



Federation of
Mutual Fund Dealers

May 19, 2009

Mr. Jason Bennett
Corporate Secretary & Director, Regional Councils
Mutual Fund Dealers Association of Canada
jbennett@mfd.ca

Dear Mr. Bennett:

**RE: MFDA Bulletin #0366-M Task Force on Governance Issues –
Comment Solicitation**

This submission is provided by the Federation of Mutual Fund Dealers (the "Federation") and sets out our comments regarding the above noted Bulletin.

The Federation is an association of Canadian mutual fund dealers and industry participants whose members have worked to strengthen our industry across the country since 1996. We currently represent dealer firms and affiliates with over \$150 billion of assets under administration and more than 14 thousand licensed advisors that provide financial services to over 3.5 million Canadians and their families. Our mandate is to ensure that the interests and views of mutual fund dealers are clearly represented in our industry, with a finer focus on viability/sustainability issues.

We noticed that the call for comment was restricted to Members only. We think though that Members would be in agreement to casting the 'solicitation for comment net' wider in future to include industry trade associations. Specifically including these associations would bring further transparency to the collaborative process that is a part of the MFDA's Vision.

The Federation supports enshrining a governance system that requires a constructive consultation process with the Members and that provides for an effective exchange of information and perspective on emerging issues with ample time for discussion and debate prior to rules being implemented.

Our comments on specific issues are brief and are presented in the same order as the Bulletin.

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Courses of Action under Consideration

Part A. By-law Amendments

1. We agree that a special meeting of Members should be convened to confirm which aspects of By-law 15 are supported by Members.
2. We agree to amending By-law 1 to increase the Board size to 15.
3. We agree to amending By-law 1 to require at least two of the Industry Directors represent Level 1, 2 or 3 Dealers.

Part B. Change Terms of Reference of Governance Committee

4. We agree with the suggested amendments regarding Public Directors and Industry Directors.

In the case of all Directors we recognize that there are a variety of diversity issues that need to be considered in the complexion of a Board and that gender alone is merely one such consideration and that pointing it out as a distinct attribute does not seem appropriate.

We understand there have been discussions in the past regarding the possible election of Industry Directors. We recognize some of the related logistical issues but would like to revisit this as we believe it would bring another layer of transparency to the process; perhaps an agreed upon number could be elected with the balance subject to appoint.

In addition, we believe the term "significant" should be defined as it applies to "previous or current significant enforcement, compliance or other regulatory concerns".

We would also suggest that the language used in this section i.e. 4.iii fourth bullet and section 6.ii below should be consistent in citing 'concerns'.

Part C. Changes to, and Full Transparency of, Nomination Process

5. We agree with the considerations in this section but going forward more clarity could be provided regarding the process for "inviting" non-Director Member representatives to participate with the Governance Committee.
6. We agree with the communication principles as outlined.

Thank you for the opportunity to comment. We look forward to the next phase of consultations.



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Do not hesitate to contact the undersigned or any Member of our Board should you have any questions.

Regards,

Federation of Mutual Fund Dealers



Sandra L. Kegie
Executive Director

