

1.1.2 Notice of Commission Approval – Proposed MFDA By-laws No. 5 and No. 6 Regarding Corporate Governance

THE MUTUAL FUND DEALERS ASSOCIATION (MFDA)

PROPOSED MFDA BY-LAWS NO. 5 AND NO. 6 REGARDING CORPORATE GOVERNANCE

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed MFDA By-laws No. 5 and No. 6 regarding corporate governance. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved and the British Columbia Securities Commission did not object to the proposed by-laws. The proposed by-laws reflect recommendations made by the MFDA Corporate Governance Committee in its report dated February 2003. Proposed MFDA By-law No. 5 deals with board and governance amendments, including the composition of the MFDA Board and its committees, and processes for nominating and electing directors. Proposed MFDA By-law No. 6 deals with regional council and hearing panel amendments, including the composition of the MFDA regional councils and disciplinary panels, and sets out the process for setting up the disciplinary panels.

A copy and description of the proposed by-laws were published on August 29, 2003, at (2003) 26 OSCB 6209. Three comment letters were received. The MFDA has revised Proposed By-law No. 5 as a result. Under the terms and conditions of recognition of the MFDA as a self-regulatory organization, members, directors, officers and employees of the Investment Dealers Association of Canada and the Investment Funds Institute of Canada should not be public directors of the MFDA. The definition of "public director" proposed in By-law No. 5 that was published on August 29, 2003, did not contain this restriction. The MFDA has reinstated this prohibition in its proposed By-law No. 5. The revised MFDA By-law No. 5, together with the MFDA's summary of public comments and response are contained in Chapter 13 of this Ontario Securities Commission Bulletin.