



**Notice of BCSC Non-Objection to Proposed Amendments
to Section 1 (Definitions) and 3 (Directors) of MFDA By-law No. 1**

As of October 10, 2012, the BCSC and the MFDA's other recognizing regulators¹ did not object to or approved² proposed amendments to section 1 (Definitions) and 3 (Directors) of MFDA By-law No. 1.

The MFDA's proposed amendments:

- change the public director definition to:
 - align MFDA governance standards with current SRO practices, and
 - increase the number of individuals who meet the requirements to act as a public director, and
- increase the number of industry directors on the audit committee so the committee will be more aware of mutual fund dealer industry issues and regulatory requirements.

The BCSC published the proposed amendments for comment on its website on November 4, 2011 for a 90-day comment period. The MFDA received four comment letters. We attach the MFDA's summary of these comments and responses to them. We also attach a blacklined copy of the proposed amendments showing changes made to the version published for comment.

October 25, 2012

Ref: Proposed amendments to sections 1 (Definitions) and 3 (Directors) of MFDA By-law No. 1

¹ Alberta Securities Commission, Saskatchewan Financial Services Commission, Manitoba Securities Commission, Ontario Securities Commission, New Brunswick Securities Commission and Nova Scotia Securities Commission.

² Non-objection and approval are the different ways in which the recognizing regulators express their decisions after reviewing proposed MFDA rules.