

IN THE MATTER OF
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED (the
“Act”)

And

IN THE MATTER OF
**MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS**
(The “MFDA”)

VARIATION ORDER
(Section 151)

WHEREAS the Nova Scotia Securities Commission (the “Commission”) issued an order dated November 26, 2001, recognizing the MFDA as a self-regulatory organization for mutual fund dealers pursuant to section 30 of the Act (“Previous Order”);

AND WHEREAS the Commission issued an amended and restated order dated April 8, 2004 to:

- (a) reflect changes in the MFDA's governance structure;
- (b) clarify the MFDA's ability to enter into arrangements with another suitable body or person to perform the function of enforcing compliance by MFDA members with the MFDA's or such other body or person's substantially similar by-laws, rules, regulations, policies, forms, and other similar instruments; and
- (c) remove certain terms and conditions of the Previous Order that were transitional and have been satisfied by the MFDA; (“Recognition Order”);

AND WHEREAS the MFDA has applied for an order pursuant to section 151 of the Act to vary the terms and conditions of the Recognition Order to extend the suspension period for MFDA Rule 2.4.1 relating to the payment of remuneration in respect of Approved Persons of the MFDA (“Application”);

AND WHEREAS based on the Application and the representations the MFDA has made to the Commission, the Commission is of the opinion that it is not prejudicial to the public interest to vary the Recognition Order;

IT IS ORDERED pursuant to section 151 of the Act that the Recognition Order be varied as follows:

Item 14 of Schedule “A” of the Recognition Order is repealed and replaced by the following:

14. Suspension of MFDA Rule 2.4.1 – MFDA Rule 2.4.1 is suspended and will continue to be suspended until December 31, 2008, in the Provinces of British Columbia, Saskatchewan, Ontario and Nova Scotia, and during such period the MFDA shall comply with the following conditions:

- (A) the MFDA shall co-operate with the Commission and its staff, including participating on any joint industry and regulatory committee struck by the Commission and its staff, in their efforts to develop amendments to applicable securities legislation that would, among other things, allow an Approved Person to carry on securities related business (within the meaning of the MFDA rules) through a corporation, while preserving that Approved Person's and the member's liability to clients for the Approved Person's actions;
- (B) the MFDA shall, as a condition of a member or Approved Person being entitled to rely on the suspension of Rule 2.4.1, require that the member and its Approved Persons agree, and cause any recipient of commissions on behalf of Approved Persons that is itself not registered as a dealer or a salesperson to agree, to provide to the MFDA, the Commission and the applicable member access to its books and records for the purpose of determining compliance with the rules of the MFDA and applicable securities legislation;
- (C) the MFDA shall ensure in connection with the suspension of Rule 2.4.1 that members and Approved Persons comply with the remaining Rules, with specific reference to Rule 1 Business Structures and Qualifications, Rule 1.2.1(d) Dual Occupations and the requirement noted above in paragraph (B);
- (D) the MFDA shall ensure that members applying for membership are made aware of the requirements of Rule 1 by delivering to each applicant a copy of its Notice MR-0002; and

- (E) the MFDA shall not accept a member whose relationship with its Approved Persons does not comply with the rules of the MFDA and in particular, Rule 1, unless the MFDA has granted exemptive relief to that applicant under the authority granted to the Board of Directors under section 38 By-law No. 1.

Dated on November 8, 2006

“H. Leslie O’Brien”
H. Leslie O’Brien

“R. Daren Baxter
R. Daren Baxter