

BY EMAIL: comments@osc.gov.on.ca;
consultation-en-cours@lautorite.qc.ca



September 14, 2012

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Ontario Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Attention: The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto ON, M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs/Mesdames:

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RE: CSA Notice and Request for Comment – National Instrument 31-103 Cost Disclosure, Performance Reporting and Client Statements

AGF Investments Inc. (“**AGF**”) is pleased to respond to the request for comments on the “*Cost Disclosure, Performance Reporting and Client Statements – Proposed Amendments to National Instrument 31-103 and Companion Policy 31-103CP*” (the “**CRM-2 Proposals**”), as set out in the CSA Notice published on June 14, 2012.

AGF continues to support the Canadian Securities Administrators' ("CSA") goal of designing industry initiatives that give investors fundamental information that they can readily use to assess their investments, including through the development of the Client Relationship Model ("CRM") initiative. AGF also (like the CSA) believes that investors should be aware of (i) what they pay for their investments; and (ii) how their investments have performed. AGF is, however, concerned with 3 primary themes that appear to resonate as a result of the CRM-2 Proposals:

- the unbalanced treatment of mutual funds relative to other investment products;
- the unnecessary duplication of already existing disclosure; and
- the overall high dollar costs for the industry in having to implement the CRM-2 Proposals

Each of these concerns is addressed in further detail below.

Unbalanced Treatment – Mutual Funds to Other Investment Products

As indicated above, AGF certainly supports the CSA's view towards creating a more informed and knowledgeable investor base. That being said, AGF struggles to understand why such an initiative is being limited strictly to mutual fund investments – a segment that according to *Investor Economics (December 2011)* represents just 25% of the overall household balance sheet.

While AGF can appreciate that the CSA does not have jurisdiction to regulate each and every segment of an investor's investment portfolio, AGF submits that regard should be given by the CSA (at this initial outset) toward co-ordinating a joint effort with the other applicable regulators to ensure that investors are given ample information across investment products – i.e. not just within the confines of mutual fund investments. To regulate one area – i.e. mutual funds – without first considering the need to establish a joint/coordinative set of rules and regulations across investment products not only appears unfair and prejudicial to mutual funds, but also doesn't seem to meaningfully benefit investors when their mutual fund holdings only statistically account for about a quarter of their overall investment holdings.

Unnecessary Duplication of Disclosure

AGF concurs with the submissions made by the Investment Funds Institute of Canada ("IFIC"), in their August 29, 2012 comment letter (the "IFIC Letter"), with regard to the duplication of certain content proposed under the CRM-2 Proposals with already existing disclosure requirements.

In particular, disclosure relating to Management Expense Ratios, trailing commissions and other fees/expenses are already fully disclosed under the Point of Sale Fund Facts documents. More widespread dissemination of the Fund Facts documents is on the horizon, as the new requirements for the delivery of Fund Facts documents will soon replace the existing prospectus delivery requirements. To that end, AGF respectfully

submits that added requirements for disclosure (as part of the CRM-2 Proposals) that essentially overlap with the already existing requirements for disclosure under Fund Facts documents are duplicative and unnecessary.

High Implementation Costs for the Industry

AGF submits that the overall costs to the industry of implementing the CRM-2 Proposals – through systems upgrades/changes, and ongoing maintenance requirements – are expected to be quite high, and are not mitigated by the CSA’s more recent proposals for longer implementation transition times than those originally published in 2011.

As a result, AGF believes (in similar nature to what IFIC has stated in their IFIC Letter) that the CSA should be mindful of ensuring that the benefits of the CRM-2 Proposals do in effect outweigh the costs for the industry. AGF agrees with IFIC’s suggestion that a quantitative cost-benefit analysis demonstrating that the industry costs of the CRM-2 Proposals are proportionate to/aligned with the regulatory objectives would be helpful toward better understanding the CSA’s stance on mandating the proposed requirements.

We thank you for the opportunity to raise the above issues with you. We look forward to constructive dialogue to ensure that the CRM-2 Proposals lead to rules that truly benefit investors while not unduly prejudicing the industry.

Yours very truly,



Mark Adams
Senior Vice President, General Counsel & Corporate Secretary
AGF Investments Inc.