

June 7, 2016

BY EMAIL

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and

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Dear Sirs/Mesdames:

Re: Proposed Amendments to MFDA Rule 2.3 (Power of Attorney / Limited Trading Authorization / Discretionary Trading) (the “Proposed Amendments”)

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

We understand that under the current Rule, an Approved Person is permitted to act upon a general POA or similar authorization from a client where the client is a spouse, parent or child of the Approved Person, and that one of the conditions is that an Approved Person other than the Approved Person holding the POA must be the Approved Person of record on the account. Among other changes, it is proposed that the requirement to transfer the account to another Approved Person be deleted. We are strongly opposed to this aspect of the Proposed Amendments, which we believe is a good control mechanism to protect potentially vulnerable investors.

While the scope of the Proposed Amendments is narrow, the removal of the requirement to involve a second Approved Person opens up the possibility of mismanagement and/or fraud, in those rare circumstances where an Approved Person could seek to take advantage of a vulnerable family member, particularly seniors. Short of fraud or similar conduct, it is possible that, again, in rare instances, an Approved Person could rely on the trust placed in them by family members, who may

¹The CAC represents more than 15,000 Canadian members of the CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfainstitute.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 135,000 members in 151 countries and territories, including 128,000 CFA charterholders, and 145 member societies. For more information, visit www.cfainstitute.org.

be unsophisticated retail investors, to engage in activities (such as excessive trading) that they would not engage in for other clients or if the safeguard that there was a second Approved Person on the account existed. A growing number of seniors rely on their advisers, and we believe a high level of investor protection in this area is warranted, particularly if questions of competency arise.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have or to meet with you to discuss these and related issues in greater detail. We appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Michael Thom*

Michael Thom, CFA
Chair, Canadian Advocacy Council