

By courier

November 18, 2008

Joint Forum of Financial Market Regulators  
Canadian Securities Administrators  
British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers



**Attention:** Mr. David Wilson  
Chair,  
Ontario Securities Commission

Dear Sir/Madame:

**Re: Framework 81-406, Point of Sale Disclosure for mutual funds and segregated funds, October 24, 2008**

We would like to thank you for meeting with representatives of our group recently to discuss Framework 81-406, Point of Sale Disclosure for mutual funds and segregated funds. We appreciate that you made time for us and engaged in a thoughtful exchange about a subject so important to investors, independent advisors and independent fund manufacturers. However, we are concerned that the substance of those discussions has not been adequately reflected in the October 24<sup>th</sup> publication of the latest version of the Framework.

Our industry is committed to providing clear and concise information to investors when they want it. We are absolutely committed to the principles of improved disclosure and accessibility, and support the Joint Forum's efforts in this area. As we noted in our letter dated July 15 and then again in our meetings, our group is fully supportive of the Fund Facts document. We share the Joint Forum's objective to provide investors with information that offers a more simple, clear and user-friendly alternative to the Simplified Prospectus. Re-stating what we said in our meetings, we could proceed to begin producing Fund Facts documents in short order.

However, as stated in i) discussions we had with you over the past several months, ii) the feedback we understood you received from others in the industry following the June presentation of the proposed revisions to the Framework, and iii) the dozens of comment letters from across the industry submitted last fall, the delivery requirements of the

proposed Framework are not practical. They continue to be anti-competitive and, accordingly, continue to be our major concern.

Again, we do appreciate the intent of the Framework and share the Joint Forum's commitment to protect Canadian investors. We also appreciate that the Framework aims to harmonize requirements between mutual funds and segregated funds. Harmonizing disclosure requirements across like products offers clarity and policy consistency for investors and the industry.

Unfortunately, the current Framework highlights what transpires when there is a significant gap between the best-intended principles and their real world application. It also reinforces why important regulatory policy should not be developed piece meal, applying new rules only to some players and inadvertently providing advantage to others i.e. to mutual and segregated funds but not to exchange traded funds (ETFs), hedge funds or separately managed accounts (SMAs).

It is this negative effect of the Framework – putting independent, non-bank advisors and independent fund companies at a competitive disadvantage – that we believe requires more examination. While we are grateful that many members of the Joint Forum in different parts of the country acknowledge the Framework will create an uneven playing field, we are mystified why this situation seems to be acceptable to others. We cannot imagine another industry where it would simply be okay to apply rules that are biased against some business models versus others.

Further, despite the publicly-stated intent of the Ontario Securities Commission to implement similar point of sale requirements on all securities at some point in the future, especially other fund-like products (i.e. ETFs, SMAs, closed end funds, hedge funds, etc.), there appears to be no intent or timeline reflected in the Framework to incorporate this comprehensive, consistent policy stance.

In the United States where they have recently re-explored this issue, the Securities and Exchange Commission has opted for a different approach to Point of Sale disclosure that resolves this issue and maintains an even playing field. Their approach has achieved a balance of continuing to evolve the information provided to investors - especially the potential electronic delivery options – while keeping the requirements for timing of delivery separate, unbiased and most importantly, workable. It is not clear why the Joint Forum declines to discuss a similar approach in Canada.

To reiterate our other key concerns:

- The Joint Forum has not produced any empirical evidence around:
  - 1) what fund-related problem will be resolved by this fund-specific framework;
  - 2) why investors should lose the choice they currently have of when to receive fund information, similar to any other investment (and that independent quantitative research shows 2/3 of investors want to maintain); or

3) how investor protection will be enhanced with this new regulation.

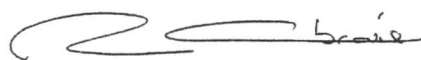
Despite multiple references to its research in both its domestic and international work on this issue, the Joint Forum has declined multiple requests to share that research with the Canadian industry.

As we offered when we met, we would very much like to work with the Joint Forum or the Canadian Securities Administrators in a constructive way to more thoroughly assess the real world implications of the proposed Framework for investors, advisors and the industry. We would be pleased to:

- Provide resources from our organizations to create a **working group** with the Joint Forum or Canadian Securities Administrators to resolve these issues;
- Work with the Joint Forum or Canadian Securities Administrators to conduct **additional, independent research among investors** to explore both the information and delivery components of the proposed Framework;
- Explore with the Joint Forum or the Canadian Securities Administrators and investors the range of electronic delivery solutions for the Fund Facts and other information to provide **“access all the time”**;
- **Work with the Joint Forum or the Canadian Securities Administrators to identify and address the root concern** they are trying to address with the Framework and determine a range of workable solutions.

If you wish to further discuss any of these suggestions, we would be pleased to meet with you at your convenience.

Yours truly,



**Randy Ambrosie**  
President  
AGF Funds Inc.



**Rob Strickland**  
President  
Fidelity Investments Canada ULC



**Peter Intraligi**  
President and COO  
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