What are you doing after work?

May 31, 2004

VIA ELECTRONIC MAIL

Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Nova Scotia Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Re: Request for Comment – Notice of Proposed Multilateral Policy 58-201 Effective Corporate Governance ("MP 58-201") and Proposed Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices ("MI 58-101")

AGF Management Limited ("AGF") is pleased to provide comments in respect of MP 58-201 and MI 58-101. AGF is one of Canada's leading independent wealth management companies, offering over 50 mutual funds to Canadian investors through its subsidiary, AGF Funds Inc. Through its affiliates AGF also provides discretionary investment management advice, offers trust products and operates one of the largest third party back office administration services company in Canada. AGF has been a reporting issuer in Canada since 1968 and is supportive of corporate governance principles and objectives which seek to establish structures and processes that will foster transparency and accountability in the marketplace. Ultimately, investor confidence will be strengthened.

We have outlined below a number of comments that we believe must be considered before finalizing the MP 58-201 and MI 58-101, including a general comment as to inconsistency of regulatory approach in light of the introduction of Proposed Multilateral Instrument 51-104 Disclosure of Corporate Governance Practices ("MI 51-104"), an alternative approach which has been proposed by the securities regulatory authorities in British Columbia, Quebec and Alberta.

Recommended Best Practices

MI 58-101 mandates different disclosure standards for issuers depending on whether or not the issuer is a "venture issuer" as defined in MI 58-101. We believe that this creates a two-tier approach to corporate governance best practices that incorrectly assumes that all issuers fall easily within one tier or the other, however inappropriate such best practices may be for a particular issuer. We do not feel that corporate governance best practices can simply be divided into two standards. For this reason, we suggest that there should not be a modified disclosure obligation for venture issuers.

Codes of Business Conduct and Ethics

MP 58-201 proposes that issuers adopt a code of ethics but does not require it. MI 58-101 would require issuers to file their code of ethics and subsequent amendments to such code of ethics on SEDAR. MI 58-101 would also require issuers to issue news releases in respect of each and every waiver from their code of ethics. We believe that such a regime creates a dual standard with the potential result that those issuers that choose not to adopt a code of ethics would not be subject to the same regulatory review as those issuers that have adopted a code of ethics. Moreover, the additional disclosure and filing obligations associated with the adoption of a code of ethics seem too strict and inflexible. For example, even the most insignificant waivers from the code of ethics

would require the issuance of a news release which could potentially send an inaccurate message to the investing public.

Uniform Approach to Corporate Governance

With the introduction of MI 51-104 by the securities regulatory authorities in British Columbia, Quebec and Alberta, we have a concern as to the inconsistency of approach to corporate governance disclosure across Canada. While MP 58-201 outlines various corporate governance guidelines and MI 58-101 requires issuers to disclose their practices as measured up to such guidelines, MI 51-104 encourages issuers to adopt corporate governance practices and policies that are most suitable to them and disclose as such. Furthermore, there are key differences in the disclosure requirements of each proposal in relation to, among others matters, director independence, board and board committee mandates, performance assessments, venture issuers and codes of business conduct. It is our hope that a uniform approach can be agreed upon by the Canadian Securities Administrators.

We believe that the most important criteria for any effective corporate governance regime must include harmonization and regulatory uniformity. The lack of these elements is, in our opinion, the greatest weakness to the current proposals. What has become evident to AGF over the years is the continuing increase in costs of compliance and the costs of regulation, a large component of which is as a result of complying with separate securities regulatory regimes within Canada. While one might argue that there are reliance regimes in place, this does not reduce the need to ensure that AGF is in compliance and meets the regulatory requirements of all applicable jurisdictions. This simply adds costs. If, instead, Canada had a uniform approach to corporate governance practices and disclosure, with harmonization among the securities regulators in its application and interpretation, the Canadian capital markets would be far healthier and investor confidence would be bolstered.

We appreciate the opportunity to comment on MP 58-201 and MI 58-101 and reiterate that we support the principles upon which the best practices are based. If you have any questions regarding the foregoing please do not hesitate to contact us.

Yours truly,

"J. Goldring"

Judy Goldring
General Counsel and Senior Vice President,
Business Operations