

April 30, 2003

Mr. Stephen Paglia, Senior Policy Analyst
Joint Forum Project Office
5160 Yonge Street
Box 85, 17th Floor
North York, Ontario M2N 6L9

Email: spaglia@fscs.gov.on.ca

Dear Mr. Paglia:

RE: Consultation Paper 81-403 – *Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds*

Franklin Templeton Investments Corp. (“FTI”) welcomes the opportunity to make written submissions with respect to the Joint Forum of Financial Market Regulators’ (the “Joint Forum”) Consultation Paper 81-403 (the “Consultation Paper”).

FTI is a wholly owned subsidiary of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton Investments. Through its subsidiaries, Franklin Templeton Investments provides global and domestic investment advisory services to the Franklin, Templeton, Bissett and Mutual Series mutual funds and institutional accounts. In Canada, FTI has more than 650 employees providing services to more than 1.8 million unitholder accounts and more than 200 pension funds, foundations and other institutional investors.

Issues for Comment

We have the following comments with respect to issues raised in the Consultation Paper:

When must delivery of the Fund Summary document occur?

We support the proposal to have a fund summary document delivered before or at the point of sale rather than after the sale has occurred if the corresponding result is to remove the rights of rescission and rights of withdrawal for investors of mutual funds.

However, we believe that in adopting this approach it is essential to provide sales representatives with the flexibility to choose to deliver the fund summary document ahead of time or at the point of sale as the needs of particular clients may vary. It was unclear to us if the proposal in the Consultation Paper would permit “at” point of sale delivery. We believe that fund summary documents will be drafted in such a way that they could add value to the decision making process at the time of sale.

We believe that it may be not practical to make fund summary documents available to investors before or at the time a sale is completed. There may be circumstances where investors are purchasing over the telephone or via the Internet. We support the idea of telling investors what the fund summary says in circumstances where delivery prior to or at the time of purchase is impractical.

We also think that delivery could be achieved by advising clients where the fund summary document can be accessed on the Internet supporting the principle that access equals delivery. Finally, we believe that investors should be given the opportunity to waive their right to receive such documents prior to or at the completion of a sale.

Although we support the approach identified above, we do believe that National Instrument 81-102 mutual funds continue to be at a competitive disadvantage to securities sold in the secondary market place that do not require any point of sale disclosure.

Fund families in Foundation and Fund Summary Documents

We believe that foundation and fund summary documents must be permitted to describe more than one fund. Requiring these documents for individual funds will only duplicate work for the fund managers and increase costs to the mutual funds and their investors.

Summary

We thank you for the opportunity to comment on the issues raised by the Consultation Paper and we reiterate our support for the Joint Forum's initiative. We are supportive of the general thrust of the Consultation Paper and we hope that you find our comments useful.

In you have any questions regarding our comments, please feel free to contact me by telephone at 416.957.6051 or by e-mail at lisa-johnson@franklintempleton.ca or my colleague, Brad Beuttenmiller, Corporate Counsel at 416.957.6010/bbeuttenmiller@franklintempleton.ca.

Yours truly,

FRANKLIN TEMPLETON INVESTMENTS CORP.

“Lisa Johnson”

Lisa D.K. Johnson
Vice-President and Chief Counsel, Canada