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November 28, 2011

Paige Ward
Director of Policy and Regulatory Affairs
Mutual Fund Dealers Association
121 King Street West, Suite 1000
Toronto, ON M5H 3T9

Sent via email to pward@mfd.ca

Dear Ms. Ward,

Re: Proposed Amendments to MFDA Rule 5.3 (Client Reporting)

We are writing in response to the Mutual Fund Dealers Association of Canada (MFDA) Request for Comments regarding Proposed Amendments to MFDA Rule 5.3 (Client Reporting).

Advocis, The Financial Advisors Association of Canada, is the largest and oldest voluntary professional membership association of financial advisors and planners in Canada. Our members are provincially licensed to sell life and health insurance, mutual funds and other securities, and are primarily owners and operators of their own small businesses who create thousands of jobs across Canada. Advocis members are professional financial advisors who provide comprehensive financial planning and investment advice, retirement and estate planning, risk management, employee benefit plans, disability coverage, long-term care and critical illness insurance to millions of Canadian households and businesses.

Our comments

The proposed amendments to MFDA Rule 5.3.1 will result in clients with nominee name accounts, who currently receive a statement for any month when there is activity in their account, receiving reports only quarterly.

We note that the discussion in the Request for Comments does not touch on this reduction in the frequency of reporting to clients who have activity in their nominee name accounts. We believe it would have been appropriate to highlight this change in the Request for Comments, so that it can be considered by stakeholders.

We would assume that some clients with nominee name accounts rely on the receipt of monthly statements, and if the MFDA rule is amended as proposed they may wonder why they no longer are receiving statements for months when they have activity, and instead are only receiving quarterly statements.

It would appear that the MFDA could conform its rule to the minimum requirements in NI 31-103 without eliminating monthly reporting for nominee name accounts for months when there has

been activity. This could be accomplished by revising the proposed amendment to section 5.3.1(ii) so that it continues to provide for reporting at least once every month for a nominee name account for months when there is activity in the account, but in any event no less frequently than once every quarter, and then deleting the references in sub-clauses (ii) and (iii) “a cash balance or security position.”

Advocis appreciates this opportunity to provide comments on the Proposed amendments to MFDA Rule 5.3 (Client Reporting).

Yours truly,

A handwritten signature in black ink, consisting of a stylized 'G' followed by a long horizontal line that ends in a small arrowhead pointing to the right.

Greg Pollock, M.Ed., LL.M., C.Dir., CFP
President and CEO

A handwritten signature in black ink, featuring a large, looped 'D' and 'O' followed by a long horizontal line.

Dean Owen, CLU, CH.F.C.
Chair, National Board of Directors