

Confidential

July 5, 2004

c/o Secretary to the Commission
Ontario Securities Commission
19th Floor, 20 Queen Street West,
Toronto, Ontario M5H 3S8

Re: Mutual Fund Dealers' Business Arrangements

The Ontario Securities Commission June 2004 Issues Paper

Further to Mr. David Brown's June 11th request for input on subject Issues Paper, there is no mention of the incidence of these joint service and/or omnibus account arrangements among the mutual fund dealer (MFD) universe so we cannot comment on whether it is a widespread practice. Our firm does not have any such arrangements and the nature of our business does not bring us in contact with other mutual fund dealers who may have such arrangements.

Should the OSC relax, or change, the current regulatory regime to accommodate these arrangements of convenience? One should first determine the incidence of these practices before contemplating wholesale change.

We suggest you contact the MFDA and the IDA and insist on an itemization of their respective members engaged in such practices. If a large number, one would then conduct research on a representative sample of these dealers and their clients to probe investor awareness of their MFD's qualifications, their level of satisfaction, and quantify the incidence of what could be deemed investor abuse. While this project could require 2 or 3 months to complete, the data/feedback would certainly help to extrapolate an objective OSC policy response to a clearly illegal activity. The research would need to be conducted by a third-party and seen to be a joint effort of the OSC, the MFDA, and the IDA with research objectives, and costs, shared.

Requiring the dismantling of these arrangements without establishing parameters for change from the input of investors involved in the practice will ultimately lead to accusations of the OSC being out of touch with the investing public.

Sincerely,
TWENTY-FIRST CENTURY FUNDS INC.

Denis Declé
Executive Vice-President (Compliance Officer)