies and procedures manual that also complies with these provisions. The registrant should contact the appropriate body to determine their specific requirements.

Following is a list of topics to consider for inclusion in a standard Manual. This list is by no means exhaustive, and should only serve as a guideline. The registrant should tailor their manual to reflect their individual business.

- Organization and General Provisions of the applicant/registrant
- Record keeping requirements
- Registration and conduct of registered individuals
- Policies and procedures for the opening of new accounts
- Conflict of interest statement
- Fairness policy
- Duties of compliance officers, branch managers and administration officers
- Money laundering
- Portfolio management
- Trading and brokerage
- Proxy voting
- Compliance function and process
- Capital requirements, bonding and insurance
- Financial reporting requirements
- Trust accounts
- Marketing

Questions concerning the notice can be directed to:

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