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Senior Vice-President
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April 8, 2004

DELIVERED VIA E-MAIL

Mr. John Stevenson, Secretary
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Ontario Securities Commission
Suite 1900, Box 55
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and

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

Dear Sir/Mesdames:

RE: CANADIAN SECURITIES ADMINISTRATORS ("CSA")
PROPOSED NATIONAL INSTRUMENT 81-107
INDEPENDENT REVIEW COMMITTEE FOR MUTUAL FUNDS ("IRC")

We have reviewed the submission by the Investment Funds Institute of Canada ("IFIC") and are generally supportive of their submission. We are supportive of a stronger governance structure which balances investor protection and business efficiencies and practicalities. The removal of restrictive regulations in favour of a mandatory governance structure is a positive development.

APPLICATION

It is noted that National Instrument 81-107 (the "Instrument") is confined by Section 1.2 to mutual funds essentially governed by National Instrument 81-102. One must remember that the management and distribution of investment funds is a very competitive business and the imposition of a set of rules pertaining to one particular

product separate and distinct from the universe of investment funds should be done so carefully having regard for investor protection and competition. The Instrument, in its commentary, makes reference to many competing products and one could add to that wrap accounts and segregated funds, which are sold on a competitive basis to mutual funds but are not subject to the same regulations to those of mutual funds to be governed by the Instrument. It is our view that the rules as established should apply to all manners of organizational structure in equal fashion.

INDEPENDENT REVIEW COMMITTEE

We note that a separate committee of a board of directors or a trustee registered trust company could act as the IRC assuming sufficiency of independence and we concur with this suggestion. In this structure, the IRC would report ultimately to such board of directors whereas in the Instrument there does not appear to be an appropriate reporting structure for an IRC that might be created outside this particular model.

We are of the view that a mandatory term of 5 years is too short and would favour a time closer to 3 - 3 year terms in order to maintain continuity and quality of the IRC.

With respect to Section 2.3 of the Instrument, it is our view that vacancies on the IRC should only be filled by the mutual consent of the manager and the IRC. To have a self perpetuating body can lead to other issues to the detriment of the business and, ultimately, to investors. Giving the manager some degree of control over appointment does not, in our view, detract from independence, given liability and reputational risk of the IRC members.

The application of the concept of independence should have a transition period that comes into effect only upon the effective date of the Instrument similar to Multilateral Instrument 52-110 - Audit Committees and there should be a de minimus amount of compensation threshold for service providers and consultants to the mutual fund, the manager and its organizational structure. Additionally, the cooling off period provided for under commentary item 4 with respect to Section 2.4 should be two years instead of three. The concern, of course, is to have an adequate pool of qualified individuals, knowledgeable about the industry, to be available to act as members of an IRC.

We are concerned that the question of unlimited liability attaching to members of the IRC may be a detriment to establishing an adequate pool of qualified individuals and we would support the CSA, once having the authority to do so, limiting such liability. Such a limitation would facilitate the purchase of D & O insurance which should be permitted to cover members of an IRC in the circumstances set forth in Section 125 of the CBCA.

Additionally, we are not in favour of the IRC setting its own compensation and it should be set by mutual agreement of the manager and the IRC to bring some discipline to the process.

CONFLICTS OF INTEREST

Under the drafting of Section 3.1, it should be made clear that the IRC could approve policies and procedures with respect to the matters considered to be a conflict of interest rather than managing the business on a day by day basis and then rely on reports of the fund manager and or presentations to ensure that the policies and procedures are being adhered to.

We would be pleased to discuss any of the foregoing comments with you at your convenience.

Yours truly,

INVESTORS GROUP INC.

W.T. WRIGHT, Q.C.

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