

July 30, 2004

Mr. John Stevenson
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

Dear Mr. Stevenson:

**Re: Changes to Proposed National Instrument 81-106 – Investment Fund
Continuous Disclosure**

The Association of Canadian Pension Management (ACPM) is the national voice of private and public sector pension plan sponsors in Canada, as well as the professional advisory firms they retain. The ACPM represents pension plans with \$300 billion in assets and over 3 million plan members.

ACPM's mission is to promote the growth and health of Canada's retirement income system by championing the following principles:

- clarity in pension legislation, regulation and arrangements;
- good governance and administration; and
- balanced consideration of stakeholder interests.

We are writing in response to the request for comments on Changes to Proposed National Instrument 81-106 (the "Instrument"). Thank you for the extension granted with respect to the deadline for comments (provided by Mr. Raymond Chan of the Ontario Securities Commission).

Our focus in this letter is on investment funds that are not "reporting issuers" under securities laws (we have referred to these as "pooled funds" in this letter). These would include private pooled funds established for the investment of pension fund assets.

We note that private investment funds are relevant to pension funds in various ways. In particular, a defined benefit pension fund may choose to invest in a pooled fund, and a defined contribution pension plan may make pooled funds available as an investment option for member accounts.

We are pleased that the regulators considered the many thoughtful responses they received to the initial Proposed National Instrument 81-106 in April 2003. In particular, the subsequent clarification of the inclusion of a "summary of portfolio investments" to the required contents of annual and interim financial statements was appreciated. In addition, the proposed changes seem to recognize that pooled funds are currently required to prepare, file and provide to investors annual and interim statements in accordance with GAAP. Additional requirements appeared to have been removed. We also see that the Instrument now provides for an exemption for "non-reporting issuer" (or pooled fund) with respect to the filing of annual and interim financial statements.

...2

Where there is still concern for us is in the area of the timing of the implementation of this proposal – December, 2004. Although there is very little that impacts pooled funds, the short implementation time frame will cause additional work and potential costs to most providers of investment funds. We would recommend a phased-in introduction of the requirements so that the investment industry can adjust to the increased disclosure requirements and shorter deadlines. The second area of concern is in any requirement that may increase costs. As we stated in our April 30th, 2003 letter pension funds are long term investors and even a small increase in cost can have a considerable impact.

We would be pleased to provide further comments if required.

Yours truly,

The Association of Canadian Pension Management

(ORIGINAL SIGNED BY):

Michael Beswick
Chair
Advocacy and Government Relations Committee