RBC Global Asset Management

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July 12, 2013

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

C/O: Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
consultation-en-cours@lautorite.qc.ca

The Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

Dear Sir/Madame:

Re: Proposed Amendments to Multilateral Instrument 62-104 *Take-over Bids and Issuer Bids*, National Policy 62-203 *Take-over Bids and Issuer Bids* and National instrument 62-103 *Early Warning System and Related Take-over Bids and Insider Reporting Issues* (the "Proposal")

We have reviewed the Canadian Securities Administrators ("CSA") Notice and Request for Comment on the Proposal and we thank you for the opportunity to provide our comments. As a member of the

Canadian Coalition for Good Governance ("CCGG") we support the comment letter submitted by CCGG but we would like to make two additional points.

First, we would like to emphasize that it is critically important for the CSA not to proceed with the Proposal as published. For the reasons articulated in the letter from CCGG, we believe that the Proposal would have significant negative impacts on the Canadian market including decreased liquidity, increased trading costs, lower returns for investors and reduced access to capital for small and mid-sized Canadian companies. We are strongly of the view that the negative market impacts and associated costs that would result from the Proposal would greatly outweigh any benefits.

Second, we are of the view that if the CSA proceeds with the Proposal, it should not apply to mutual funds. By virtue of section 2.2(1)(b) of NI 81-102, mutual funds are prevented from holding securities representing more than 10 percent of the outstanding voting securities of an issuer and are not allowed to purchase a security for the purpose of exercising control over management of an issuer. This control restriction negates the need for any "early warning" regarding the intentions of a mutual fund. While other institutional investors may commonly invest passively, they are free to take control positions and/or seek control over management and have done so in the past. Since only mutual funds are subject to control restrictions, it is appropriate for the Proposal to create a corresponding exemption for them.

The Proposal notes that the early warning regime provides additional transparency to the market outside of the take-over bid context. However, we think that the transparency resulting from the rule should be understood contextually. The dominant purpose of the rule is to alert market participants of accumulations of securities that may result in a take-over bid or a contest for control. The original September 1998 CSA request for comment regarding proposed NI 62-103 stated that the purpose of the early warning system is to "...ensure that the market is advised of accumulations of significant blocks of securities that may influence control of a reporting issuer. Dissemination of this information is important because the securities can be voted or sold and the accumulation of the securities may signal that a take-over bid for the issuer is imminent". There can be little doubt that the desire to alert the market to an imminent take-over led to the very short deadlines for disclosure above the threshold and correspondingly, why passive investors were exempt from those deadlines under the alternative monthly reporting regime. In light of the dominant purpose of the rule, we believe that the current level of transparency for mutual fund holdings provides ample information to the market and, as noted above, the negative impact of requiring additional disclosure would far outweigh any benefit.

We thank you again for the opportunity to provide you with our comments. If you have any questions regarding the above, please feel free to contact me at dan.chornous@rbc.com or 416.974.4587.

Yours very truly,

Daniel E. Chornous, CFA
Chief Investment Officer
RBC Global Asset Management