



CANADIAN BANKERS ASSOCIATION

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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

c/o Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8
Email: jstevenson@osc.gov.on.ca

And to:

Ms. Anne-Marie Beaudoin
Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
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Montreal, Quebec H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs and Madames:

**Re: National Instrument 81-107 – Independent Review Committee (“IRC”)
for Mutual Funds (Second Publication)**

The Canadian Bankers Association (“CBA”) appreciates this opportunity to comment on Proposed National Instrument 81-107, IRC for Mutual Funds as re-published in revised form (the “Revised Instrument”).

We have the following comments:

Need for materiality threshold

The definition of a "conflict of interest matter" in section 1.3 of the Revised Instrument does not provide a materiality threshold for such matters. As a result, there could be matters that amount to "conflict of interest matter(s)" in accordance with the definition, that are not sufficiently important or material to warrant referral to or consideration by the independent review committee.

We would suggest that a materiality threshold be established, through the addition of the word "material" in sections 1.3 and 5.1 of the Revised Instrument, which are set out below (in part), with the word "material" inserted in square brackets:

1.3 Meaning of "conflict of interest matter"

(1) In this Instrument, "a conflict of interest matter" means a matter in respect of which a reasonable person would consider the manager or an entity related to the manager to have an interest that may [materially] conflict with the manager's ability to act in good faith and in the best interests of the investment fund.

...

5.1 Manager to refer conflict of interest matters to independent review committee

Subject to section 5.4, if a [material] conflict of interest matter arises, and before taking any action in the matter, the manager must ...

Definition of "manager"

The definition of "manager" in NI 81-107 provides as follows:

1.7 Meaning of "manager"

In this Instrument, "manager" means a person or company that directs the business, operations and affairs of an investment fund.

We are concerned that the definition could be interpreted to mean that a fund could have more than one manager, and could result in the Instrument being applied to investment managers rather than only the fund manager. We would submit that this definition should be clarified.

We have appreciated the opportunity to express our views regarding the Instrument. We would be pleased to answer any questions that you may have about our comments.

Yours truly,

