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April 22, 2010

Ms. Kim Lachapelle
Secretary General,
Canadian Securities Administrators
CSA Secretariat
Tour de la Bourse
800, Square Victoria
Suite 2510
Montreal, QC H4Z 1J2

Dear Ms. Lachapelle,

Representation of Advisors on the MFDA Board

We are writing to request that the Canadian Securities Administrators (CSA) consider taking steps to broaden the composition of the Board of Directors (the Board) of The Mutual Fund Dealers Association of Canada (MFDA) to better reflect the range of constituencies that have a stake in its governance.

Advocis is the largest and oldest voluntary professional membership association of financial advisors in Canada. A majority of the approximately 11,000 Advocis members across Canada are Approved Persons of MFDA dealer members. As well, some of our members are mutual fund dealers.

As the MFDA is recognized as a self-regulatory organization by individual CSA jurisdictions, in order to regulate the distribution of mutual funds to the public in the public interest, we believe it would be appropriate for the CSA to initiate a process that will help ensure that the governance of the MFDA includes participation from all appropriate stakeholders.

The Board currently consists of "industry" directors who are predominantly representatives of large dealers, and "public" directors who are predominantly individuals with industry experience who may not fully reflect or articulate the views of retail investors. (Until very recently, three of the public members were former members of the Ontario Securities Commission.)

What appears to us to be missing from the Board are retail mutual fund investors and the individuals who are authorized by the MFDA to sell mutual funds to consumers on behalf of mutual fund dealers (Approved Persons).

While the MFDA is commonly referred to as a "self regulatory organization", and its name describes an association of dealers, we believe that in reality the mandate of the MFDA is to protect investors by regulating the distribution of mutual fund products to the public, in the public interest.

We believe the public interest requires that the MFDA should regulate all participants in the chain of distribution of mutual funds from dealer to consumer, in a manner that is fair and equitable, and that takes into account the perspectives of all relevant stakeholders.

In our submission, it follows that the Board of the MFDA should include individuals who are able to contribute their respective stakeholder perspectives as Approved Persons and retail investors.

We believe the composition of the Board of the MFDA reflects an out-dated premise that the governance of the MFDA should be mainly left to the dealers, with additional input from individuals who have relevant experience in the financial services industry. Mutual fund dealers are well-represented on the board. All six of the MFDA's Industry Directors are senior officers of large financial institutions and mutual fund dealers.

We do not believe the interests and concerns of Approved Persons are represented by dealers on the Board. As financial advisors, Approved Persons are often the sole contact point for the retail investor, and are able to offer an important perspective.

Thousands of individuals who are Approved Persons of MFDA member dealers are directly regulated by the MFDA, but not even one of the Directors of the MFDA can be said to give voice to the interests and concerns of Approved Persons.

We submit that the deficiencies in stakeholder representation on the Board of the MFDA can be rectified by reserving seats on the Board for individuals who will represent the investing public and Approved Persons.

We would be pleased to meet with you to further discuss our concerns.

Sincerely,



Greg Pollock
President and CEO



Terry Zavitz
Chair, National Board of Directors

Ccs:

Larry M. Waite, President & Chief Executive Officer, MFDA
Douglas M. Hyndman, Chair and CEO, Canadian Securities Transition Office