



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

September 23, 2009

Sarah Corrigall-Brown  
Senior Legal Counsel  
Capital Markets Regulation  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC  
V7Y 1L2

Dear Ms. Corrigall-Brown:

**Re: Mutual Fund Dealers Association of Canada ("MFDA")  
- Comments on Proposed By-law No. 15**

As you are aware, the period for public comment in respect of the MFDA's proposed By-law No. 15 ended on September 21, 2009. We have received four comment letters and will prepare a summary and MFDA responses in the usual manner. However, one comment letter, being that of Partners in Planning Financial Services Ltd. dated September 18, 2009 sent to MFDA with a copy to you, raised particular concerns with respect to the validity and propriety of the processes followed by MFDA and its Board of Directors. In the circumstances and in view of the nature of the comments in that letter, we considered that a separate acknowledgement to you was in order. As with all comments and responses, this letter is made available publicly on the MFDA website.

We do not intend to comment in this letter on the details of all of the concerns raised in the letter referred to as we will address them as appropriate in the summary and response. However, it is important for MFDA Members, our recognizing regulators and the public to understand that the MFDA Board of Directors has carefully considered the concerns raised – both immediately following the December 2008 MFDA Annual General Meeting and throughout its recent governance review process – and is fully satisfied that it has proceeded properly according to applicable governance standards and law and in the public interest. This is not to say that the issues are not difficult in some respects and there may be room for different views. It is not correct, responsible or fair, however, to conclude that the MFDA's amendment process in respect of proposed By-law No. 15 is "seriously flawed" as alleged in the letter.

As a result of the unexpected outcome of the MFDA's December 2008 AGM when the predecessor of By-law No. 15 was not passed by the requisite majority of MFDA Members, the MFDA Board was faced with some immediate practical and legal issues relating to the good governance of the MFDA and its operation as an SRO. The primary task set by the MFDA Board was to ensure that the continuing dissatisfaction of some Members with the Board selection process be addressed. The immediate issue of the constitution of the Board, and how

and by whom the governance matters would be addressed, obviously overlapped with the broader governance issues. As has been previously explained to Members and you (and other recognizing regulators) through correspondence, public Bulletins and the work of the Task Force on Governance Issues, the prudent and appropriate course of action was to establish the Task Force and expedite its work (including extensive consultation) in time for the MFDA's AGM to be held in December 2009. We understand a large majority of Members and the recognizing regulators concurred with this approach. Our legal advice was, and continues to be, that the process followed was valid and in order in the circumstances.

The process for approval of By-law No. 15 at the Members' meeting to be held on October 2, 2009 and the implementation of the Task Force's recommendations continue on the basis that it is in the public interest and the interests of MFDA Members. We expect MFDA Members to be able to express their views and determine the director selection process at that meeting. However, we are strongly of the view that the issues be considered and addressed in a context where the process itself is not unfairly and inappropriately impugned.

We will be pleased to discuss the foregoing with you at your convenience and provide any further relevant information.

Yours truly,

MUTUAL FUND DEALERS ASSOCIATION OF CANADA



Larry Waite  
President and Chief Executive Officer