

July 15, 2004

c/o Secretary to the Commission
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5H 3S8

Dear Sir/Madam:

Please find attached our comments relating to the Mutual Fund Dealers Business Arrangements

A copy of our comments has been placed on a diskette and will be sent under separate cover from this fax.

Sincerely,

Terry Davis
Chief Financial Officer

MUTUAL FUND DEALERS BUSINESS ARRANGEMENTS

Q1: Yes, we agree with the description of current industry trends. We are aware that some mutual fund clients whom wish to hold individual securities have discount brokerage accounts which they service themselves.

Q2: We are not aware of other relevant business arrangements that may have developed in response to industry trends.

Q3: Clients can only be properly served if the portion of their portfolio not held by a mutual fund dealer is serviced by a discount or full brokerage firm.

Q4: Dealers must enforce their agents that only mutual fund securities or assets under their registration are serviced by the agents.

Q5: Clients should be informed in writing that these accounts are not different than discount trading accounts and that the dealer and representative have no coverage over the account. Therefore, it is important that clients understand they may have an asset in an account similar to a discount brokerage account without all the benefits of a discount brokerage account.

Q6: The requirements could be that all these trading accounts should be directly in client name. This would require more active involvement by the client in the active trading of securities in this portion of their portfolio.

Q7: Each party of a joint service arrangement must understand their role and clearly define it to the client. Every dealer must maintain their line of responsibility (mutual funds only, securities, etc.) regardless of whether a client has a joint service arrangement or not. A joint service arrangement document could be signed by all involved parties defining the arrangement.

Q8: A joint service arrangement document could be signed by all parties and kept on file by all parties. Perhaps this could be updated every 12 or 18 months and resigned to keep the understanding current.

Q9: The joint service arrangement document should be reviewed on a timely basis so as to reiterate to the client the basis and guidelines to the arrangement.

Q10: A dealer agreement should be signed by the two dealers specifying the supervisory, accountability and liability issues that must also be signed by the salesperson. All parties must understand their role and duties and also their limitations based on their registration.

Q11: The mutual fund salesperson should have their securities (CSC) exam and maintain that designation.

Q12: A potential issue is revenue sharing.

Q13: Client needs are met if they are able to hold separate assets in two different accounts. The need to have all assets in one account is minimal, if this is a priority clients should have a full brokerage account. Both dealers need to ensure that each other are maintaining their clear lines of responsibility. Neither dealers or clients are served if one dealer or salesperson cross their line of responsibility based on their registration.

Q14: No.

Q15: An alternative solution would be mandatory joint service arrangement or omnibus account arrangement documents signed and maintained by all parties in these specific circumstances. Periodic review could be compulsory to keep clear lines of responsibility and understanding along with supervisory so as the client understands the full nature of the structure of the accounts.

Q16: Yes.

Q17: Do not anticipate any impact to our firm or clients as these types of arrangements are not used.