

Delivered Via Courier

October 15, 2007

Neil Mohindra
Acting Policy Manager
Joint Forum Project Office
5160 Yonge Street
Box 85, 17th Floor
North York, ON M2N 6L9**To: The Joint Forum of the Canadian Securities Administrators and the Canadian Council of Insurance Regulators****Re: Request for Comments – Proposed Framework 81- 406; Point of sale disclosure for mutual funds and segregated funds**

We submit the following document in response to the request for comments on the proposed point of sale disclosure framework NI 81-406, released June 15, 2007. This letter represents the general comments of Broadridge Investor Communications Corporation.

Broadridge Investor Communications Corporation (formerly ADP Investor Communications Corporation) supports the Joint Forum in its goal to improve the financial services regulatory system.

Broadridge has been an industry leader in the financial marketplace, facilitating the delivery of investor communications since 1987. Our services include delivery of securityholder communications on behalf of corporate issuers, mutual fund managers and securities brokers and dealers, delivery of documents in compliance with industry regulations, and transaction reporting. We currently service 230 financial institutions. Unique to Broadridge is our combined industry, regulatory and information technology expertise; our clients rely on us to help them maintain compliance with industry laws and regulations.

We are submitting this comment letter from the perspective of a technology provider to the industry, to explain how the proposed Fund Facts document may be prepared and distributed through each of the prescribed delivery channels. We advise that:

Technology is available for the creation, production, distribution, tracking and auditing of the Fund Facts.

Each Fund Facts can be stored and retrieved from an electronic repository for delivery to an investor and each request can be registered in a history file for future reference – including when a document was delivered, to whom, from whom, and in which version.



Current State: Broadridge Solution

Under the current regulations, disclosure is provided to an investor when he/she receives the copy of a prospectus with a trade confirmation upon purchase of a mutual fund. Broadridge refined this process using our proprietary “Smart Prospectus[®]” technology, a fulfillment process whereby investors receive customized prospectus documents related to their particular mutual fund purchases.

This process was developed to cost-effectively deliver the required information related to a mutual fund trade within regulatory required timeframes. Investors are provided with consolidated trade confirmations and, when required, customized prospectuses. Information relevant to the investor’s trade is digitally assembled, printed, bound, and mailed as a single package; only those pages from a consolidated prospectus related to the fund(s) being purchased are included in the package. Each document delivered to an investor is recorded in a history file for compliance and audit purposes.

The above described process can also be leveraged for the Fund Facts delivery for mutual funds and segregated funds (collectively referred to herein as “investment funds”).

COMMENTS ON PROPOSED FRAMEWORK

Broadridge has some comments on the proposed framework based on its practical experience.

1. Delivering the Fund Facts: Time of Delivery

The proposed framework states on page 9, “Delivering the Fund Facts” that “...Accordingly, the Fund Facts will be delivered to investors before or at the point of sale”. On page 12 of the framework under the heading “Investor Rights”, it is clear that the cooling off period begins on the giving of instructions to the dealer or insurer to buy the investment fund. We understand that it is the clear regulatory intent to have Fund Facts delivery occur prior to issuing instructions to purchase an investment fund.

The delivery of Fund Facts is, therefore, required to be within the period of time prior to an investor making an investment fund purchase decision and purchase instructions being issued. As mentioned above, Broadridge has the capability to develop interfaces or provide this capability to its adviser clients to accommodate the delivery timing required by the framework.

Based on its experience, Broadridge suggests that the Joint Forum consider addressing three additional concepts in the timing of delivery issue: document tracking, deemed delivery and delivery of Fund Facts with a trade confirmation.

- (a) **Document Delivery Tracking** – The proposed framework as it is expressed does not require tracking of Fund Facts provided at or before point of sale. It is Broadridge’s view that there is a need to track when Fund Facts are delivered regardless of the delivery channel. A compliance audit trail should be established, which will be required to determine if and when investors receive the correct version of the Fund Facts. Compliance auditing is necessary to mitigate risks for investors, investment advisers and investment managers. In particular, tracking is necessary to confirm the point in time when an investor’s cooling off right terminates.

A history database is required to track when documents are delivered and to provide a facility to send new Fund Facts if it is updated between the time a Fund Facts document is originally delivered and the time that is at or before point of sale.

Broadridge, on behalf of its broker/dealer clients, tracks and audits all its processes and production to ensure compliance with a variety of regulations and requirements relevant to its clients, with the final delivery recorded in a history tracking file. We ask the regulators to consider defining the requirements around document tracking to enable compliance auditing and to protect investors, advisers and fund issuers. Cooling off rights can only be determined if there is a record of when the Fund Facts are provided. Fund Facts delivery tracking at or before point of sale would be beneficial in protecting investors, advisers and fund companies as it would establish the point in time when the cooling off period commences. It would also aid compliance by advisers as delivery is tracked. Tracking will also ensure investors receive the current version of the Fund Facts.

- (b) **Deemed Delivery** – In order to be certain about delivery timing, it would be helpful to have certain deemed delivery parameters. These would clarify the point in time when a Fund Facts document is deemed to be delivered under the various delivery methods. For example, when a Fund Facts document is sent via Canada Post, delivery could be deemed by creation of the statement of mailing. When sent electronically, deemed delivery can be the point in time when e-mail notification is sent to the recipient.
- (c) **Delivery With Trade Confirmation** – Broadridge requests the regulators to consider a requirement that the specific Fund Facts document related to a purchased fund be attached to the trade confirmation as confirmation (evidence) of the specific fund product purchased by the investor. In effect, this will create a combined trade and product confirmation. Since it is possible for an investor to have reviewed a large number of Fund Facts before a purchase decision is made, the Fund Facts sent with the trade confirmation provides certainty to all as to what purchases were actually made. In addition, audit trails would be supported.

This process will ensure investors understand their purchased product especially if the Fund Facts document has changed since it was originally received by the investor. It would also provide cost savings to the Advisers and Fund Manufacturers as a smaller more efficient document than the current prospectus process.

2. Delivery of Fund Facts: Methods of Delivery

Broadridge is of the view that the methods of delivery are flexible enough and wide reaching enough to meet investor needs. While certain system changes will be required, Broadridge has the ability to work with its clients to create a system solution for the delivery methods. However, our comments above concerning delivery tracking and deemed delivery are equally important with respect to each proposed method of delivery. Telephone contact followed by delivery may present special issues. If the investor requires mail delivery after telephone contact, there will be a delay in the time for delivery of the Fund Facts. Deemed delivery parameters will be critical to provide certainty concerning delivery and thus meet investor and dealer needs.

3. Colour Versus Black and White

In the proposed framework, the Fund Facts are required to be printed in colour. We understand that research has shown that investors prefer colour for better clarity of presentation. However, this has certain drawbacks. Specifically, colour can not be faxed or printed on a black and white laser printer or copier. Considering this limitation, gray scale and patterning options should be considered for this purpose. In Broadridge's experience, colour printing is generally more expensive than black and white, for this reason a cost-benefit analysis should be considered.

4. Investor Rights

The framework proposes that if an investor does not receive the Fund Facts at or before the point of sale, the investment fund purchase may be cancelled at any time and the investor will receive the amount of their investment plus any fees paid. This seems to create an unlimited right of rescission with no end point. Clearly, if the Fund Facts is not delivered before or at point of sale, it never can be because the point of sale will have passed for that transaction. This appears to be the case regardless of any subsequent purchase order. It is very likely that from time to time there will be situations where the Fund Facts have not been appropriately delivered but a purchase order is nonetheless submitted. Broadridge believes that there needs to be a defined process to correct this situation.

As stated above, Broadridge requests the regulators to consider a requirement that the specific Fund Facts document related to a purchased fund be attached to the trade confirmation as confirmation (evidence) of the specific fund product purchased by the investor. In addition to the certainty discussed above, delivery of Fund Facts with a trade confirmation provides an opportunity to ensure that Fund Facts are indeed delivered and to start the cooling off period.

At the same time, delivery of Fund Facts with a trade confirmation could start a period of time for the rescission right for non-delivery to start to run. Otherwise, there seems to be an open-ended exposure to investment funds for exercise of the rescission right, a result Broadridge believes does not reflect the regulatory intent. While the smaller more efficient Fund Facts document would prove to provide cost savings industry wide, it would also play a key role in protecting the three parties involved: the investor, the adviser and the fund manager.

Response to Proposed Framework Questions:

While we understand that many of the questions asked are of investors and dealers, Broadridge is pleased to provide its views based on its experience as a major supplier to the industry.

Q1: Investors: If you make a subsequent purchase in a fund you own, we recognize you will already have received the Fund Facts. Should we consider waiving the requirement to deliver the Fund Facts for all subsequent purchases of a fund that you own or only for a certain period after the last purchase? If only for a certain period, what is a reasonable amount of time?

Broadridge Response:

We believe that the requirement for delivery of a Fund Facts document for subsequent purchases should be flexible, so that delivery before or at point of sale or after point of sale can be accommodated. Our technology enables us to track the history of all documents received by an investor. Alternatively, the technology could automatically send the investor a current Fund Facts document with a trade confirmation if required and if the system determines from the document history database that the investor has not received the current version. Any timelines for sending Fund Facts can be accommodated by the current technology.

Q2: Investors: If you are buying a fund under a pre-authorized payment plan, you will only receive the Fund Facts for the first purchase. However, information in the Fund Facts will change over time, which could influence your decision to continue buying the fund. Would you want to receive an updated Fund Facts? If so, how frequently would you want to receive the updated document?

Broadridge Response:

Our current technology will accommodate delivery of subsequent Fund Facts for the funds that has been purchased when the document is updated, if required.

Q3: Investors: Does the other disclosure information that you can choose to receive, such as fund annual reports, provide you with enough information to make a subsequent purchase decision?

Broadridge Response:

No comment.

Q4. Do the delivery methods described above give investors and industry enough flexibility to make and execute investment decisions in a timely manner?

Broadridge Response:

The delivery methods described provide the flexibility for investors to receive information prior to making and executing an investment decision. However, the process does not provide for verification that the documents have been delivered and does not enable compliance tracking or auditing.

Q5: Are there other delivery methods or options that we should consider that are consistent with our objective of providing investors with disclosure before or at the point of sale?

Broadridge Response:

Filing the Fund Facts documents in XBRL will provide true analysis capabilities for sophisticated investors.

Q6: Dealers and insurers: What changes would you need to make to your existing processes to comply with our proposed delivery requirements? How long would it take to make these changes? What costs would be involved? Approximately how much would these costs be?

Broadridge Response:

Systems changes will be required to accommodate delivery of the Fund Facts before or at point of sale. The delivery process will be added to the current trade confirmation process that will require minor modifications. We have technology in place today that can be reconfigured to accommodate the new Fund Facts delivery requirements. We anticipate the costs for this development to be reasonable when spread across our client base.

Q7: Investors: If your adviser did not have the Fund Facts immediately available, would you be willing to wait until you receive it to make your purchase? If you had to wait, would you be likely to choose an investment other than a mutual fund or segregated fund?

Broadridge Response:

Our technology will enable availability of the Fund Facts as required as the adviser will be able to access and deliver documents in both hardcopy and electronically in real time.

Q8: Are there other ways to ensure investors have a meaningful remedy for any misrepresentation in the Fund Facts document for segregated funds?

Broadridge Response:

No comment.

Q9: Are there other ways of disclosing the information in the Fund Facts for a fund with multiple classes, series or guarantee options that are consistent with our objective of providing investors with a two-page document that is easy to understand?

Broadridge Response:

No comment.

Q10: Fund managers and insurers: How often would you want to update the Fund Facts? If more or less frequently than quarterly, with what frequency and why?

Broadridge Response:

From a technology perspective we can accommodate any frequency of update.

Q11: Investors: How current do you want the Fund Facts to be? Would a document that contains investment and performance information that is no more than 6 months old meet your information needs?

Broadridge Response:

From a technology perspective, we can accommodate any frequency of update.



In summary, Broadridge remains in support of the Joint Forum and in its goals to improve the financial services regulatory system. We believe that some improvements, as outlined above, can be made to the proposed system to further protect and serve the industry.

Yours truly,

“Patricia Rosch”

Patricia Rosch
President