



Royal Mutual Funds Inc.
320 Front Street West, 4th Floor
Toronto, ON M5V 3B6

Phillips, Hager & North Investment Funds Ltd.
Waterfront Centre
20th Floor, 200 Burrard Street
Vancouver, BC V6C 3N5

September 24, 2009

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

and

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia
V7Y 1L2
Attn: Sarah Corrigan-Brown, Senior Legal Counsel

Dear Mr. Bennett and Ms. Corrigan-Brown:

Re: Proposed Amendments to Section 35 (No Actions Against the Corporation) of MFDA By-law No. 1

We are writing on behalf of both Royal Mutual Funds Inc. ("RMFI") and Phillips, Hager & North Investment Funds Ltd. ("PH&N"). RMFI and PH&N are separate corporate entities, which are affiliated, and are members of the MFDA ("Members"). RMFI and PH&N appreciate the opportunity to provide comments on the proposed amendments to section 35 of the MFDA By-law No. 1 ("Proposed Amendments").

In principle we agree with the proposed amendments to provide protection against legal actions and proceedings for the MFDA Investor Protection Corporation ("IPC") and its directors, officers and personnel in the discharge of their investor protection and risk management mandates. As well, we support the initiative to define and formalize, in one place, Member obligations to the IPC. This is consistent with the recently published IIROC Dealer Member Rule 41 relating to the Canadian Investor Protection Fund, as per IIROC Notice 09-0243 of August 25, 2009.

We note that Section 35A.2(d) of the Proposed Amendments implies that the IPC may conduct reviews of Members "including, without limitation, the exercise by IPC of such powers as are available to the Corporation and its officers, staff or other designates pursuant to Sections 21

and 22.” In order to maintain efficiency of regulatory oversight, we suggest that information required by the IPC be added to the scope of examinations conducted by MFDA staff.

We would also like to confirm that regular and special assessments prescribed by the IPC in respect of Members will be fair and equitable. As submitted on previous occasions, we believe that the current IPC assessment methodology is inequitable as bank-owned Members which deal overwhelmingly in client name accounts are required to pay substantial assessments, yet neither they, nor their clients, derive much benefit from the IPC since client name assets are not covered. Furthermore, the IPC contributions could take into account the inherent risks of each Member. We would recommend that the MFDA and IPC take a broader view in this area to ensure that the overall investor protection fund and insurance costs are kept under control and are based on a reasonable measure of perceived risk to clients’ assets.

Thank you for the opportunity to submit our comments. We would be pleased to discuss with you any of the matters outlined in this letter.

Yours truly,

“Anne Lockie”

Anne Lockie
President & Chief Executive Officer
Royal Mutual Funds Inc.

“John Montalbano”

John Montalbano
President
Phillips, Hager & North Investment Funds Ltd.