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Jason Bennett
Corporate Secretary
Mutual Fund Dealers Association of Canada
121 King St West, Suite 1000
Toronto M5H 3T9

Dear Mr. Bennett

**Re: Comments on June 22, 2009 Report of Task Force on
Governance Issues (the "Report")**

On behalf of Canadian Imperial Bank of Commerce and CIBC Securities Inc., I am submitting comments on the Report.

We commend the Task Force on its work. We are generally supportive of the focus of the MFDA on governance issues, and believe that the MFDA will enhance its governance structure by adopting many of the recommendations. However, we are concerned with the recommendations relating to the members at large selecting two Industry Directors. We also note that it is difficult to assess these recommendations as the Report contains very little detail on the mechanics of the selection process.

For ease of reference, I am copying the relevant recommendations here.

Recommendation No. 5: The Task Force recommends that the composition of the Board of Directors of the MFDA include at all times two Industry Directors of the MFDA selected by members in the manner proposed as part of the nomination process described in the section Nomination Process and Criteria below.

Recommendation No. 6: The Task Force recommends that the existing process for selecting the directors of the MFDA at its AGMs and as reflected in By-law 15 be continued in accordance with the current practice, subject to the determinative role of members in the process of selecting two nominees as Industry Directors recommended in this Report.

Recommendation No. 9: The Task Force recommends that a direct member ballot or similar process for director nominees be adopted for the

two Industry Directors who are to be selected by the MFDA members at large.

Concern with recommendations relating to member selection of two directors

The factor that should be forefront in the board's and individual director's considerations is the MFDA's existence as an SRO. An SRO and each of its directors cannot have a primary objective of looking after the interests of its members, or any subset of its members. Each director must act with a view to the best interests of the MFDA as an SRO – "with a view to enhancing investor protection and strengthening public confidence in the Canadian mutual fund industry". We are concerned that creating two classes of directors (those selected by members and those that are not) potentially jeopardizes the board's ability to constantly adhere to this fundamental duty. In particular, we believe that the directors elected by the members because of a move to give small and medium sized members a greater voice, could feel pressure to focus on the interests of those members to the detriment of the interests of all members or, of greater concern, investor protection. We are mindful of the concerns relating to jurisdictions where judges and prosecutors are elected – to what extent do re-election thoughts influence decisions.

We recommend that the Task Force consider other methods to address the concerns raised at the 2008 AGM, such as by adding diversity of size of members in the selection criteria for Industry Directors and continuing to ensure broad member input into new initiatives. We believe that the MFDA's recently announced steps to boost policy development transparency are a very positive step in addressing these concerns.

Lack of detail on mechanics for selecting the two directors

If the Task Force continues with the recommendations for the members to select two directors, we look forward to reviewing the details of the procedures for the selection process. We note from the Report that these details will be provided for review with the other materials to be considered at the meeting. We welcome this clarity so we and other members can vote at the meeting on an informed basis. We are setting out some suggested matters for the Task Force to address in providing this clarity before the meeting, together with some commentary.

- Is the primary focus of these recommendations to ensure that members have a "voice" in the selection process or that representatives of small and medium size members are on the board?
- Will there be separate nomination (developing a slate of two or more choices) and selection (voting to "bless" the two choices or selecting two choices from the larger slate) procedures?
- What roles do members at large and the Governance Committee play in the procedures? For example:

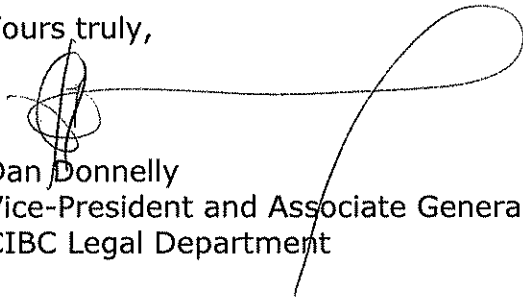
- Will the Governance Committee select nominees through its existing nomination process and then ask the members at large to elect directors from those nominees and, if yes, will the Governance Committee nominate only two persons or will it nominate a larger slate of nominees, from which members will elect two directors?
- If the Governance Committee does not select the two nominees, the appropriate governance goal of striving for a diverse board with no material gaps in skills and experience will be more difficult to achieve. It will have to focus on 13 of the 15 members, and the result might be certain skills and experience are duplicated at the expense of others not being represented.
- If the procedures result in the members at large selecting two directors from a larger slate of nominees, the Task Force should consider whether the procedure would result in campaigning by the potential directors – email campaigns, advertisements in industry publications, etc. If this is a potential result, the Task Force should also consider whether there should be rules to control the amount or manner of campaigning.
- If the Governance Committee will be choosing the nominees to be considered by the members at large, will the Governance Committee use the same criteria as it uses for the selection of the other Industry Directors or will it develop separate criteria for these nominees?
 - Options to consider for nomination criteria include a requirement that each size of member be represented on the board, or a more general requirement that the Governance Committee will take into account the diversity of the size of the members when selecting Industry Director candidates.
- Must all persons on the list of nominees for these two director positions be representatives from small and medium size members?
 - If yes, is it appropriate to ensure that small and medium sized members will be represented on the board without ensuring that large members will also be represented on the board? We submit that if the by-law or procedures are amended to ensure that representatives of small and medium size members are included within the complement of Industry Directors, then board representation from large members should also be formally ensured.
 - If no, it might be difficult to find representatives of large members who would be willing to put their name forward for these two positions if they will be running against representatives from small and medium size firms.
- Will the Task Force recommend that other provisions of Bylaw 15 be revised to create special rules for these two directors, for example the provision relating to filling vacancies on the board?

- Additional considerations:
 - added costs of two additional directors and a more complicated selection process;
 - because of resignations and potential difficulty in finding candidates, it might be impossible to ensure that the board include “at all times” two Industry Directors selected by members.

Conclusion

We understand the challenging time constraints under which the Task Force is operating. We recognize that these constraints would make it difficult for the Task Force to consider all alternatives and to develop fully the procedures around the Task Force’s recommendations set out above prior to soliciting comments from members. We encourage a continued review of alternatives, and look forward to the clarity that the Task Force will provide with the materials for the meeting.

Yours truly,

A handwritten signature in black ink, appearing to read 'Dan Donnelly', with a long horizontal flourish extending to the right.

Dan Donnelly
Vice-President and Associate General Counsel
CIBC Legal Department