

**Joint Notice and Request for Comment of Certain Recognizing Regulators
of the Mutual Fund Dealers Association of Canada –
Application to Amend Recognition Orders**

The Mutual Fund Dealers Association of Canada (the MFDA) has submitted an application to the securities regulatory authority in each of British Columbia, Ontario, Saskatchewan, and Nova Scotia (the Applicable Jurisdictions) to amend the orders of each of the Applicable Jurisdictions recognizing the MFDA as a self-regulatory organization (the Recognition Orders). The MFDA requested the amendments in order to extend the suspension of MFDA Rule 2.4.1, which currently expires on December 31, 2008, to December 31, 2010.

The Applicable Jurisdictions are publishing for comment the MFDA's application and related documents, all of which you can find on the Applicable Jurisdictions' websites or in their bulletins, where applicable.

We are seeking comments on all aspects of the application and related documents.

A. PURPOSE FOR PROPOSED CHANGE TO THE RECOGNITION ORDERS

Rule 2.4.1 requires MFDA Members to pay any remuneration for business conducted by MFDA Approved Persons on the Members' behalf directly to and in the name of the Approved Persons. The MFDA is requesting that the Applicable Jurisdictions extend the suspension of the rule to give it time to develop proposed amendments that would allow Approved Persons to direct remuneration in respect of business they conduct on behalf of MFDA Members to non-registered corporations, subject to certain conditions.

B. PREVIOUS EXTENSIONS OF THE SUSPENSION OF MFDA RULE 2.4.1

The Applicable Jurisdictions have previously extended the suspension of Rule 2.4.1.

These extensions were granted on the understanding and condition that Approved Persons are conducting all activities requiring registration on behalf of and through the facilities of MFDA Members, as employees or agents of those Members, and not on behalf of or through the non-registered corporation (i.e. not as an employee or agent of the non-registered corporation), regardless of whether they direct the Members to pay their remuneration for those activities to the non-registered corporation.

C. CURRENT APPLICATION TO EXTEND THE SUSPENSION OF MFDA RULE 2.4.1

The MFDA has requested an extension of the suspension of Rule 2.4.1 until December 31, 2010.

Staff of the Ontario Securities Commission, the Nova Scotia Securities Commission and the Saskatchewan Financial Services Commission will consider an extension of the suspension until March 31, 2010, with a requirement for the MFDA to submit its proposed amendments to Rule 2.4.1 by May 31, 2009. These staff are of the view that a March 31, 2010 expiry date would provide sufficient time to consider the regulatory impact of proposed amendments to MFDA Rule 2.4.1.

OSC, NSSC and SFSC staff do not support any further extensions. An expiry date of March 31, 2010 would provide sufficient time for MFDA Members and Approved Persons to restructure any commission direction arrangements, to ensure compliance with Rule 2.4.1, should the MFDA not submit a proposal by May 31, 2009.

BCSC staff is of the view that an extension is necessary to allow the MFDA time to develop amendments to Rule 2.4.1. However, BCSC staff is not taking a position on the appropriate length of the extension or future extensions at this time. In addition to commenting on matters relating to the substance of the application to extend the suspension of Rule 2.4.1, BC staff asks that you also comment on the appropriate date for the submission of the rule amendments and the expiry of the suspension.

D. COMMENT PROCESS

We ask you to provide your comments in writing and to send them on or before September 29, 2008, to:

c/o Sarah Corrigall-Brown
British Columbia Securities Commission
701 West Georgia Street
Vancouver, BC V7Y 1L2

Email: scorrigall-brown@bcsc.bc.ca

We cannot keep submissions confidential. We will publish a summary of written comments we receive during the comment period.

If you have questions about this notice, you may contact:

Sarah Corrigall-Brown
British Columbia Securities Commission
(604) 899-6738

Curtis Brezinski
Saskatchewan Financial Services Commission
(306) 787-5876

Jonathan Sylvestre
Ontario Securities Commission
(416) 593-2378

Shirley Lee
Nova Scotia Securities Commission
(902) 424-5441

If you have any questions about the MFDA's application, you may contact any of the people listed above, or you may contact:

Paige Ward
Director of Policy and Regulatory Affairs
Mutual Fund Dealers Association of Canada
(416) 943-5838

August 29, 2008