

June 12, 2019

BY EMAIL

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Dear Mesdames:

Re: Proposed Amendments to MFDA By-law No. 1- Sections 3.3 (Election and Term), 3.6.1 (Governance Committee), 4.7 (Quorum) (the “Proposed Amendments”)

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to provide comments on the Proposed Amendments.

We understand that the purpose of the Proposed Amendments is in part to continue to reflect best governance practices for SROs, which we support. Our comments relate to the requirement that the presence of a majority of Public Directors would be required to form a quorum for both MFDA Board of Directors meetings and meetings of the Governance Committee. The complement of Public Directors on the Governance Committee would also be increased by one such that the majority of directors on the committee would consist of Public Directors. We understand from the notice of the Proposed Amendments that such a change would be consistent with comparator organizations and best practices.

While there is no specific reference in the bulletin that indicates the current composition of the Governance Committee or quorum requirements have been

¹ The CAC is an advocacy council for CFA Societies Canada, representing over 17,000 Canadian charterholders, of the 12 Member Societies across Canada. The council includes investment professionals across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. Visit www.cfacanada.org to access the advocacy work of the CAC.

²CFA Institute is a global, not-for-profit professional association of over 166,000 investment analysts, advisers, portfolio managers, and other investment professionals in 163 markets, of whom more than 159,000 hold the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 152 member societies in 74 markets. For more information, visit www.cfainstitute.org.

problematic or that there have been an unusual number of conflicts, we are in favour of boards consisting of a majority of independent directors. Our position in the past has been expressed in the context of public issuers. A board should consist of at least a majority of independent board members, with the autonomy to act independently from management³. We think this should extend to regulatory boards as well. As it is also important that the board maintain strong knowledge and experience with respect to the MFDA's role as an industry SRO, as well as industry issues, if the composition of the Governance Committee and quorum requirements are changed, then director orientation and continuing education will take on increased importance.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at cac@cfacanada.org on this or any other issue in future.

(Signed) *The Canadian Advocacy Council for
Canadian CFA Institute Societies*

**The Canadian Advocacy Council for
Canadian CFA Institute Societies**

³“The Corporate Governance of Listed Companies – A Manual for Investors,” CFA Institute Centre for Financial Market Integrity, no. 2 (2009): 8.