

VIA EMAIL ONLY

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To whom it may concern,

Re: Proposed Amendments to MFD Rule 2.3.1(b) (Discretionary Trading)

We appreciate the opportunity to respond to this Publication.

We took a short survey of our Members. The results are fairly random but do give a sense of what's important.

The majority of who responded:

- Have no concerns regarding the proposals
- Would prefer the registration option, and
- Approximately 43% might utilize

What follows are Members thoughts, some differing opinions, asks and cautionary notes but we thought all-in might provide valuable insights:

- With so much of enforcement's resources centered on altered forms with a policy purpose of avoiding discretionary trading, to consider authorizing seems counterintuitive
- Provided the dealer organization has demonstrated the appropriate proficiency and controls, no concerns.
- We need more detail on the practicality of how this will work.
- Blanket Exemption with \$3k fee or Registration:
 - keep it simple and reduce the regulatory burden
 - only pay if someone uses
 - This is a very limited set of circumstances where it could be used. We believe it would be more efficient to deal with it by exemption.
 - There should be PM registration requirements
- This sounds like a reasonable accommodation for dealers that aren't fund managers but want to operate prescript programs. Also sounds like it harmonizes with the IIROC rule.

- The proposal makes perfect sense to me. My only concern would be if a firm dropped a good fund manager in favour of a proprietary fund. There should be added client disclosures and approvals for this situation.
- I do feel these proposals blur the lines, the rules will be difficult to adhere to and properly assess from a compliance perspective. This will be problematic for the MFDA/OSC and also for those firms utilizing the proposals.
- Would Dealers be receiving direct or indirect compensation from fund companies for the inclusion of their products in managed portfolios?
- The MFDA does not have the required expertise to oversee discretionary management. Any additional regulatory oversight costs should be funded solely by those dealers offering this service.
- The Proposed amendment states: "...a Member may engage in discretionary trading provided that: (ii) discretionary trading engaged in by the Member is limited to mutual fund securities that are part of a mutual fund model portfolio offered by the Member." The way this is worded, the Member would be prohibited from substituting in a fund which is not already part of the same model portfolio, defeating the purpose of the proposal."

We would welcome the opportunity to discuss this initiative with you further.

Regards,



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