

From: Don Panchuk <DPanchuk@phn.com>
To: "'capsa-acor@fsco.gov.on.ca'" <capsa-acor@fsco.gov.on.ca>
Date: Tue, Aug 26, 2003 5:32 PM
Subject: 81-404 Capital Accumulation Plans - Comments on Draft dated April2003

Attention: Davin Hall, Policy Manager (A)
CAPSA Secretariat

Guidelines

2.2.1 end of first paragraph "limit the type and quality of investment options"... If the quality of an investment option is limited because of the sponsor's choice of service provider, then it would appear the sponsor is liable right from the start, so perhaps this could be reworded.

3.4.2 fifth bullet "any real or perceived lack of independence of the advisor relative to other providers,....." Wouldn't this preclude an investment manager whose funds are being used by a CAP, from offering investment advise? Advise of this nature should be permitted. Putnam in the U. S. has indicated it will offer advise to members of 401K plans where they are the manager.

4.2.2 Attention must be brought to the risk of over-investing in employer securities. third bullet - at the end of"any material risks of investing in the security" add including the risk of having your employment and more than 10% your CAP savings invested in your employer

4.4 last paragraph - What is meant by "where appropriate", what conditions apply? Also, we feel strongly that there should be complete transparency regarding costs therefore fees, expenses and penalties should not be aggregated. Plan members should know what they are paying for each service. Service providers have been known to hide their exorbitant fee by aggregating it with other fees.

Implementation

We are supportive of the proposed implementation strategy for the guidelines which will harmonize regulation among the sectors.

Don S. Panchuk CA
Vice President Administration & Regulatory Matters and Secretary
PHILLIPS, HAGER & NORTH INVESTMENT MANAGEMENT LTD.
Waterfront Centre, 20th Floor
200 Burrard Street, Vancouver, BC Canada V6C 3N5
Direct: 604.408.6057 Facsimile: 604.685.5712
Website: www.phn.com

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CC: Don Panchuk <DPanchuk@phn.com>