

August 25, 2005

Ontario Securities Commission  
20 Queen Street West  
Suite 1903, Box 55  
Toronto, Ontario  
M5H 3S8

Attention: John Stevenson  
Secretary to the Commission

Dear Sirs/Mesdames:

**RE: Proposed National Instrument 81-107 – Independent Review Committee for Investment Funds**

Franklin Templeton Investments Corp. ("FTI") welcomes the opportunity to make a submission with respect to the proposed National Instrument 81-107 – Independent Review Committee for Investment Funds (the "IRC Proposal").

FTI is a wholly owned subsidiary of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton Investments. Through its subsidiaries, Franklin Templeton Investments provides global and domestic investment advisory services to the Franklin, Templeton, Bissett and Mutual Series funds and institutional accounts. In Canada, FTI has more than 700 employees providing services to more than 1.8 million unitholder accounts and more than 200 pension funds, foundations and other institutional investors.

FTI has concerns with respect to the definition of "independent" in the current draft of the IRC Proposal. Section 1.5(1) of the IRC Proposal states: "...a member of the independent review committee is 'independent' if the member has no material relationship with the manager, the investment fund, or an entity related to the manager." Commentary 1 to Section 1.5 states, in part, "...all members of the IRC must be independent of the manager, the investment fund *and entities related to the manager.*" [italics mine]

The definition of "independent" and the commentary provided both seem to preclude independent directors of a manager's subsidiary or affiliate from acting as members of the IRC for that manager's investment funds.

FTI is of the view that independent directors of a manager's subsidiary or affiliate should not be excluded from the list of IRC candidates for a manager's investment funds solely because of their role as independent directors of a manager's subsidiary or affiliate. We believe that independent directors of an entity related to the manager would be

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sufficiently independent of the manager such that their determinations and/or recommendations made as IRC members would not be impacted by their role as independent directors of a manager's subsidiary or affiliate.

Moreover, independent directors of a manager's subsidiary or affiliate would have knowledge, insight and experience of the investment fund business, gained from working with an entity related to the manager. Such independent directors would be qualified individuals who could provide significant benefit to investment funds if allowed to serve as IRC members.

Finally, we believe that when the IRC Proposal comes into force, there will be many managers seeking qualified candidates for their IRC, thus increasing the competition for IRC members and reducing the available pool of IRC candidates. While Commentary 2 to Section 3.1 of the IRC Proposal holds out the possibility of investment funds sharing IRC members with another manager, we believe that, for competitive reasons, IRC members will not be "shared" amongst fund managers. Therefore, excluding independent directors of a manager's subsidiary or affiliate will further decrease the available pool of IRC candidates and may exacerbate the issue of finding knowledgeable and qualified IRC members.

Thank you for your consideration of this submission. Please feel free to contact the undersigned at 416.957.6010 should you have any questions or wish to discuss our submission.

Yours truly,

**FRANKLIN TEMPLETON INVESTMENTS CORP.**

Brad Beuttenmiller  
Corporate Counsel

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