

December 22, 2008

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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch,
Department Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice,
Government of Nunavut

Dear Ladies and Gentlemen:

Re: Framework 81-406

Thank you for inviting interested parties to submit comments to the Canadian Securities Administrators (the “CSA”) on Framework 81-406 – Point of Sale Disclosure for Mutual Funds and Segregated Funds (the “**Framework**”).

Background to the CI Financial Group

CI Investments Inc. (“CI”) and its affiliates (collectively, the “**CI Financial Group**”) are the managers of a wide range of investment products and services, including mutual funds and segregated funds. As of November 30, 2008, CI and its affiliates had aggregate assets under management of approximately \$53.7 billion. The CI Financial Group also includes several registered investment dealers and mutual fund dealers, including Assante Financial Management Ltd., Assante Capital Management Ltd. and

Blackmont Capital Inc., which had aggregate assets under administration of approximately \$24.1 billion as of November 30, 2008.

As a result of the size and breadth of investment products and services provided by the CI Financial Group, CI has significant experience dealing with current disclosure requirements for mutual funds and segregated funds from the perspectives of both the fund managers and the fund distributors. Drawing from such experience, we have already provided extensive comments to the proposed framework in a letter dated November 1, 2007. This correspondence will highlight what we consider most important.

Key Concerns

While we support initiatives to better inform and protect investors, we have several key concerns on the Framework that need to be resolved so that this legislation can be effective in the long run.

The most significant concern deals with the unfair advantage the Framework gives to certain companies. For instance, companies dealing with hedge funds, closed-end funds, exchange-traded funds, stocks, bonds and other securities will not be subject to the Framework, and will therefore have a distinct competitive advantage when their financial products compete directly for investment dollars with mutual fund and segregated fund companies' products. Given the unprecedented volatility in today's market, and the highly competitive nature of the investment industry in Ontario, adding an extra layer of requirements (and subsequent tracking of those requirements) between company and customer will make the selling of mutual funds and segregated funds more difficult. Further, the structures of some of the financial vehicles not under the purview of the Framework, such as hedge funds, should be. This is so because hedge fund structures can be even more complex than some mutual funds or segregated funds, and therefore investors will require additional protection through the Framework. The Framework should thus be implemented across the entire securities industry at the same time, rather than risk creating an anti-competitive environment by piecemeal application to only mutual funds and segregated funds.

The delivery of the Fund Facts is another key concern of CI. The Framework exposes mutual funds and their managers to an unreasonable amount of risk for a failed delivery of the Fund Facts since investors can exercise withdrawal rights in perpetuity with no curing provision to fix an error. It also increases the risk that investors will attempt to hold the mutual fund or its manager responsible for the dealer's failure to deliver the Fund Facts. These risks are heightened by the fact that the Framework would require substantial changes to current delivery systems of dealers. Therefore the Framework should include a feature which enables dealers to cure a failure to deliver Fund Facts, rather than create a perpetual withdrawal right.

Further, the Framework will create logistical issues for the parties that are delivering the Fund Facts. It is very common for mutual fund managers to offer a range of mutual fund choices. It is also common for mutual funds to offer multiple (often three or more) classes of securities. The CI Financial Group funds, for example, currently includes more

than 200 mutual funds, each offering multiple classes of securities, and more than 200 segregated funds. Using these figures for illustration purposes, preparing separate Fund Facts (in English and French) under the Framework for each class of securities of each fund will result in approximately 2,500 different Fund Facts relating to the CI Financial Group funds. This multiplicity of documents will increase the risk of a dealer providing the incorrect Fund Facts to an investor. Therefore funds should be permitted to prepare a single Fund Facts document which incorporates information concerning all classes of securities offered by the fund and funds should be permitted to bind their Fund Facts documents with those of other funds under common management.

The Framework also requires a Fund Facts document to be delivered to investors prior to completion of the sale at or before point of sale. Currently, mutual fund clients are able to make investment decisions with the benefit of advisor advice, and have the choice of receiving fund information after the trade is completed. This cumbersome new requirement will be disadvantageous to all clients because it will restrict when a client can purchase mutual funds and segregated funds. The Framework must therefore do a better job recognizing how business is done and the unique relationships that exist between advisors and clients by mirroring the current method of prospectus delivery.

Conclusion

Certain changes to the Framework need to be made in order to make this legislation as effective as possible. One key change will be to expand its application to all securities that are complex enough to merit the receipt of the Fund Facts. This should include hedge funds, closed-end funds, exchange-traded funds, stocks, bonds and other securities. This will ensure that all players in the financial industry remain on an even playing field and an anti-competitive environment is not created. In addition, delivery issues must be worked through to prevent investors from attaining perpetual withdrawal rights and receiving an influx of documentation that could be more confusing and less meaningful than the documentation being delivered under the current disclosure regime.

We trust that you will find the foregoing comments of assistance in your continuing consideration of the Framework. We would be pleased to provide further comments on the Framework in the future or engage in a discussion on these issues.

Yours truly,



CI INVESTMENTS INC.

Peter W. Anderson
Chief Executive Officer

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