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September 16, 2009

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

And -

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

Submitted by email: [jbennett@mfd.ca](mailto:jbennett@mfd.ca); [scorrigan-brown@bcsc.bc.ca](mailto:scorrigan-brown@bcsc.bc.ca)

Dear Sir and Madam:

**Subject: Proposed Amendments to MFDA Rule 2.4.1 – Payment of Commissions to Unregistered Corporations**

Independent Financial Brokers of Canada (IFB) has prepared these comments in support of the proposed amendments which would permit the payment of commissions to unregistered corporations.

IFB is a professional, not for profit Association representing approximately 4,000 financial advisors. Many of these members practice in various provincial jurisdictions and are licensed mutual fund salespersons, or “Approved Persons”.

It has long been the position of IFB that the restriction on the payment of commissions to personal corporations has been unduly restrictive and unnecessary. In addition, the situation has been complicated by the uneven application of the Rule as some jurisdictions have temporarily

suspended the Rule, while others have not. Further confusion has arisen because some dealers, even in provinces which have a suspension in effect, have refused to pay commissions to such corporations out of fear of regulatory repercussion. Therefore, we welcome a harmonized, national approach that will apply equally to all mutual fund registrants.

We are pleased that the MFDA has agreed that it has sufficient regulatory authority to ensure investor protection will not be compromised if this change is adopted. The existence of the suspensions to this Rule in many jurisdictions, in past years, has provided the MFDA with considerable opportunity to determine whether directing commissions to an unregistered corporation undermines its ability to take regulatory action and it has concluded no such risk exists.

In our view, Members and their Approved Persons should have flexibility to structure their business affairs in a way that achieves the most efficient model for their business. We note with interest the concerns identified in the letter submitted by the law firm MacInnes Cooper and agree that anyone considering structuring their business in this manner should seek expert advice to ensure they find the most appropriate solution to fit their business needs. However, these are tax matters which should be dealt with outside of the MFDA or securities legislators, where no threat to investor protection exists.

We look forward to the approval and implementation of these changes.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', with a stylized flourish at the end.

John Whaley  
Executive Director  
Email: [jaw@ifbc.ca](mailto:jaw@ifbc.ca)