



**Financial
Services
Commission**
Securities Division

STAFF NOTICE 11-703

AMENDMENT TO GRO 11-903 RECOGNITION OF MFDA TO EXTEND SUSPENSION OF MFDA RULE 2.4.1

The Commission recognized the Mutual Fund Dealers Association of Canada (MFDA) as a self-regulatory body under Subsection 21(2) of the Act on February 13, 2001, subject to certain terms and conditions. On April 16, 2004, the Commission amended and restated its order recognizing the MFDA

One of the terms and conditions of recognition is that MFDA Rule 2.4.1 is suspended until December 31, 2006. MFDA Rule 2.4.1 requires members of the MFDA to pay remuneration for business conducted by an approved person on the member's behalf directly to and in the name of the approved person. If this provision were in effect, members would be prohibited from paying commissions to a corporation established by a salesperson.

The Commission has varied the recognition order under Subsection 158(3) of the Act to extend the suspension of MFDA Rule 2.4.1 until December 31, 2008. The securities regulatory authorities in British Columbia, Ontario and Nova Scotia have issued similar orders.

Dated November 20, 2006

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