

BY ELECTRONIC MAIL: jointforum@fsco.gov.on.ca

October 15, 2007

Mr. Neil Mohindra
Acting Policy Manager
Joint Forum Project Office
5160 Yonge Street
Box 85, 17th Floor
North York, Ontario
M2N 6L9

Dear Sir:

RE: JOINT FORUM PROPOSED FRAMEWORK 81-406, IFIC COMMENTS

We are pleased to provide comments on behalf of Mackenzie Financial Corporation and its subsidiaries in response to the request for comments by the Joint Forum of Financial Market Regulators (“Joint Forum”) with respect to the Proposed framework 81-406, Point of sale disclosure for mutual funds and segregated funds (“Proposal”) released for comments on June 15, 2007.

Mackenzie Financial Corporation

Mackenzie Financial Corporation (“Mackenzie”) was founded in 1967 and is a leading investment management firm providing investment advisory and related services. With over \$63 billion in assets under management, Mackenzie distributes its products and services through a diversified network of third-party financial advisors.

Mackenzie provides investment management, marketing and administrative services to more than 150 mutual funds and 38 segregated funds held by over 1.4 million Canadian investors.

Mackenzie's trust and administrative services are provided by the MRS Group of Companies. These include M.R.S. Inc., M.R.S. Securities Services Inc., M.R.S. Correspondent Corporation and M.R.S. Trust Company. The MRS Group of Companies provides trade execution and settlement, custody, and books and records services for distributors primarily of mutual funds. It also provides trustee services and a variety of deposit and lending services.

Mackenzie is a subsidiary of IGM Financial Inc. (“IGM”). IGM is one of Canada's major financial services companies, and the country's largest manager and distributor of mutual funds and other managed asset products, with over \$124 billion in assets under management.

Investment Funds Institute of Canada

Mackenzie is a member of the Investment Funds Institute of Canada (“IFIC”). Mackenzie staff is active amongst the IFIC working groups, including the one reviewing the Proposal. To that extent, we have contributed to and support the conclusions presented in the IFIC comment letter filed with the Joint Forum on October 2, 2007. We strongly support the suggestions of IFIC that a separate Fund Family document be created to address fees and expenses and that the delivery of that document be made mandatory at account opening supplemented by access to current Fund Facts through websites and confirmation statements.

Overall Comments on the Proposed Framework 81-406

We fully support a regulatory framework that will provide for meaningful and timely disclosures to advisors and investors in all products that are available in the marketplace and sold as investments. However, in its current form, the Proposal would have a significant adverse impact on industry competitiveness, operations, and on the financial advice model generally, which we believe to be of great benefit to investors and increasingly of need to Canadian investors who feel unprepared for retirement based on annual surveys conducted by Mackenzie and other industry participants. Public opinion research conducted by Mackenzie shows that 56 percent of Canadians between age 40 and 60 do not believe they are saving enough for retirement.¹

We would like to raise additional concerns with respect to the Proposal related to matters that directly impact our business. Mackenzie’s business is linked to and focused on the provision of financial advice to individual investors through an external third party multi-faceted distribution channel, consisting of traditional investment advisors, financial planners and insurance agents. Each has established a business model to attract and retain clients based on the provision of financial planning advice, individual portfolio construction, trading and client service based on investors’ individual objectives and risk profiles.

Because we exclusively distribute our mutual fund and segregated fund products through the third-party advisor channel, we are therefore subject to the competitive landscape of all product offerings that are available to and utilized by financial advisors in establishing investment portfolios for their individual clients, including fixed income securities (government bonds, corporate bonds, guaranteed investment certificates, bankers acceptances, term deposits, asset backed commercial paper, commercial paper, etc.), common and preferred equity of listed companies, structured products, principal

¹ Leger Marketing survey conducted for Mackenzie Investments, September 2005

protected notes (PPNs), derivative securities, brokerage wrap programs, closed-end funds and exchange-traded funds (ETFs). Many of these product offerings and investments, have the look and feel of a mutual fund to the investor, but are administered under a different set of rules and regulations with different disclosure and reporting standards. In all cases, the advisor is earning compensation from the products, or as a result of the trading activity.

While we believe that all of these products and investment options serve a purpose and have a place within the financial advisor's toolkit to create an appropriate portfolio that is aligned to their clients' investment goals, we are concerned that the Proposal only provides for point of sale disclosure for mutual funds and segregated funds and does not go far enough to differentiate product disclosures and issues of compensation or conflict disclosure. This approach has the risk of establishing an uneven competitive landscape, creating confusion for investors over different disclosure practices between products, compliance inefficiencies for advisors and additional costs and complexity to operational and administrative processes related to investors' interactions with their financial advisors.

The proposed framework requires further thought and development in the following areas:

- (1) the method, content and point in time of delivery of disclosure material in the advisor/client relationship;
- (2) the current competitive landscape and the different business models that exist today to meet the investing needs of Canadians;
- (3) the multitude of investment products that are held in investors' portfolios and related information, risk and compensation disclosure practices; and
- (4) implementation strategy, communication framework and timeline.

Summary

We urge the Joint Forum to reconsider the Proposal to address some of the points that have been raised by IFIC and in our response herein. We support focused and timely disclosure of information to investors. We believe that mutual fund products currently provide this and are subject to more and more specific requirements as compared to other similar products with respect to the content, form, and consistency of disclosure, underlying portfolio transparency and the frequency of disclosure to investors. We continue to assert that more regulation of disclosure for the mutual fund industry without any attempts to similarly regulate other similar products will give rise to significant product arbitrage in the marketplace because of the inconsistencies in approach and timing of disclosure and that this may result in a reduction of information generally available to investors about the products that are or will be included in their investment portfolios.

We encourage the Joint Forum to create the Implementation Steering Committee recommended by IFIC and a focus group to undertake the comprehensive review of product and compensation disclosures, in which we would gladly participate.

Thank you again for allowing us the opportunity to provide comments on the Proposed framework 8I-406, Point of sale disclosure for mutual funds and segregated funds. If you have any questions on our position or comments, please do not hesitate to contact me.

Yours truly,

A handwritten signature in black ink, appearing to read "C. Sims", with a long horizontal flourish extending to the right.

Charles R. Sims
President and Chief Executive Officer