



**Mutual Fund Dealers Association of Canada**  
 Association canadienne des courtiers de fonds mutuels

## MUTUAL FUND DEALERS ASSOCIATION OF CANADA

### Task Force on Governance Issues

#### Terms of Reference

Name: Governance Task Force – 2009 ("Task Force")

Background: The Board of Directors has established a Task Force to consider the following governance issues ("Issues") that have arisen in connection with the MFDA's Annual General Meeting of Members held in December 2008:

- failure to pass By-law 15 which related to the definition of Public Directors and the terms of office of all directors
- the process for nominating and selecting members of the Board
- the failure to elect three proposed Public Directors
- the process for making and/or amending the By-laws and Rules of the MFDA

Although all of the issues identified above are related and have arisen in the context of the Annual Meeting, the first three listed (relating to the Board of Directors) are time sensitive and may be considered and reported on by the Task Force separately. The process for making/amending By-laws and Rules raises other considerations that may require further time for consideration by the Task Force and resolution through its recommendations.

The Board may add, restrict or otherwise amend the description of the Issues on its own initiative or on the recommendation of the Task Force.

Composition: To be comprised of the members of the Governance Committee and one or two other individuals representing smaller MFDA members which are unaffiliated with larger integrated members or financial institutions and one or two individuals who would qualify as Public Directors and are familiar with the financial services industry and governance matters, all as determined and appointed by the Board. In making such appointments, the Board may solicit recommendations from any sources it considers appropriate including members of the Board of Directors, MFDA members and securities regulators, as appropriate.

**Chair:** The Task Force shall select and appoint its Chair who shall be responsible for and have the authority to direct the work of the Task Force in accordance with these Terms of Reference.

**Mandate:** The Task Force is to review, report on and make recommendations to the Board in respect of the Issues with a view to ensuring that the governance structure of MFDA addresses the Issues in a way that is appropriate and in the best interests of the MFDA, its members and the public.

In carrying out its mandate the Task Force shall to the extent and in a manner it determines in its discretion to be appropriate:

- review the relevant aspects of the current MFDA governance structure and the background and causes giving rise to the Issues identified
- identify best governance practices and standards for comparator organizations
- consult with the relevant constituencies and interested persons (including Board members, MFDA staff, members, regulators, governments, industry organizations and clients) as to their views, wishes, expectations and proposed solutions or changes in respect of the Issues
- develop recommendations in respect of the Issues and the improvement of the governance structure of the MFDA
- report to the Board in writing with respect to its work and recommendations including advice as to implementation and strategy for any changes proposed
- assist the Board at its request with respect to implementation of any changes proposed including being available to comment on or respond to comments received on any such changes, responding to requests for information and being available to explain or comment on its recommendations

**Schedule:** The Task Force is to deliver a draft report to the Board in time for its consideration at its meeting to be held on June 4, 2009 and will deliver its final report within 20 business days of receiving comments or directions from the Board on the draft report. The Board may adjust this Schedule in consultation with the Task Force.

Resources: The Task Force may call on the MFDA management, staff, external counsel and other advisors to the extent reasonable and necessary in completing its mandate; provided that if further professional or consulting expertise or advice is considered by the Task Force to be necessary or desirable, a request may be made to the Board to authorize retaining such advice.

Procedures: The Task Force shall determine its own procedures under the direction of its Chair but will generally be expected to operate on a consensus basis with the opportunity for dissenting views to be expressed and recorded.

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