Via Mail & Email

June 7, 2002

Canadian Securities Administrators
c/o Mr. John Stevenson
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

And

Ms. Denise Brousseau, Secretary
Commission des valeurs mobilieres du Quebec
800, Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montreal, Quebec H4Z 1G3

Dear Sir and Madam:

RE: CONCEPT PROPOSAL 81-402 A FRAMEWORK FOR REGULATING MUTUAL FUNDS AND THEIR MANAGERS

Thank you for an opportunity to comment on this Concept Proposal. PFSL Investments Canada Ltd. (PFSL) is a member of the Mutual Fund Dealers Association of Canada and is the principal distributor and fund manager of the Primerica Concert Allocation Series of Funds. PFSL has assets under management of approximately $3.6 billion.

PFSL wholeheartedly agrees with the concerns raised in the industry commentary (Investment Funds Institute of Canada letter dated June 4, 2002). We wish to highlight the following:

- Existing regulatory inefficiencies must be addressed prior to the implementation of the Concept Proposal initiatives;

- Implementation of any of the Concept Proposal initiatives must be standardized to avoid the potential of greatly increased costs;

- The cost/benefit analysis may need to be revisited to ensure that smaller firms will not have significant and disparate costs.

- The demographics of the industry and significant advantages both to investors and the industry justify considering the adoption of fund governance on a non-mandatory basis.

PFSL supports the alternative put forward by the Canadian Securities Administrators (CSA) for a “non-regulatory” approach to mutual fund governance. The proposed “regulatory” approach portends a significant cost increase, including new administrative burdens, and raises more issues than it addresses. We encourage the CSA to take a harder look at current issues and perceived inefficiencies before adding additional layers of costs and regulatory burdens.

PFSL agrees with the CSA that a large set of new rules and stringent regulation may be unnecessary for proper mutual fund governance. PFSL agrees with the CSA that an industry standardized set of best practice guidelines for fund governance could address the regulators’ mandate to protect investors. This recognizes that investors are free to compare and assess various mutual funds and their governance systems based on disclosures sanctioned by the industry.

The proposed “regulatory” regime is fraught with business uncertainties and unknown costs. For example, you have proposed giving the governance agency tremendous powers, including the power to call a special meeting of unitholders that might ultimately lead to the dismissal of the fund manager. Surely, the right of individual investors to redeem their investments is the best method of “dismissing” a fund manager. We submit that this basic marketplace right, together with the current disclosure system, is a more effective approach to investor protection.

We thank you for the opportunity to comment.

Yours very truly,

Joe Yassi
Senior Vice-President, General Counsel & Secretary

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cc: M. Yakabuski – SVP and Chief Compliance Officer
L. Vacante - Chairperson