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September 29, 2008

Sarah Corrigan-Brown
British Columbia Securities Commission
701 West Georgia Street
Vancouver BC V7Y 1L2

Submitted by Email: scorrigan-brown@bcsc.bc.ca

Dear Ms. Corrigan-Brown:

Subject: MFDA Application for Amendment and Restatement of Terms and Conditions of Order Recognizing Self-Regulatory Organization

Independent Financial Brokers of Canada (IFB) is pleased to provide comment on the above-noted Application by the Mutual Fund Dealers Association (MFDA).

IFB is an Association comprised of independent, self-employed financial advisors - a large number of whom are licensed to provide mutual funds to clients. Our members have long sought the ability to receive remuneration directly into their personal corporations. This is a well recognized business structure which offers significant efficiencies and no reduction in liability or consumer protection. The MFDA, in its proposal, supports this view stating that it “has not experienced any effect on the regulatory liability of Approved Persons arising from the payment of commissions to corporations and is unaware of any changes in the industry that might increase the risk of negative impacts since the last suspension was granted.” In addition, “Based on this information, the MFDA is satisfied that the arrangements currently in place do not raise investor protection concerns and that allowing them to continue would not be contrary to the public interest.”

We are pleased that the MFDA supports this change. However, the practice of provincial securities regulators to individually approve extensions to the suspension of Rule 2.4.1 has led to uncertainty and confusion for Approved Persons and Dealers. Confusion arises because not all provinces have adopted the same approach. British Columbia, for example, specifically allows such payments, while Alberta has not suspended the Rule. Furthermore, even in jurisdictions where the Rule has been suspended, some Dealers

refuse to pay commissions to an Approved Person's personal corporation until the Rule is permanently removed. The result has been unequal access for independent operators, like our members, to use a more efficient corporate structure. IFB, therefore, supports the MFDA Application to have the Rule suspended and develop a revised Rule.

However, a more preferable approach would be for this matter to be dealt with by the Canadian Securities Administrators (CSA) as part of the Registration Reform initiative, which is still underway. As IFB stated in our response to the CSA consultation on Registration Reform:

It is important that the CSA develop a means to resolve this issue so that mutual fund advisors, regardless of their province of residency, can manage their businesses in the most effective and efficient manner possible.

We are disappointed that the CSA chose not to develop a national solution and instead directed MFDA staff to consider the merits of extending the suspension deadline and develop wording for a proposed Rule change.

The British Columbia Securities Commission has asked for comment on the appropriate date for rule amendments to be submitted and the proposed expiry date of the suspension. We note the MFDA has proposed a suspension until December 2010 to allow it time to develop the appropriate wording for the amendment. Certain Commissions support an earlier expiry date of March 2010 with a requirement that the MFDA submit its proposed Rule amendments by May 2009. IFB supports early resolution of this issue. However, in the event the MFDA does not meet this deadline, we would be very concerned if the Rule expired in advance of the MFDA amendment being available for public comment. This has the potential to leave Approved Persons in a worse position than with the current suspension in place.

IFB appreciates the opportunity to provide these comments on behalf of our members. Should you have any questions or require further clarification, please contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read 'John Whaley', written over a white background.

John Whaley
Executive Director
Email: jaw@ifbc.ca