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BMO Investments Inc. ("BMOI"), a member of the Mutual Fund Dealers Association of Canada ("MFDA"), welcomes the opportunity to provide comments on the MFDA Bulletin #0366-M regarding the Task Force on Governance Issues, dated April 16, 2009, (the "Bulletin"). The Bulletin requests comment from Members regarding the courses of action under consideration, including proposed amendments to the MFDA by-laws, to the terms of reference of the Governance Committee and to the Nomination Process.

We commend the MFDA's efforts to improve the experience that clients of the mutual fund industry have in their interactions with MFDA Members ("Members"). However, we at BMOI have concerns about several of the proposed amendments and how they will impact BMOI. These concerns are outlined below.

By-law amendments – Board Structure

With respect to the second point under the above-named heading contained in the Bulletin, we support the proposal to increase the Board size to 15, thereby adding an additional Industry Director as well as a new Public Director. However, we also believe that if the MFDA chooses to reserve a specific post for both small and medium dealers, then at least two posts should be reserved for large dealers as well. Small members may only represent a handful of mutual fund professionals while a single large Member may represent thousands of individual Approved Persons who work in the industry. Care must be taken to ensure that Board membership is reflective of industry participants and is proportionate to their stake in the long-term health and viability of the industry.

This point applies similarly to point 4(ii) of Bulletin, which refers to the requirements in nominating Industry Directors to the Board. To guarantee that at least two of the seven available places for Industry Directors be reserved for small or medium-size Members, without ensuring that larger Members are also adequately represented defies the industry's participation status quo. Large members of the MFDA have a far greater stake in the regulatory changes that the MFDA proposes. In order to adequately govern MFDA members, and promote the welfare of the industry, it is essential that the participation of members on the board is guaranteed and is reflective of their stake in the industry.

Terms of Reference of Governance Committee

With reference to the amendments proposed at point 4 (i), under the heading "Change Terms of Reference of Governance Committee", BMOII does not believe that a 2-year cooling off period should be included in the definition of "Public Director" in the By-Law. We believe that the cooling-off period should be replaced with a reasonability test similar to that used in National Instrument 81-107 to determine the independence criteria for members of the Independent Review Committee. Alternatively, a shorter cooling-off period, such as a period of one year, should be considered, as to avoid unnecessarily restricting the appointment of public directors with industry knowledge.

We commend the MFDA's aim to include regional and gender diversity as appropriate criteria when nominating directors. BMOII submits, however, that while achieving diversity is a worthwhile pursuit, the primary goal in selecting directors should be to ensure that the Board is accurately representative of industry participants.

Election Process

The Governance Committee is currently tasked with providing recommendations on nominees for Directors. With respect to Members' right to vote, BMOII would submit that votes should be cast for a nominated panel of Directors, as opposed to voting for individual candidates and that the voting should be executed on a basis that is representative of the industry status quo.

We thank you for the opportunity to provide our feedback on the proposed amendments to this policy. Should you have any questions regarding this letter, please do not hesitate to contact the undersigned.

Sincerely,

Darcy M. Lake

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BMO Investments Inc.