



October 15, 2007

Mr. Neil Mohindra
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Joint Forum of Financial Market Regulators
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Dear Mr. Mohindra:

Thank you for the opportunity to respond to the Joint Forum of Financial Market Regulators ("Joint Forum") on *Proposed Framework 81-406 Point of Sale Disclosure for Mutual Funds and Segregated Funds* (the "Proposal").

Acuity Funds Ltd. ("Acuity") is a Fund Manager and distributor of investment funds. Acuity and its affiliated companies currently have assets under management of approximately \$9.4 billion on behalf of mutual funds, pooled funds, closed-end funds as well as private, institutional and pension clients.

We support the vision of the Joint Forum in providing investors with key information about a fund and providing the information in a simple, accessible and comparable format; however, we have the following concerns with the Proposal:

Timing of Delivery of Fund Facts Sheet: Initial Purchases

We believe that a requirement to deliver the fund summary document with the purchase trade confirmation should be mandated. It has always been in an adviser's best interest to fully disclose all pertinent facts regarding an investment product during the advising process. As the advisor knows the client and is proficient in the assessment of suitability of an investment product for the client it is unlikely that the Fund Facts sheet, delivered with the purchase trade confirmation, would produce any surprises to the client. However, a cooling off period within 48 hours, as outlined in the Proposal, would provide the client with the ultimate decision on this.





The delivery system for trade confirmations currently operates efficiently, effectively, and provides a common reference point of delivery. Further, we believe this approach is congruent with the proposed *National Instrument 31-103 Registration Requirements* in regards to the relationship disclosure document which proposes to disclose information about investment products. Accordingly, the client would not be in for any surprises when they receive the Fund Facts sheet.

Unintended Consequences of Proposed Framework

Discrimination against Investment Funds

We believe that there needs to be a level playing field for all investment products. This includes, but is not limited to Exchange Traded Funds, Principal Protected Notes, separately managed accounts, wrap accounts, stocks, bonds, etc... (“Investment Products”). The proposed regulatory requirements to sell mutual funds are more onerous than other investment products and will create an incentive for investors to choose other products with less administrative burden and that may not conform to the high regulatory standard of investment funds. This discriminatory environment will not be in the best interests of investors.

Less Choice for Investors

If, according to the proposed Framework, the Fund Fact sheet must be delivered at the point of sale, we believe an unintended consequence of the Proposal will be that it will create an enormous administrative burden, compliance nightmare and rising costs for fund distributors. To ease these challenges, the distributors are likely to decide to focus on only a few of the largest fund companies thus shutting out independent and smaller competitors leading to less competition and innovation and further reducing choice for investors. Furthermore, these actions will result in the creation of potential barriers to entry for newer small and mid sized firms and accelerated consolidation of the industry. Less choice for investors is not a good thing.

Changes to Fund Fact Sheet

Remove Time Sensitive Information

Time sensitive information about a fund should not be included on the Fund Facts sheet. As *National Instrument 81-106 Investment Fund Continuous Disclosure* currently requires quarterly portfolio disclosure, (inclusive of portfolio value, top investment holdings and investment mix), it would be redundant to provide this time sensitive data that is constantly changing. A reference to the quarterly portfolio disclosure should be included in the “For more information” section.





Suitability

The suitability sections should be the same as is currently disclosed in the simplified prospectus. The investors “tolerance for risk” should be as is currently disclosed in Part B Item 10 of *National Instrument 81-101 Mutual Fund Prospectus Disclosure* (“NI 81-101”). This disclosure has been applied consistently within fund families and across the various fund offerings since the introduction of NI 81-101. If the disclosure is not the same as is currently required in the prospectus than there may be confusion, perceived inconsistencies and potential lawsuits.

Thank you once again for the opportunity to present our comments. I would be pleased to discuss our concerns with you in greater detail at your convenience.

Yours truly,
Acuity Funds Ltd.

By: George Henry
Chief Financial Officer and Chief Operating Officer
Acuity Funds Ltd.

