

October 15, 2007

Mr. Neil Mohindra
Acting Policy Manager
Joint Forum Project Office
Joint Forum of Financial Market Regulators
5160 Yonge St.
Box 85, 17th Floor
North York, ON
M2N 6L9

Dear Sir:

**RE: Proposed Framework 81-406
Point of Sale Disclosure for Mutual Funds and Segregated Funds**

Franklin Templeton Investments Corp. ("FTI") welcomes the opportunity to make a submission with respect to the Proposed Framework 81-406 – Point of Sale Disclosure for Mutual Funds and Segregated Funds (the "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, Mutual Series, Franklin Templeton and Quotential funds and institutional accounts. In Canada, FTI has more than 700 employees providing services to more than 1.3 million unitholder accounts and more than 200 pension funds, foundations and other institutional investors.

FTI supports the attempt by the Joint Forum of Financial Market Regulators (the "Joint Forum") to simplify the disclosure provided to investors and to provide investors with key information about a fund. However, we do have concerns with the Proposal in its current form. Our comments/concerns are as follows:

1. Timing of Delivery

The Proposal contemplates that a two page fund summary document (the "Fund Facts") will be delivered to investors. We respectfully submit that the requirement to deliver the Fund Facts before or at the point of sale would place a considerable burden on dealers and could significantly prejudice investors, especially investors placing time sensitive trades (e.g. during RRSP season) or trades in a volatile market. In addition, we believe that the requirement to deliver the Fund Facts before or at the point of sale would put mutual funds at a disadvantage to many other investment products and may cause dealers or investors to move to the purchase of these other products. This would create an unfair selling advantage for other products that may be less regulated and less beneficial to

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investors than mutual funds. Moreover, as discussed further below, if investors do not receive the Fund Facts before or at the point of sale, they will be given an unlimited right to cancel their purchase which could lead to frivolous claims.

Accordingly, we urge the Joint Forum to consider this issue further and the negative impact the proposed delivery requirement would have on the industry and investors. We recommend that where practicable, the Fund Facts document should be delivered at the point of sale. Where it is not practicable to deliver it at the point of sale, the Fund Facts document should be delivered as soon as possible after the point of sale but no later than the mailing of the related trade confirmation to the investor.

2. Exemption for Subsequent Purchases and Accredited Investors

The Proposal specifies that the Fund Facts must be delivered for initial purchases, subsequent purchases (except for pre-authorized payment plan purchases), and switches (except for switches under asset allocation services). We are of the view that the requirement to deliver the Fund Facts should not apply to subsequent purchases unless the Fund Facts document has been updated. If an investor has already made the decision to invest in a fund and has been provided with a copy of the Fund Facts for such fund, we do not see the benefit of mandating that the Fund Facts document be delivered again in connection with a subsequent purchase. In addition, investors have the opportunity to receive ongoing continuous disclosure documents with respect to a fund which provides them with sufficient information to make a subsequent purchase decision.

We are also of the view that the requirement to deliver Fund Facts should not apply to accredited investors. These investors are sophisticated and are familiar with the information contained in the Fund Facts.

3. Waiver of Delivery

There is no provision in the Proposal for investors to waive receipt of the Fund Facts. We respectfully submit that the first time an investor transacts with their investment advisor for the purchase of a mutual fund, the investor should be given the Fund Facts for such fund as well as the option to waive delivery of the Fund Facts for all future purchases of any fund.

We appreciate that the ability to waive receipt of future Fund Facts should not be taken lightly. Therefore, in order to exercise this option, investors should have to take a proactive step and provide their dealer with a written document waiving receipt of future Fund Facts documents. For example, dealers could provide investors with a form of waiver at the time of account opening for their consideration and if an investor so chooses, the investor can then return the waiver to their dealer no sooner than 7 days following the account opening. If an investor chooses this option, the investor should still be able to obtain any Fund Facts free of charge at any time in the future.

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4. Structure of Fund Facts and Volume of Documents

The Proposal contemplates that a separate Fund Facts will be required for each class or series of a fund that has a separate management expense ratio. As a practical matter, we believe that preparing a separate fund facts for each series of a fund is unduly onerous on fund managers and dealers and imposes additional costs for the funds. For example, for a family of funds that has over 50 different funds and up to six different series per fund, this would require approximately 600 different Fund Facts (taking into account French translations) which must be routinely updated and delivered to dealers. The sheer volume of documents would lead to administrative difficulties at the fund manager level, the dealer level and the salesperson level and could potentially lead to errors in delivering the correct Fund Facts to an investor. Dealers may not want to manage such a large volume of documents and therefore may reduce the number of funds or series they offer which would correspondingly reduce the choice of funds or series provided to investors. Accordingly, we respectfully submit that the Fund Facts should be created at the fund level and not at the series level.

The Proposal specifies that fund managers will continue to prepare and file the simplified prospectus (which would now only be provided upon request), annual information form, financial statements and management reports of fund performance according to current practice. However, the Proposal also acknowledges that the current regime is comprised of long and complex documents and states that investors do not want to read long documents. Thus, if a Fund Facts document is prepared and provided to investors going forward, then we urge the regulators to consider eliminating, reducing or streamlining the current disclosure documents. By doing so, the cost associated with preparing the current disclosure documents would be reduced which would result in savings to the fund investors.

5. Compliance

The Proposal states that dealers will not be required to have investors acknowledge receipt of the Fund Facts but may impose their own requirements as part of their compliance policies and procedures for delivery obligations. Thus, although the Proposal does not specifically mandate obtaining a written receipt of the Fund Facts by investors, the Proposal would effectively require dealers to track the delivery and receipt of the Fund Facts in order to meet their own internal compliance requirements. As a result, dealers may ask investors to sign an acknowledgement which, when added to all of the other paperwork required of mutual fund investors, may influence them to invest in a different product. There may also be practical difficulties in obtaining an acknowledgement from investors that they received the Fund Facts as investors may not always return the form to their dealer.

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6. Investor Rights

The Proposal contemplates that investors will be granted a two-business day cooling-off period during which they will be entitled to cancel their purchase. Since we generally do not believe that the Fund Facts should apply to subsequent purchases, we similarly do not think that the cooling-off right should apply to subsequent purchases. In addition to the cooling-off right, the Proposal states that investors will be able to cancel their purchase at any time if they do not receive the Fund Facts before or at the point of sale. As mentioned above, it is our view that there will be practical difficulties in tracking the delivery of the Fund Facts and providing investors with the open-ended option to cancel their purchase and have the full amount of their investment returned to them based upon the alleged non-receipt of the Fund Facts could lead to frivolous claims, especially during periods of market decline or volatility.

7. Updating Fund Facts

The Proposal requires fund managers to file the Fund Facts annually with the securities regulators, together with the rest of the fund manager's prospectus documents, for receipt by the regulators. Fund managers will also have to update and file the Fund Facts with the securities regulators when they file their annual and interim continuous disclosure documents or if there is a material change to the information in the Fund Facts. Fund managers may update the Fund Facts more often, but no more frequently than quarterly unless there is a material change. We respectfully submit that, as a practical matter, the requirement to update and file the Fund Facts on a semi-annual basis would place a burden on fund companies, impose additional costs on mutual funds, and could result in logistical issues in the delivery of updated Fund Facts to dealers and investors. In our view, the Fund Facts should only be updated on an annual basis together with the rest of the fund manager's prospectus documents as well as any time that there is a material change to the information in the Fund Facts.

8. Costs of the Proposal

It does not appear that any cost-benefit analysis has been conducted in connection with the implementation of the Proposal. We urge the Joint Forum to carefully analyze and weigh the costs to both investors and industry participants of implementing the proposed Fund Facts regime against the benefits achieved.

9. Overlap with Registration Reform Project

The Canadian Securities Administrators have published Proposed National Instrument 31-103 – Registration Requirements (the "Registration Proposal"). The Registration Proposal contemplates delivery by registered dealers and portfolio advisers of a relationship disclosure document (the "RDD") to certain clients which would likely form

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part of the account opening procedures. We respectfully recommend that the Joint Forum work with the Canadian Securities Administrators to ensure that the disclosure required in the Fund Facts is not duplicative with that required in the RDD.

Thank you for your consideration of this submission. Please feel free to contact my colleague Robyn Mendelson at 416.957.6051 or me at 416.957.6010 or should you have any questions or wish to discuss our submission.

Yours truly,

FRANKLIN TEMPLETON INVESTMENTS CORP.

Brad Beuttenmiller
Senior Vice-President & Chief Counsel, Canada

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