



Dec 19, 2008

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

We appreciate the opportunity to provide our comments to the Canadian Securities Administrators (the "CSA") on Framework 81-406 Point of Sale Disclosure for Mutual Funds and Segregated Funds (the "Framework") published by the Joint Forum of Financial Market Regulators (the "Joint Forum") on October 24, 2008. This letter is submitted on behalf of the following dealer distribution entities within RBC: RBC Dominion Securities Inc., Royal Mutual Funds Inc. and Phillips, Hager & North Investment Funds Ltd.

We continue to support the regulatory direction taken by the Joint Forum that seeks to provide simpler and more meaningful disclosure documents for investors. In our view, investors can certainly benefit from efforts to create a short and simple disclosure document. We are also very supportive of the goal of creating a level playing field as between segregated funds and mutual funds.

We also recognize and appreciate the steps taken to address comments received in response to the 2007 proposal. For example, we are pleased with the exception made for transactions made through execution-only accounts and the elimination of the requirement to deliver Fund Facts for subsequent purchases. However, we would like to take this opportunity to reiterate our serious concerns about certain aspects of the proposed delivery requirements that in our view have not yet been adequately addressed by the Framework.

Two-Staged Implementation Process

We have contributed to and support the proposals outlined in the Investment Funds Institute of Canada's submissions filed with the CSA on November 24, 2008. We firmly believe in the recommendation to separate production and delivery aspects of the Framework implementation. The proposed two-staged implementation process, whereby the availability of the Fund Facts is expedited, is beneficial for both investors and the industry and will allow for the more complex delivery aspects of the proposal to be dealt with separately, ensuring that all related issues and concerns are fully considered.

Investors' Choice

As indicated in our previous submissions to the Joint Forum of October 2007, we do not believe that the proposal to deliver the Fund Facts at or before the point of sale is in the best interest of all investors. There are significant differences between various types of investors that renders a "one size fits all" approach unworkable. In fact, any attempt to impose one set of rules on all investors may do more harm than good as some rules may be at odds with the differing needs and expectations of all investors. For example, some investors may prefer receiving the Fund Facts before purchasing a fund, and those requests should be honoured. Likewise, some investors may prefer receiving the Fund Facts with their trade confirmation, and those requests should also be honoured. In our view, the objectives of the Fund Facts can be accomplished with a more flexible approach to delivery requirements that would in fact address the needs of all investors. Specifically, we propose a process whereby investors can choose whether they want to receive the Fund Facts before or at the point of sale, in addition to receiving it with the trade confirmation.

By exempting investor initiated transactions and money market purchases, the Joint Forum has undertaken to make the Framework more accommodating and efficient. However, the proposed selective waiver regime in limited circumstances (advisor versus client initiated trades, money market versus non-money market trades, etc.) may lead to confusion for investors over different disclosure practices. It will also result in compliance inefficiencies for advisors and dealers, as well as additional costs and complexities to the administrative processes related to documenting investors' interactions with their advisors.

Further, the Proposed Framework provides that if a transaction is carried out over the phone, the Fund Facts can be provided at the point of sale either by fax or electronically (e-mail). This proposal will have a substantial impact on clients and the firms that deal with clients who choose to transact by phone. Specifically, there will be situations where the investor does not have easy access to a fax or e-mail and will not be able to complete the transaction until the Fund Facts is received. In situations where the transaction is time-sensitive (i.e. at the end of the day or the last day of RRSP season) the investor may not be able to execute their purchase by the close of the business day and therefore be exposed to market risk of the client having to purchase the fund at a higher price should the price of the fund increase the following day. That being said, the Framework implies a two-step sales process, whereby the investor first speaks to a salesperson by phone, then obtains the Fund Facts and finally calls the salesperson a second time to complete the transaction. This two-step sales process is incompatible with the expectations of many investors who expect to have their order carried out immediately when providing instructions over the phone. Similar challenges may face investors serviced by mobile salespeople who travel to clients' homes or places of business and who may not be able to carry Fund Facts for every mutual fund offered. Given that a transaction cannot be completed

until the Fund Facts has been delivered, such delayed delivery may interrupt the sales process and in some cases might conflict with investors' demand for timely execution of their trades.

Accordingly, we feel that allowing some flexibility in this regard is absolutely essential in the context of servicing clients by telephone, which is a popular and efficient delivery channel (approximately 85%-90% of full-service dealer mutual fund transactions and approximately 10-15% of mutual fund dealer transactions are completed by telephone), and through mobile distribution channel. To this end, we strongly encourage the CSA to consider a flexible, investor driven approach in which all investors receive Fund Facts with the trade confirmation, while still providing access to the Fund Facts before or at the point of sale. In our view, such approach would be efficient, meet the Joint Forum's objective for timely delivery of fund specific information and offer investors choice in certain circumstances.

One additional comment we would like to make is with respect to investors being able to access the Fund Facts on the Internet. We are encouraged by the provision in the Framework that the delivery obligation can be accomplished by directing the investor to the relevant Fund Facts on the fund manager's website. We urge the CSA to explore further web access as a means of pre-sale delivery since electronic access could accommodate the ever increasing number of investors who are willing and able to access disclosure electronically at their convenience. As well, continuing Internet access to the most recent disclosure documents may be a viable alternative to the proposed option for investors to receive updated Fund Facts on an annual basis for the funds they own.

Discretionary Accounts

It is worthwhile to note that the Framework did not address discretionary accounts offered through full-service dealers. Under this type of account relationship, a client has entrusted the management of their investments to an experienced and accredited portfolio manager who is making investment decisions on the clients' behalf. Since portfolio managers, acting for a full service dealer, are acting as agents for the purchasers when purchasing a mutual fund for a client in a discretionary account, they are generally exempt from the requirement to deliver the mutual fund prospectus. That being said, it would be appreciated if the CSA could confirm that dealers will not be required to provide the Fund Facts to investors who hold discretionary accounts where mutual funds are purchased in the account.

As well, we would like to confirm that the term "adviser" is being used generically to refer to salespersons rather than the adviser category of registration, given that the prospectus delivery requirement is currently an obligation of a dealer and not an adviser.

Investor Rights of Withdrawal and Rescission

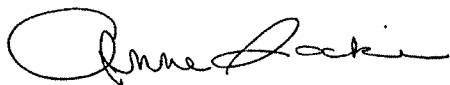
As a final point, we would like to emphasize that a harmonized approach by all provinces and territories will be critical in implementation of this rule if the stated goals of consistency and a level playing field across product types is to be achieved. In addition, we feel this initiative presents an opportunity to eliminate certain inconsistencies in the statutory investor rights of withdrawal and rescission. Currently, these rights vary across different jurisdictions in various key respects.

We thank the CSA for inviting all stakeholders to provide comments on the implementation of the Framework and its principles in advance of the rule-making process. We are confident that the challenges emerging from the Framework will be addressed carefully by the CSA. We look forward to working with the CSA on the next stages of this important initiative. If you have any questions or require further information, please do not hesitate to contact us.

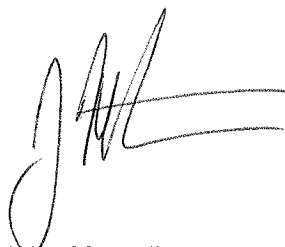
Yours sincerely,



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