August 29, 2007

Via Email

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

Delivered to:

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Secretary
Ontario Securities Commission
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Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
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consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames

Re: Proposed Amendments to National Instrument 81-106 Investment Fund Continuous Disclosure

Robson Capital Management Inc. ("RCMI") is pleased to provide members of the Canadian Securities Administrators ("CSA") with comments on proposed amendments to National Instrument 81-106 Investment Fund Continuous Disclosure ("NI 81-106") and its Companion Policy (the "Proposed Amendments").

RCMI is registered with the Ontario Securities Commission as an adviser in the categories of investment counsel and portfolio manager and as a limited market dealer. RCMI is a wholly owned subsidiary of Robson Capital Inc. ("RCI"), an alternative asset management company whose strategy is, together with its affiliates, to develop, market and manage specialty investment funds an related structured products.

RCI's objective is to develop funds to be managed by leading specialty alternative asset managers and to provide institutional and individual investors with an opportunity to invest with these managers.

While RCMI is generally supportive of the Proposed Amendments as they address issues raised regarding the calculation of net asset value for investment funds following the introduction of section 3855 *Financial Instruments – Recognition and Measurement* of the CICA Handbook, we are deeply concerned with the 'look through' provision contained in subsection 3.5 (8.1) of NI 81-106 and its potential impact on participants in the alternative investment management industry, including RCMI. We believe that the look through provision should be removed from the Proposed Amendments.

As currently proposed, subsection 3.5 (8.1) will require an investment fund (a "top fund") that invests substantially all of its assets directly, or indirectly through the use of derivatives, in securities of another investment fund (an "underlying fund"), to disclose the holdings of the underlying fund. The disclosure can be made in either the statement of investment portfolio or the notes to that statement.

For RCMI, and many other fund managers in the alternative asset management industry who utilize fund of fund structures, the look through provision and its consequent disclosure requirements will be unworkable. Where a top fund that is not a reporting issuer invests in an underlying fund that is at arm's length to the top fund and that is domiciled in a jurisdiction that is not subject to NI 81-106 (for example British Columbia or an offshore jurisdiction), and where the top fund does not have access or transparency to the investments of the underlying fund on a security by security basis (whether by way of contractual limitations of the underlying fund or where there is no requirement in the underlying fund's local jurisdiction to provide individual issuer disclosure below certain levels), these top fund managers will be unable to disclose the holdings of the underlying fund.

Fund of fund arrangements such as those structured by RCMI permit Canadian accredited investors to gain exposure to underlying fund managers that would normally be unable to be accessed because of the high minimum subscription amounts that are required in the underlying funds. Since an RCMI top fund is only one of many investors in an underlying fund and because an underlying fund is under no obligation to its investors to provide the kind of detailed holdings disclosure that subsection 3.5 (8.1) will require, the adoption of the look through provision will force RCMI to either terminate its top funds or relocate them to jurisdictions such as Alberta or British Columbia where NI 81-106 does not apply to a mutual fund that is not a reporting issuer.

Even where the regulatory regime in an underlying fund's local jurisdiction requires the underlying fund to provide disclosure of its holdings on a security by security basis, compliance with the look through provision may not be possible because the reporting timelines for both top and underlying funds are not aligned.

There may be further complicating factors to the look through provision. For example subsection 3.5 (8.1) will require audit work to be performed on the underlying fund disclosure which will, in turn, require the sharing of information or access to the books and records of the underlying fund. If both top fund and underlying fund have either different year ends or different auditors, performance of this audit work in order for the top fund to meet its obligations under NI 81-106 will be difficult and more likely impossible.

While the look through provision may be able to be refined to apply only where the managers of top and underlying funds are not at arm's length or where the underlying fund is required to prepare and disclose its individual holdings and the top fund can access this information in a timely manner, we expect that there will be other operational obstacles. For all of the above reasons RCMI believes that subsection 3.5 (8.1) in its current form should be removed from the Proposed Amendments.

If you require further information or would like to discuss our submissions in more detail we would be pleased to speak with you.

Yours very truly,

(signed)

Jeffrey C. Shaul
President and Chief Executive Officer