
PERFORMANCE THROUGH INNOVATION
BARCLAYS GLOBAL INVESTORS

September 20, 2004

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

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
jstevenson@osc.gov.on.ca

- and -

Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3
Attn: Anne-Marie Beaudoin, Directrice du secretariat
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

**Re: Request for Comments: Changes to Proposed National Instrument 81-106,
Investment Fund Continuous Disclosure, Form 81-106F1 and Companion
Policy 81-106CP Investment Fund Continuous Disclosure**

We at Barclays Global Investors Canada Limited (Barclays) thank you for your invitation to comment on the changes to proposed NI 81-106 and related documents released on May 28, 2004. We are strong believers in the value of meaningful dialogue between regulators and industry participants and commend the Canadian Securities Administrators for the

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thorough public consultation they have undertaken in connection with the Proposal.

Barclays, which currently manages over \$40 billion in assets, is one of Canada's largest and fastest growing investment managers. We are not the manager of any traditional mutual funds but do manage the iUnits family of exchange-traded funds and use non-prospectused mutual funds ("pooled funds") to a fairly significant extent in our core business of providing investment advisory services to Canadian pension funds and other institutional investors. BGI is part of a global investment management business that manages over a trillion dollars in assets and we therefore have very broad experience in regulatory approaches applied to this industry, including disclosure obligations applicable to investment funds.

In response to the CSA's September 20, 2002 request for comments on proposed NI 81-106, Barclays made a submission dated December 16, 2002 that set out our general support for the proposal but also identified various areas of concern. We appreciate the changes that the CSA have made in response to our comments and those of other parties who provided comments. We generally support the changes contemplated in the second publication of NI 81-106 but do have several remaining concerns which are set out below.

Specific Comments

Past Performance Calculation Requirements in Form 81-106 F1 to NI 81-106

Our most significant concern with the proposed changes relates to the impact of the proposed changes on the methodology of performance calculation by exchange traded investment funds. Subsection 4.1(5) of Item 4 in proposed Form 81-106F1 requires that "despite subsections (3) and (4), investment funds that are traded on an exchange must not make the assumption that all distributions made by the investment fund in the period shown were reinvested in additional securities of the investment fund." This requirement would make it impossible for investors to compare in a meaningful way the past performance of such listed investment funds with non-listed investment funds. This outcome is entirely inconsistent with the CSA's objective of ensuring more transparency for investors and enabling a more meaningful understanding of the investment options available to investors. We would also note that many investment dealers through whom the units of exchange traded investment funds are purchased do make distribution reinvestments available.

The only possible differences between listed investment funds and other investment funds that could give rise to this requirement would be that (a) current listed investment funds have not implemented distribution reinvestment plans or (b) distribution reinvestment plans available through dealers give rise to commission costs which are not payable as part of distribution re-investment plans available in respect of non-listed investment funds. Even given these differences, the impact of the proposed prohibition on the ability of investors to compare investment alternatives is unwarranted. Where these differences are non-existent or are otherwise addressed, the proposed prohibition is entirely indefensible.

We strongly urge the CSA to delete this provision in the interest of providing transparency and meaningful disclosure to investors. If the CSA is unwilling to delete the provision in its entirety however, we believe that, at a minimum, the prohibition should not apply to (a) exchange traded investment funds that make distribution reinvestment available to investors or (b) where such an option is available through dealers. If a commission may be payable in respect of reinvestments through plans made available by dealers, this fact should be disclosed regardless of whether the investment fund is exchange traded or not.

Financial Statement Filing Deadlines

We continue to be concerned with the shortened filing deadlines contemplated by NI 81-106. As noted in our 2002 submission, while the raw data that forms the basis of financial statements will be available almost immediately following the end of the relevant financial period, a significant amount of work goes into preparing and delivering the actual statements - in addition to fund company staff, third parties for whom the current time periods have proven challenging and over whom fund companies exercise no direct control play a pivotal role. In addition to this existing level of administrative burden, the CSA also proposes that all interim reports be reviewed and approved by the funds' manager/trustee or board. This will require additional time for review and approval. The CSA has proposed a "transitional year" where the existing 120 and 60 day filing deadlines will continue to apply but we remain concerned that the time frames that will become effective after the transitional year will place significant strain on many fund groups. In the absence of any direct evidence that providing financial statements within the proposed time periods would materially improve the ability of investors to make investment decisions, we would strongly urge the CSA to retain the existing time periods, particularly with respect to interim financial statements.

Management Reports of Fund Performance

We appreciate the proposed change from quarterly reporting requirements for investment funds that are reporting issuers to annual and semi-annual reporting.

Prohibition on "Binding" Documents

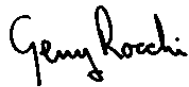
The changes proposed by the CSA do not address the concerns raised by many commentators in response to the original request for comments on proposed NI 81-102 related to the prohibition in clause 7.4(3) on binding together in one document management reports of fund performance of multiple funds. The CSA has indicated that this prohibition is intended to ensure that MRFP's do not become "generic" commentaries. Particularly where funds are managed in a similar fashion (such as index funds where the manager does not have discretion to increase or decrease sector exposures for example) we believe this concern is misplaced. Permitting the binding of similarly managed funds' MRFP's in one document will in fact better achieve the CSA's goal of facilitating comparisons between funds in an efficient way

Conclusion

We reiterate our general support for the disclosure regime contemplated by proposed NI 81-106 and congratulate the CSA for its willingness to consider improvements to this regime as reflected in the changes to the original proposal. We trust that this willingness to consider improvements will extend to a consideration of the points raised in this letter and, in particular, to a re-consideration of proposed subsection 4.1 of Form 81-106F1.

Please contact the undersigned or Warren Collier, General Counsel (416-643-4075) for further explanation or clarification of any of the points made in this letter.

Sincerely,

A handwritten signature in black ink that reads "Gerry Rocchi". The signature is written in a cursive, slightly slanted style.

Gerry Rocchi
President
Barclays Global Investors Canada Limited