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BY EMAIL

April 1, 2003

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice,
Government of the Northwest Territories
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of Nunavut
c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Email: jstevenson@osc.gov.on.ca

- and -

Commission des valeurs mobilières du Québec
c/o Denise Brousseau, Secretary
800 Victoria Square, Stock Exchange Tower
P. O. Box 246, 22nd Floor
Montréal, Québec H4Z 1G3
Email: consultation-en-cours@cvmq.com

Dear Sirs and Mesdames:

TORONTO

MONTREAL

OTTAWA

CALGARY

VANCOUVER

NEW YORK

LONDON

HONGKONG

SYDNEY

Re: Proposed National Instrument 81-106 - Investment Fund Continuous Disclosure (the "Proposed NI")

I am writing to provide a few further personal comments with respect to the Proposed NI, in addition to the comments set forth in my letter dated December 19, 2002. These comments are not those of the firm.

1. Corporate Law Requirements

The Proposed NI would permit mutual funds to mail annual financial statements to only those beneficial and registered securityholders who request copies¹.

A number of mutual funds are organized as corporations. Pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "OBCA") and the *Canada Business Corporations Act* (the "CBCA"), annual financial statements are required to be sent to each shareholder, except those shareholders who inform the corporation in writing that they do not wish to receive a copy of the financial statements².

Requiring a securityholder to specifically request copies of annual financial statements is likely to result in many fewer copies of the annual statements being printed and mailed than if securityholders are required to elect in writing not to receive them. Accordingly, corporate mutual funds formed under the OBCA or CBCA could not take the same advantage of the costs savings afforded by the Proposed NI (and the discretionary orders which have recently been granted pursuant thereto) and continue to comply with the requirements of the OBCA or CBCA.

I note that pursuant to the OBCA, the Commission has certain powers and authorities with respect to offering corporations formed under the OBCA. I would encourage the Commission to consider working with the corporate regulators to seek legislative changes to permit corporate mutual funds to take advantage of the same costs savings being afforded to trusts.

2. Subsection 10.1(4) of National Instrument 81-102 ("NI 81-102")

Subsection 10.1(3) of NI 81-102 requires the manager of a mutual fund to provide to security holders at least annually a statement outlining redemption procedures. Subsection 10.1(4) states that a separate statement is not required if the required description of the redemption procedures is

¹ Section 2.2 of the Proposed NI.

² Subsection 154(3) of the OBCA and Subsection 159(1) of the CBCA.

included in “the mutual fund’s annual financial statements or annual report, or in a simplified prospectus that is sent to all securityholders in that year”.

Presumably, mutual funds can comply with the requirements of subsection 10.1(3) of NI 81-102 by including the required information in the annual financial statements, even if the statements are not sent to all securityholders. Otherwise, the exemptions granted by Section 2.2 of the Proposed Instrument would be significantly less meaningful. Perhaps subsection 10.1(3) or subsection 10.1(4) could be amended to clarify this.

I trust these comments are helpful.

Yours truly,

“Jennifer Northcote”

Jennifer Northcote

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