

Neil Blue
General Counsel
Law Department

Sun Life Global Investments
(Canada) Inc.
150 King Street West
Suite 1400
Toronto, Ontario
M5H 1J9
Tel: 416-979-6495
Fax: 416-979-3209
neil.blue@sunlife.com

VIA E-MAIL: comments@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

September 14, 2012

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent 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

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

Re: Proposed Amendments to National Instrument 31-103: Cost Disclosure and Performance Reporting

Sun Life Global Investments (Canada) Inc. ("SLGIC") is registered as a non-MFDA mutual fund dealer in all provinces and territories of Canada. SLGIC is also registered as an investment fund manager, commodities futures manager and as an advisor (portfolio manager). SLGIC is a member of the Sun Life Financial group of companies.

SLGIC appreciates the opportunity to provide comments on proposed amendments to *National Instrument 31-103 Registration Requirements and Exemptions: Cost Disclosure and Performance Reporting*, which were published for a second round of comments on June 14, 2012 (the "Proposal").

The issues presented in the Proposal are important to SLGIC. We note the Canadian Securities Administrators' (the "CSA") willingness to work with industry participants and investors on this issue and we would like to take this opportunity to provide comments on the Proposal.

As a member of the Investment Funds Institute of Canada ("IFIC"), SLGIC and its affiliate, Sun Life Financial Investment Services (Canada) Inc. ("SLFISI"), a registered mutual fund dealer, participated in IFIC's review and discussion of the Proposal. We would like to highlight that we support the comments and recommendations made in IFIC's submission letter dated August 29, 2012 and also that we strongly support the comments and recommendations made in the SLFISI submission letter dated September 14, 2012. We reiterate and add to both IFIC and SLFISI's comments below.

Proposed Additional Requirements for Trailing Commission Disclosure

SLGIC agrees that it is important to have understandable disclosure provided to investors with respect to the cost of investing in mutual funds. Current disclosure documents (simplified prospectus, annual information form, financial statements, management reports of fund performance, fund facts) all provide a significant amount of detailed information to investors about mutual funds, their risks and their costs. We submit that there are already numerous places in these documents where investors are informed about the management fees, expenses and other costs that may be applicable to their investment(s). In some cases, the explanations are quite detailed. As you will know, Management Expense Ratios ("MERs") are already widely used by advisors and investors as standardized data for comparing the annual costs of mutual funds. We believe that once fund facts become the mandatory point of sale document, the dissemination of cost disclosure will further improve, and such information should be considered as sufficient data to invite advisors and their clients to have broad discussions about the costs of owning mutual funds.

We do not believe that the Proposal to require dealers to disclose, on a per client basis, the actual dollar amount received from a fund company as a trailing commission is necessary for clients to understand that there are ongoing expenses paid by funds to advisors and dealers. To the contrary, we think that the addition of disclosure in client statements of the dollar amounts paid to a dealer will result in confusion on the part of investors, as they will compare this figure with the percentage MER figures that they have, and they will not be able to reconcile them (because MERs represent the total cost of ownership and not just one element). Many investors may assume that the trailer fee amount is a fee that is paid on top of the fund's MER, which is not the case.

We also note that the introduction of this added disclosure on account statements, along with the other proposed changes noted in this letter, will cause significant increased operational and systems costs, especially for a small non-MFDA dealer such as SLGIC. These costs will likely be absorbed by clients. The Proposal notes that the CSA acknowledges the potential costs to the industry, but believes that informing the investing public is worth the cost. As suggested by IFIC, we would appreciate disclosure and an outline of any cost-benefit analysis conducted by the CSA on this Proposal before it is implemented.

In short, we respectfully submit that significant disclosure is already made in numerous documents on the cost of mutual fund investments, and we do not believe that a convincing case has been made by the CSA as to the utility of disclosure of trailing commissions in dollar format.

Specific Issues for Comment in Proposal

We would also like to comment on two of the three specific issues for comment presented in the Proposal.

- 1. The proposed section 14.14(6.1) introduces requisites for client statements. Is the CSA's suggested approach a practical approach or are there other approaches to including the securities listed in the proposed section 14.14(6.1) in client statements and performance reports?**

The CSA has suggested that client statements be divided into three principal and distinct sections: (a) transactions carried out during the reporting period; (b) reporting on securities held in nominee name; and (c) reporting on securities held in client name.

We commend the CSA for attempting to address investor and industry concerns that some client statements may not capture or present information for a client in a clear and understandable way.

However, for the reasons outlined in the IFIC Letter and the SLFISI Letter, we ask that the CSA provide mutual fund dealers with the flexibility to organize and arrange statements in a way that provides all necessary information to a client. This would allow dealers to take input from its own clients and format and arrange account statements in a way that makes most sense to its clients. We suggest that prescribing the organization of account statements will lessen the ability of a dealer to creatively and effectively present information to a client.

In respect of the specific proposed changes suggested by the CSA, we admit we do not see high value in providing transaction information that is separated from related accounts. For many registrants, this requirement may also add additional costs for statement reprogramming without any apparent investor benefit and may lead to client confusion.

It is our belief that it would be best to provide dealers with the flexibility to arrange information on account statements in a way that the dealer believes best suits its clients' interests.

- 2. What are the benefits and constraints of the proposal to mandate the use of dollar-weighted methodology, in particular as it relates to providing meaningful information to clients?**

In mandating the use of certain methodology in calculating the percentage return on a client's account, we ask that the CSA provide flexibility to registrants to determine the calculation methodology used for performance reporting. Requiring disclosure and explanations to clients can assist clients in understanding the method used and the information provided.

We can understand why the CSA believes that the dollar-weighted methodology is preferable given that it may identify the actual return on a client's investments, taking into account any internal or external cash flows. We submit, however, that the sole use of the dollar-weighted methodology in performance reporting may provide clients with inadequate information to make investment decisions. Time-weighted calculations provide clients with information as to how specific fund managers have performed during a specific time period.

We also note that other entities in the Sun Life Financial group of companies do not currently use the dollar-weighted calculation methodology. The time-weighted and "modified dietz" methodologies are more commonly used at Sun Life Financial. Sun Life Financial clients are used to seeing and receiving information based on these reporting methods.

In addition, we note that SLGIC and its affiliates would have to invest a significant amount of money to enable a dollar-weighted performance reporting methodology to be established. To prescribe such a methodology would be a significant change to our operations system, and SLGIC, as a small dealer may be required to incur disproportionate costs. Given the complexity of calculations used for the dollar-weighted method on an account-by-account basis, prescribing such a methodology may also significantly delay our ability to deliver timely account statements to clients.

In closing, we appreciate the opportunity to comment on the Proposal and trust that any amendments to National Instrument 31-103 will take into account the interests of the mutual fund industry, the regulators, and investors and we hope that our comments are helpful.

Please do not hesitate to contact us if you have any questions or wish to discuss our comments in more detail.

Yours truly,



Neil Blue
General Counsel
Sun Life Global Investments (Canada) Inc.

c.c. R. Headrick, President
L. Mann, Chief Financial Officer
V. Kwan, Chief Compliance Officer