



THE INVESTMENT FUNDS INSTITUTE OF CANADA  
L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

**BY ELECTRONIC MAIL: [jbennett@mfd.ca](mailto:jbennett@mfd.ca)**

July 30, 2009

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

Dear Mr. Bennett,

**Re: Report of Task Force on Governance Issues – Request for Comment**

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We are writing in response to your request for comments on the Report of Task Force on Governance Issues (“Report”). We support the initiative to enhance governance by increasing transparency and participation in the governance process. We are encouraged by the MFDA’s emphasis on transparency and participation in its recent endeavours such as the member’s only website, pre-consultation on substantive issues, longer consultation periods, greater transparency in the proceedings of the Policy Advisory Committee, the deliberations of the Task Force, and meetings with Members on governance issues. We make the following comments and recommendations to further improve the process.

**Policy Development Process**

Although we understand that the policy development process was not able to be carefully considered in the Report due to the short timelines, we take this opportunity to emphasize the importance of this issue to the Membership. We believe it to be a critical and substantive issue for the Membership who are looking for a more robust, transparent, and consultative process on the objectives and content of rules and policies adopted by the MFDA.

**Greater Clarity on the Process**

The recommendations of the Task Force on outlining the election process, and nomination process in the Terms of Reference of the Governance Committee are acceptable methods to develop an election and nomination process. The description of the suggested election process and nomination process in the Report currently lack clarity and require clarification. The actual mechanisms by which they will work and, the

terminology to be used in the Terms of Reference will be important to our full assessment of these recommendations. Thus we feel that the MFDA should release its proposed revised Terms of Reference to accompany the proposed By-Law amendments prior to the member vote. The Membership feels strongly in having the opportunity to comment on the Terms of Reference prior to the Special Meeting.

**Member Involvement**

The membership is fully committed to participation in the policy development and governance of the MFDA. The recommendations of the Task Force will improve the ability of Members to participate. Participation in the process through the membership vote is a fundamental feature of an SRO. Member participation by choosing Directors and voting on Rules, By-Laws and Policies is a fundamental aspect of being a member of an SRO. The importance of Membership voting should be emphasized in the Report.

**Three-year review**

We urge the Report to include a formal provision for a 3 year review of the process. The suggested process is clearly a step forward in terms of transparency and effective representation for all Members. The 3 year review will allow the Membership to review the effectiveness of the proposals and to make concrete recommendations on what worked and did not work with the implemented changes.

**Other Issues**

We are encouraged by the MFDA's progress on governance issues and increased transparency and communication with its Membership and stakeholders. We encourage further work on policy development and increased engagement to create a process that involves significant stakeholder input and the adoption a process for consultation on what it should look like.

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I trust that our comments are of assistance, and if you have any questions regarding this letter, please contact me directly by phone at 416-309-2300 or by email at [jdelaurentiis@ific.ca](mailto:jdelaurentiis@ific.ca) or Jon Cockerline, Director, Policy – Dealer Issues by phone at 416-309-2327 or by email at [jcockerline@ific.ca](mailto:jcockerline@ific.ca).

Yours truly,

**THE INVESTMENT FUNDS INSTITUTE OF CANADA**



By: Joanne DeLaurentiis  
President & Chief Executive Officer