IGM Financial Inc. One Canada Centre, 447 Portage Avenue, Winnipeg, Manitoba R3C 3B6

W. SIAN BURGESS LL.B.
Senior Vice-President and General Counsel

April 4, 2007

British Columbia Securities Commission,
Alberta Securities Commission,
Saskatchewan Financial Securities Commission,
The Manitoba Securities Commission,
Ontario Securities Commission,
Autorité des marchés financiers,
Nova Scotia Securities Commission
Securities Administration Branch, New Brunswick

Dear Sirs/Mesdames:

Re: Request for Comment
Proposed National Instrument 41-101 (General Prospectus Requirements)
and Companion Policy 41-101CP and associated Consequential Amendments

This letter is in response to the Canadian Securities Administrators ("CSA") request for comments on the proposed revocation and replacement of NI 41-101, issued on December 21, 2006 (the "Instrument"). We acknowledge that comments on the proposal are requested by March 31, 2007, and that the Notice indicates that the Instrument is not expected to become effective until December 2007.

Information about IGM Financial Inc.

IGM Financial Inc. ("IGM Financial") is a publicly traded company listed on The Toronto Stock Exchange ("TSX") with a market capitalization of approximately $13.0 billion as at December 31, 2006. We participate in the management of mutual funds in the Canadian mutual fund industry through 3 mutual fund managers, being Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. These companies also engage in mutual fund dealer activities through related companies. Please refer to the organizational chart attached as an Appendix to this letter. Each of Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. sponsors its own family, or families, of mutual funds that are distributed across

Canada. As at December 31, 2006, collectively we offer approximately 343 different investment funds (including the segregated fund versions of some of our own funds offered through The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company) valued at approximately $107 billion, with over $119 billion in total assets under management.

General Comments on the Instrument

We commend the CSA's initiative to harmonize the prospectus disclosure requirements among Canadian jurisdictions, and to replace them with a uniform Instrument. In particular, we applaud the CSA's efforts to extend the application of the Instrument to all "investment funds", including mutual funds regulated under National Instrument 81-101 – Mutual Fund Prospectus Disclosure ("NI 81-101") through the accompanying Consequential Amendments associated with the Instrument. In this regard, we are hopeful that the continuing mandate of the Joint Forum of Financial Market Regulators (the "Joint Forum") to co-ordinate and streamline the regulation of products and services in the Canadian financial markets will result in the application of uniform prospectus disclosure requirements for all investment funds that are sold on a competitive basis to mutual funds.

IGM Financial fully supports any reasonable prospectus disclosure requirement that seeks to provide securityholders with relevant information they may reasonably desire in order to make a fully informed investment decision. In this regard we wish to note that the application of prospectus disclosure requirements should be done on a common sense basis, with the recognition that securityholders may become easily overwhelmed by the mountain of information contained in a prospectus. This reality was recently confirmed by the Report of the Task Force to Modernize Securities Legislation in Canada (the "Allen Report") issued in October 2006, which indicates that mutual fund securityholders found their prospectuses to be of "quite limited value" due primarily to the overwhelming amount of information presented in them. (Please see page 287 in Volume 2 of the Allan Report).

We wish to take this opportunity to provide you with our comments with respect to some of the questions posed by the CSA in the Notice, as well as other aspects of the Instrument of particular interest to Investors Group as discussed herein.

Our major comments are highlighted below, and are to be read in conjunction with additional comments that are provided in the schedule attached to this letter.

Auditor Review of Unaudited Financial Statements

The Consequential Amendments propose to add new section 2.7 to NI 81-101 requiring that any unaudited financial statements included (or incorporated by reference) in a simplified prospectus be "reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund's auditor..". For the reasons discussed in greater detail in the attached schedule, the proposed additional auditor review requirement would, in our view, impose a significant and costly burden on the industry with little or no benefit to fund securityholders.

We also wish to express our concern that the CSA seems to be attempting to re-introduce a requirement through this Instrument that was thoroughly discussed and dismissed during the comment period for NI 81-106.

Personal Information Form and Authorization to Collect, Use and Disclose Personal Information

The Instrument will require Issuers to deliver a completed Personal Information Form and Authorization ("PIFA") for each director and executive officer of the Issuer, its manager (in the case of an investment fund) and promoter (and, except in Ontario, each beneficiary of the offering). For the reasons detailed in the attached schedule, this will result in a substantial increase in time and effort.

In Section 2.1 of 41-101CP (the "Companion Policy"), the CSA indicates that:

> "…a sufficient number of the directors and officers of the issuer should have relevant knowledge and experience so that a securities regulatory authority or regulator will not conclude that the human and other resources are insufficient to accomplish these purposes [of the issuer]. If the requisite knowledge and experience are not possessed by the directors and officers, a securities regulatory authority or regulator may be satisfied that the human and other resources are sufficient if it is shown that the issuer has contracted to obtain the knowledge and experience from others."

In our view, the CSA would be conferring upon administrative staff of a regulator the ability to make this assessment based solely upon the authority of the Companion Policy, and in the absence of any published proficiency requirements or other objective benchmarks. We believe that this kind of substantive regulation demands fulsome and clear delineation of the requirements upon which assessments of this nature are conducted, and is, in our view, not well-suited for purposes of an Instrument intended only to prescribe prospectus disclosure requirements.

The Registration Reform Project currently underway by the Canadian Securities Administrators is intended to focus proposals relating to the determination of

whether the officers and directors of a fund, its manager or promoter are 'fit and proper' (including proficiency or experience requirements) pursuant to the proposed registration requirements contained in National Instrument 31-103 – Registration Requirements ("NI 31-103"). Accordingly, we believe that consideration of proficiency and experience should be considered more appropriately through the NI 31-103 review and comment process rather than through commentary in the Companion Policy to this Instrument.

Date of the Prospectus

Section 2.3(1) of the Instrument proposes that an issuer must file its final prospectus within 90 days after the date of receipt for its preliminary prospectus. It has been our experience that the time required to clear a final prospectus is sometimes beyond the control of the issuer, and that unique offerings can take more than 90 days to complete the review by regulators due to novel issues raised in the filings or the nature of required regulatory relief. Therefore, this requirement is likely to, in some cases, result in needless time and effort in seeking relief to extend the approval period. In view of the other requirements in the Instrument concerning amendments to the preliminary prospectus and delivery of the final prospectus to each recipient of the preliminary prospectus, as discussed in greater detail in the attached schedule, we suggest that the waiting period continue to be 180 days.

Lapse Date

The CSA proposes to introduce into NI 81-101 a new section that all distributions completed after the expiry of its lapse date may be cancelled at the option of the purchaser within 90 days of the purchaser's "first knowledge of the failure to comply with [the conditions prescribed in Section 2.5(4)] where any of the conditions to the continuation of a distribution under subsection (4) are not complied with." We are concerned that this 90-day cancellation privilege provides the purchaser with an inordinately long period of time during which they essentially have an option which he or she may choose to exercise at the end of the 90-day period once it is clear whether their mutual fund has increased or decreased in value since the date of their purchase. We suggest that this period be narrowed to no more than 10 days, and that notice may be provided in the same manner as allowed for material changes under National Instrument 81-106, i.e. through the prompt issuance of a press release followed within 10 days by the filing of a material change report.

Prospectus Amendments

The CSA has asked whether it should require amendments to be based on the continued accuracy of the information in the prospectus? In our view, an issuer should not be required to amend its prospectus as a result of inconsequential changes in the information that is disclosed in its prospectus. Accordingly, only changes that would be considered important to a reasonable investor when determining whether or not to purchase the securities of the fund should require

the filing of a prospectus amendment, regardless of whether the "material change" is adverse in nature or not.

Also, as further discussed in greater detail in the attached schedule, we think that imposing a requirement to file a preliminary prospectus (rather than simply filing a prospectus amendment) when introducing a new series of an existing fund is unnecessary and needlessly expensive and time consuming.

Summary

Generally, we approve of the Instrument and the proposed Consequential Amendments to NI 81-101, except as otherwise noted herein, and commend the CSA's efforts to harmonize the prospectus disclosure requirements across Canada. We are concerned that some of the proposed requirements may be redundant (or in conflict) with the pending registration requirements for mutual fund managers presently being considered pursuant to the Registration Reform Project and other CSA and Joint Forum initiatives. For example, it may serve no useful purpose to require a mutual fund to file a PIFA with respect to the officers and directors of its manager if there is a similar requirement with respect to the registration requirements of that manager.

We further understand that the CSA is working together with IFIC, and under the auspices of the Joint Forum, to substantially revise the point of sale disclosure documentation for mutual funds. In the accompanying Notice to this Instrument, the CSA itself advises that the Instrument and Consequential Amendments do not reflect the proposed rescission of National Policy Statement 48 (future-oriented financial information) and the accompanying amendment to National Instrument 51-102 (continuous disclosure). Obviously, changes in these other Rules may have a direct impact to the prospectus disclosure regime mandated under NI 41-101 and NI 81-101.

Contact Information

If you should have any questions with respect to this matter, we would be pleased to discuss them with you. Please feel free to contact myself (416-967-2011) or Mr. Doug Jones, Assistant Vice-President and Senior Counsel, Mutual Funds, in our Winnipeg Legal Department (204-956-8989). Thank you for providing us with the opportunity to respond to your request for comments.

Sincerely,

IGM FINANCIAL INC.

W. Sian Burgess
Senior Vice-President and General Counsel

Delivery to:

Ontario Securities Commission,
20 Queen Street West,
Suite 800, Box 55,
TORONTO, ON M5H 3S8

Attention: Heidi Franken, Co-Chair of the CSA's Prospectus Systems Committee

and to

Alberta Securities Commission,
4th Floor, 300 – 5th Avenue S.W.,
CALGARY, AB T2P 3C4

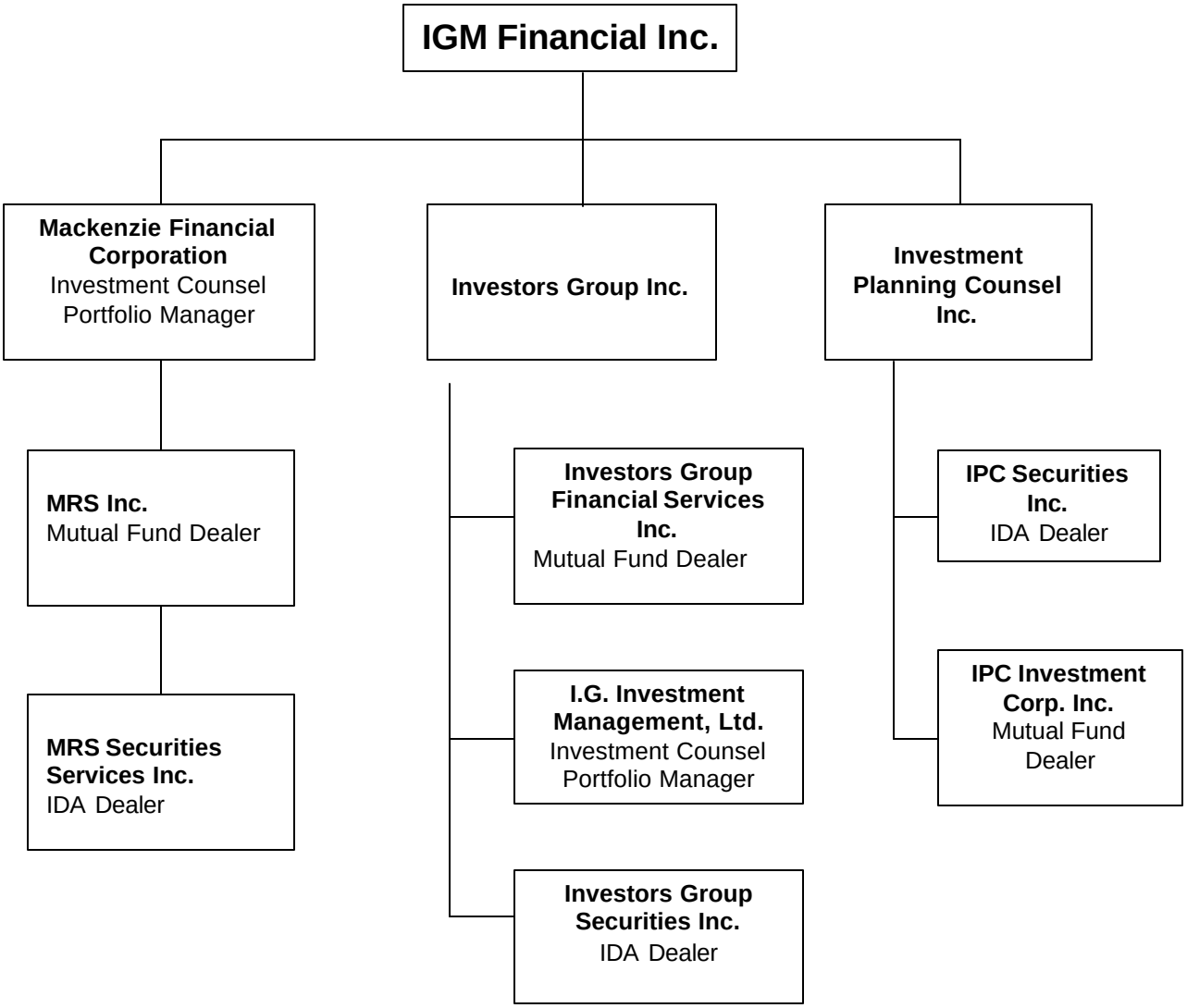
Attention: Patricia Leeson, Co-Chair of the CSA's Prospectus Systems Committee

and to

Autorité des marchés financiers,
800 Square Victoria,
22nd Floor,
P. O. Box 246,
Tour de la Bourse,
MONTRÉAL, QB H4Z 1G3

Attention: Anne-Marie Beaudoin, Directrice du secretariat

APPENDIX


IGM Financial Inc.
Mackenzie Financial Corporation
Investment Counsel
Portfolio Manager
Investors Group Inc.
Investment Planning Counsel Inc.
MRS Inc.
Mutual Fund Dealer
MRS Securities Services Inc.
IDA Dealer
Investors Group Financial Services Inc.
Mutual Fund Dealer
I.G. Investment Management, Ltd.
Investment Counsel
Portfolio Manager
Investors Group Securities Inc.
IDA Dealer
IPC Securities Inc.
IDA Dealer
IPC Investment Corp. Inc.
Mutual Fund
Dealer

SCHEDULE
Specific Comments on the Instrument

This Schedule provides more detailed discussion of the comments in our letter, as well as supplementary comments and observations on other aspects of the Instrument.

New Section 2.7 of NI 81-101: Auditor Review of Unaudited Financial Statements

We note that the Consequential Amendments associated with the Instrument propose to add several new provisions to Part 2 (Disclosure Documents) of National Instrument 81-101 – Mutual Fund Prospectus Disclosure ("NI 81-101"), including proposed new section 2.7 which requires that any unaudited financial statements included (or incorporated by reference) in a simplified prospectus must be "reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund's auditor..". This requirement appears to be in addition to the current requirement pursuant to National Policy 43-201 (and to be formalized by the Consequential Amendments as sub-paragraphs 2.3(1)(b)(iv) and 2.3(2)(b)(vi) in NI 81-101) that a fund file with its preliminary prospectus and pro-forma prospectus, respectively, an auditor's 'comfort letter' prepared in accordance with the Handbook if the fund's financial statement(s) is accompanied by an unsigned auditor's report.

Currently, section 2.12 of National Instrument 81-106 – Investment Fund Continuous Disclosure ("NI 81-106") requires that a fund's interim financial statements be accompanied by a notice indicating when the interim statements have not been reviewed by an auditor. Section 3.4 of the Companion Policy ("81-106CP") further indicates that no positive statement is required when an auditor performs a review of the fund's interim financial statements and provides an unqualified communication. When a notice is required hereunder, it does not form part of the interim statements, but is a separate page that accompanies the interim financial statements in a manner similar to an audit report.

The proposed requirement to have a fund's interim financial statements reviewed by an auditor is more demanding than the existing requirement under NI 81-106 to simply provide notice if these statements are not so reviewed. Furthermore, given that NI 81-101 mandates that a fund's prospectus incorporate by reference any interim financial statements filed since the annual financial statements were filed, regardless of when the prospectus is dated, the auditor review requirement under proposed section 2.7 will effectively result in having all interim financial statements subject to auditor review. Our understanding is that this is not current industry practice, and it also goes beyond the intention of the present notice requirement found in NI 81-106. The requirement for review of all un-audited interim financial statements by an auditor imposes a significant obligation when considered in the context that funds have only 60 days to prepare, print, file and deliver their interim statements, as well as having to prepare, print, file and deliver an interim Management Report of Fund Performance within the same

timeframe. Depending on the level of Auditor review mandated by the Instrument, our Auditors advise that such a review could entail double the time (or more) to complete in the case of a review under section 8100 of the CICA Handbook, at more than twice the cost per fund as compared to the current requirement to provide a comfort letter. This could result in an additional cost of as much as $2,000 per fund. (Although a review pursuant to section 7050 of the Handbook is less demanding than a review pursuant to section 8100, it would still be difficult for Auditors to perform this review within the 60 day period prescribed under NI 81-106, especially during periods when other funds have similar demands, and this problem is further exacerbated when a fund faces large delivery volumes which require more lead time to print and mail its interim statements.) Accordingly, Auditor review of interim financial statements imposes an onerous and costly requirement borne by fund securityholders that we strongly submit is unnecessary for daily valued open-end funds.

It also appears that this requirement imposes an extra burden on funds that file a prospectus after the deadline for filing their interim financial statements that is not imposed on similar funds that happen to file their prospectuses earlier in their fiscal year, without any apparent corresponding benefit to securityholders.

We also wish clarification with respect to the requirement to file expert consents under proposed new section 2.9 of NI 81-101, specifically as regards whether it is necessary to provide an auditor's consent letter (or a solicitor's consent letter with respect to the disclosure of their tax opinion, for example) with every prospectus amendment even when the amendment does not relate to the financial statements or information included in the simplified prospectus that has been derived from the financial statements or the tax opinion. As written, this provision could be read as meaning that consents of all experts whose opinions are disclosed in the simplified prospectus, or which appertain to a document included by reference in a simplified prospectus, must be filed with any amendment to that prospectus.

As an aside, we also question why it will continue to be necessary under proposed sub-paragraph 2.3(1)(b)(i) to file a copy of the audited financial statements of an existing mutual fund together with its preliminary prospectus when same has already been filed on SEDAR (albeit under a different project number)?

Section 2.3(1)-(5) of NI 81-101: Personal Information Form and Authorization to Collect, Use and Disclose Personal Information

We note that sub-paragraph 9.2(b)(ii) of the Instrument will require Issuers to deliver a completed Personal Information Form and Authorization ("PIFA") for each director and executive officer of the Issuer, its manager (in the case of an investment fund) and promoter (and, except in Ontario, each beneficiary of the offering). NI 81-101 will be amended to impose similar requirements on other investment funds.

Recently, it has been the practise of the securities regulators to request that mutual funds file a Notice of Collection of Personal Information Form (Form 41-501F2) ("NoC") for officers and directors of the Fund and its manager, when the NoC has not been previously filed. The NoC requires only the name, address, birth date and citizenship of the officer or director, and as it is a notice, it does not require that it be signed by the individual officer or director. It also need not be provided on behalf of the Fund's promoter. It is evident that the amount of information required for completion of each PIFA is substantially greater than that required currently, and that the PIFA must be signed by the issuer (i.e. fund), and also signed by the individual officer or director before a Notary Public. This will result in a substantial increase in time and effort.

In Section 2.1 of 41-101CP (the "Companion Policy"), the CSA indicates that:

> "…a sufficient number of the directors and officers of the issuer should have relevant knowledge and experience so that a securities regulatory authority or regulator will not conclude that the human and other resources are insufficient to accomplish these purposes [of the issuer]. If the requisite knowledge and experience are not possessed by the directors and officers, a securities regulatory authority or regulator may be satisfied that the human and other resources are sufficient if it is shown that the issuer has contracted to obtain the knowledge and experience from others."

We assume that the rationale for imposing the requirement to deliver a PIFA for each officer and director of a mutual fund, its manager and promoter, is *inter alia* to allow the securities regulator to pass judgement on the experience and competence of these individuals. In this regard, we are concerned about the security regulators' ability to make this assessment in the absence of published proficiency requirements or other objective benchmarks. We also question why this information is pertinent with respect to the officers and directors of a fund itself in circumstances where the fund has retained portfolio advisors (which are already registrants) and a manager (which is also expected to be a registrant under the initiative of the CSA's Registration Reform Project as discussed later below). Likewise, the knowledge and experience of the officers and directors of the promoter are seemingly irrelevant unless the promoter intends to take an active part in the day-to-day operations or affairs of the fund (in which case it would be captured by other requirements under the Instrument), or unless it is acting as an underwriter or dealer (in which case it too would be a registrant). Accordingly, the concerns with respect to the assessment of the knowledge and expertise of the directors and officers of an issuer do not usually apply to a mutual fund that relies on other persons who already are, (or who will likely be,) registrants. So the requirement to file the PIFA under these circumstances would appear to be either irrelevant or redundant.

If the CSA's only real interest for imposing the requirement to file a PIFA is to protect the public from fraud, (i.e. through the restriction of access to the capital

markets by persons who are or have been bankrupt, or are currently or have been convicted of a criminal offence or subject to regulatory proceedings), this can be accomplished by performing a criminal background check on these individuals by filing Form 41-501F2 alone, or together with an RCMP GRC Form 2674 (Securities Fraud Information Centre – Records Request/Reply) without the need to file a PIFA.

As well, it appears that the PIFA is duplicative of the information on the National Registration Database (NRD) for registrants and their directors and officers – although we note that the PIFA is not the identical form used for NRD purposes. It is further our understanding that similar personal information disclosure requirements may be imposed on the directors and officers of mutual fund managers in the near future under the Registration Reform Project ("RRP"). Therefore, at a minimum, we urge that an exception be made from the requirement to file the PIFA pursuant to NI 81-101 where this information has previously been filed under NRD or the pending registration requirements for Managers under RRP.

We further suggest that it may be more practical to require that fund families update the PIFAs of their officers and directors at the same time once annually, rather than throughout the year depending upon the renewals of their respective prospectuses. As presently proposed, NI 81-101 may require related funds (or their manager) to contact the same officers and directors several times during the year (with each prospectus renewal or amendment) to determine whether there are any changes in the information contained in their respective PIFAs. Conceptually, allowing annual updates of the PIFA for each of these officers and directors (if and when necessary) would be similar to the requirement for filing annually the Compliance Reports pursuant to Part 12 of NI 81-102 which can be consolidated for all mutual funds in the same mutual fund family, based upon the year-end of their common principal distributor.

We also note that that the Instrument stipulates that issuers must file PIFAs upon the filing of their first preliminary prospectus after the effective date of the Instrument, and thereafter every 3 years (as indicated in Appendix A to the CSA's Notice which indicates that issuers will be expected to file a PIFA with respect to an individual if it has not been previously filed or previously delivered for that individual within three (3) years before the date of a prospectus). We ask the CSA to confirm that it will not be necessary for mutual funds to deliver a PIFA upon the first renewal of their simplified prospectuses after implementation of the Consequential Amendments, given that these mutual funds have not previously delivered a PIFA with respect to any of their directors and officers, nor those of their manager or promoter. We further ask the CSA to clarify that it will not be necessary for funds under NI 81-101 to deliver a PIFA annually, nor every 3 years (as proposed by the Instrument but not the Consequential Amendments) for each of their officers and directors, and those of their manager and promoter, if there is no significant change in the personal information since the prior filing of their PIFAs. In other words, we suggest that the Consequential Amendments to NI 81-101 specifically indicate the length of time that a PIFA remains valid for any

particular officer and director, without the necessity to resubmit it, assuming that there are no changes to any material information.

Technically speaking, NI 81-101 will require a fund to deliver "any personal information for the mutual fund", (when filing a preliminary or pro forma simplified prospectus), or the details of any changes to "the personal information for the mutual fund" (with respect to the filing of a final simplified prospectus or an amendment to same). This is unclear, because the term "personal information for the mutual fund" is not defined. It may be helpful to clarify that this reference means the information contained in the PIFA for any director and officer of the fund, its Manager or Promoter. (In addition, we note that the Instrument refers to the term "executive officer", which is a term that is specifically defined in the Instrument, but that the Consequential Amendments to NI 81-101 use the term "officer", which is not defined.)

Section 13.3 of the Instrument: Advertising During the Waiting Period

Section 13.3 of the Instrument provides restrictions with respect to advertising of an investment fund during the waiting period that mirror to a large extent, but not completely, the similar requirements under Section 15.12 of National Instrument 81-102 (Mutual Funds) ("NI 81-102"). For example, the Instrument provides that an advertisement during the waiting period may disclose the name of the portfolio advisors of the fund whereas this is not expressly permitted under NI 81-102. Further, Part 16 of the Companion Policy to the Instrument (41-101CP) provides useful guidance with respect to advertising prior to the filing of a preliminary prospectus, as well as during the waiting period, whereas there is virtually no guidance in this regard contained in NI 81-102 nor its Companion Policy (81-102CP). We suggest that CSA consider including similar commentary in 81-102CP as part of the Consequential Amendments.

Section 2.1(1)(e) of NI 81-101: Date of the Prospectus

We note that Section 2.3(1) of the Instrument provides that an issuer may not file a final prospectus more than 90 days after the date of receipt for its preliminary prospectus. A similar requirement is proposed for Section 2.1 of NI 81-101. It is our understanding that, generally speaking, issuers must file a final prospectus within 180 days of the filing of the preliminary prospectus. In Section 3.1 of 41-101CP, the CSA explains that the purpose of imposing the 90-day period for the issuance of a final receipt is to ensure that securities are not being marketed by means of a preliminary prospectus containing outdated information. We find this odd in view of the fact that Section 6.5(1) of the Instrument requires that an amendment to a preliminary prospectus must be filed within 10 days of a material adverse change, and Section 6.4 requires such amendment to be delivered as soon as practicable to each recipient of the preliminary prospectus. Of course, these requirements are in addition to delivering the final prospectus to each recipient of the preliminary prospectus. Accordingly, we see no reason to truncate the waiting period to 90 days.

We also note that pursuant to Section 2.3(2) of the Instrument, the CSA stipulates that an Issuer must not file a prospectus more than 3 business days after the date of the prospectus. Section 1.3(2) of the Companion Policy provides a useful illustration in this regard. Similarly, Section 5.2 of the Instrument provides that the certificates in a prospectus must be dated within 3 business days before filing the prospectus. Given that a similar provision is proposed to be added as Section 6.3 of NI 81-101, similar guidance would be helpful in 81-101CP and should be considered as part of the Consequential Amendments.

New Part 6 of NI 81-101: Certificate of Trustee

Section 5.5 of the Instrument provides that if an issuer is a trust, and presumably this would include a mutual fund trust, the prospectus must be signed by the chief executive officer and chief financial officer of the trustee, and on behalf of the board of directors of the trustee by any two directors other than the CEO and CFO. Section 5.5(3) further provides that if the fund's declaration of trust delegates authority to do so, the fund's certificate may be signed by any individual to whom authority is delegated to sign the certificate on behalf of the fund. We note that a similar requirement is proposed for corporate mutual funds pursuant to new Section 6.8 of NI 81-101 (which itself mirrors Section 5.4 of the Instrument), but this is not required pursuant to Item 19 of Form 81-101F2. We wonder why the CSA appears to make execution of a unit trust investment fund more onerous under the Instrument than is the case under NI 81-101?

We also note with interest that the Consequential Amendments to NI 81-101 now make express reference to the filing of a signed copy of the preliminary annual information form (revised section 2.3(1)(a)(i)), and to the filing of a signed copy of any amendment to the annual information form (revised section 2.3(4)(a)(i)), but there is no similar express reference made to the filing of a signed annual information form with respect to a final prospectus under section 2.3(3). We assume that these insertions are not intended to change the current practice of filing a signed SEDAR Form 6 with CDS Inc. after the annual information form has been filed on SEDAR, but perhaps the purpose of these specific references should be clarified?

Further, from a more high level viewpoint, we find confusing the introduction of new Part 6 – Certificates, to NI 81-101, especially with respect to the requirement under new section 6.4 (and elsewhere) that the 'simplified prospectus' of a fund must be certified by the fund, each of its principal distributors, the manager and promoter. Given that there are no substantive changes being proposed to the wording of the certificates required under Item 19 of 81-101F2 (Annual Information Form) with respect to the already existing references to a fund's simplified prospectus, we are unsure of what is intended to be accomplished by adding these additional provisions to NI 81-101?

Item 6 of 81-101F1: Short-Term Trading Disclosure

We support the inclusion of additional disclosure in Part A of the simplified prospectus form in 81-101F1, and under "Fund Governance" in the AIF Form 81-101F2, with respect to short-term trading policies, procedures and fees of a fund. We wish to advise that our mutual fund prospectuses already comply (subject to relatively minor adjustments) with these new disclosure requirements. We suggest, however, that the CSA consider making an exception of these disclosure requirements in the case of money market funds where it is contemplated that investors may utilize them for short-term transactional purposes, and where for the most part a stable net asset value per unit is maintained that is not subject to manipulation through inappropriate short-term trading activities.

Section 2.5 of NI 81-101: Lapse Date

The CSA proposes to introduce into NI 81-101 a new section with respect to the lapse date of a prospectus. Proposed Section 2.5(6) will provide that all distributions completed after the expiry of its lapse date may be cancelled at the option of the purchaser within 90 days of the purchaser's "first knowledge of the failure to comply with [the conditions prescribed in Section 2.5(4)] where any of the conditions to the continuation of a distribution under subsection (4) are not complied with." We are concerned that this 90-day cancellation privilege provides the purchaser with an inordinately long period of time during which they essentially have an option which they may choose to exercise at the end of the 90-day period once it is clear whether their mutual fund has increased or decreased in value since the date of their purchase. We suggest that this period be narrowed to no more than 10 days, and that notice may be provided in the same manner as allowed for material changes under National Instrument 81-106, i.e. through the prompt issuance of a press release followed within 10 days by the filing of a material change report.

Section 2.2 of NI 81-101: Prospectus Amendments

Section 6.5(1) of the Instrument provides that an amendment to a preliminary prospectus must be filed as soon as practicable if there is a "material adverse change", however, an amendment to a final prospectus is required under Section 6.6(1) only if there is a "material change", not a "material adverse change". Similar changes are proposed under the Consequential Amendments as set out in Section 2.2 of NI 81-101. We submit that the use of this difference in terminology invites confusion. The CSA has asked whether it should instead be requiring an amendment based on the continued accuracy of the information in the prospectus? In our view, not all information in a prospectus is necessary in order for a purchaser to make an informed investment decision, and an issuer should not be required to amend its prospectus as a result of inconsequential changes in the information that is disclosed in its prospectus. Accordingly, we propose that both NI 41-101 and NI 81-101 make reference to the definition of a

"material change" as referred to in Section 1.1 of NI 81-106, as being a "change in the business, operations or affairs of the issuer [or investment fund, as applicable] that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the issuer [investment fund]". Therefore, only changes that would be considered important to a reasonable investor when determining whether or not to purchase the securities of the fund should require the filing of a prospectus amendment, regardless of whether the "material change" is adverse in nature or not.

Similarly, we believe that imposing under paragraph 2.2(4) of NI 81-101 a requirement for a fund to file an amendment to its preliminary prospectus during the 'waiting period' prior to the issuance of a receipt for the final prospectus is a needless exercise in light of the current practice (which works well) of filing a 'black-lined' copy of the prospectus prior to, or in conjunction with, the filing of the fund's final simplified prospectus and AIF. In this regard we note that it is unusual for a fund manager or promoter to solicit expressions of interest in a fund prior to the receipt being issued for the final prospectus and, even if this were the case, the existing requirement to provide any person who has received a copy of the preliminary prospectus with a copy of the final prospectus prior to purchase should ease any concerns about whether there have been any material changes to the preliminary prospectus.

We also seek clarification about whether it is necessary to file a preliminary prospectus, instead of just a prospectus amendment, when an existing fund wishes to add a new series or class? In this regard we note that proposed new paragraph 2.2(6)(b) of NI 81-101 indicates that a fund need only file a prospectus amendment if it wishes to distribute securities in addition to those previously disclosed in its simplified prospectus, which is the current practice. Proposed sub-section 2.7(5) of the Companion Policy, however, suggests that a preliminary prospectus may be necessary if a fund adds a new class or series to a simplified prospectus that is referable to a new separate portfolio of assets. As you know, funds sometimes use multiple simplified prospectuses to distribute their securities within distinct sales networks, where different series or classes are offered through separate simplified prospectuses. We submit that a fund which has previously offered its securities under a simplified prospectus used in one distribution network should be able to add classes or series of that fund in another prospectus of the same fund manager by means of an amendment without having to file a new preliminary prospectus for that new class or series, on the basis that the fund itself is already qualified, but just not under the same prospectus.

Section 2.3(1) of NI 81-101: Articles of Incorporation

Section 1.4 of the Consequential Amendments propose as a requirement under new section 2.3(1)(a)(iii) of NI 81-101 the filing of an incorporated mutual fund's articles of amendment as a material contract, and further propose amending Item 16(1)(a) of the annual information form to require disclosure of the particulars of the articles of incorporation, continuation, or amalgamation of the fund. We

submit that it is inappropriate and unnecessary to view a fund's articles of incorporation as being a material contract, and note that much of the powers and authorities are derived from the statute under which the fund is established, which is a public document. Further, we note that Item 3 of 81-101F2 already prescribes that the annual information form provide disclosure pertaining to a fund's date and manner of formation, including the laws under which it is formed and identifying the constating documents of the fund. In addition, Item 5 of 81-101F2 further provides that the description of the securities offered by the fund, including such things as any dividend or distribution rights, voting rights, conversion rights and liquidation rights, also be disclosed in the annual information form. Therefore, we see no reason for filing a fund's articles of incorporation, or the duplication involved in restating the particulars of same under Item 16 of 81-101F2, and accordingly, we strongly encourage that these changes be reconsidered by the CSA.