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April 20, 2009

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Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
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Dear Sirs/Mesdames:

Request for Comment on the Proposed Repeal and Replacement of National Policy 58-201 *Corporate Governance Guidelines,* National Instrument *58-101 Disclosure of Corporate Governance Practices,* National Instrument 52-110 *Audit Committees* and Companion Policy 52-1l0CP *Audit Committees* (the "Proposed Materials")

We are pleased to provide comments on behalf of IGM Financial Inc. (¨IGM") in response to the request for comment by the Canadian Securities Administrators (the "CSA") with respect to the Proposed Materials.

IGM is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of mutual funds and other managed asset products, with over $98 billion in total assets under management as at March 31, 2009. Its activities are carried out principally through Investors Group, Mackenzie Financial Corporation and Investment Planning Counsel. *IGM is* a member of the Power Financial Corporation group of companies_ IGM's common shares are publicly traded on the TSX, with a current market capitalization of approximately $9 billion. In its capacity as an asset manager on behalf of its clients, IGM, through its subsidiaries, is an investor in virtually all major Canadian reporting issuers_

We welcome the initiative of the CSA to review the current versions of National Policy 58-201, National Instrument 58-101, National Instrument 52-110 and Companion Policy 52-110CP (the "Current Materials"). In 2005 the CSA aeloaowledged the concerns expressed by some reporting issuers about the appropriateness of the Current Materials for companies, such as IGM, which have a majority shareholder_ Within National Policy 58-201 the CSA stated, that it intended to "carefully consider these concerns in the context of a study to examine the governance of controlled companies" and that it would "consider whether to change how this Policy and National Instrument 58-101 **treat controlled companies." We** welcomed this undertaking by the CSA and have considered it important to investors, large and small.

General Comments

As a general comment, we support the discussion related to a "principles based" approach to corporate governance and disclosure of corporate governance practices, as compared to a "comply or explain" model. The "comply or explain" model in the Current Materials creates an implicit bias that corporate governance practices that differ from the general guidelines are in some way deficient In our view, the principle-based approach allows an issuer to fully explain its practices and allows the shareholders to judge these practices on their merits.

We are also pleased to see acknowledgement within proposed National Policy 58-201 that there is no single model of good corporate governance, and that practices which differ among issuers or from those examples provided by the CSA, may be equally as good, provided they achieve the objectives of the corporate governance principles.

Subject to our comments below, these advancements by the CSA will provide reporting issuers and their boards of directors with greater flexibility to choose appropriate governance models for their circumstances, and improve the quality of their disclosure on corporate governance practices_ Shareholders will be well-served by governance models that do not impose inappropriate structures and costs on issuers. What is appropriate for a large bank, for example, is not necessarily appropriate for a junior resource issuer.

Proposed National Policy 58-201

We support the corporate governance principles as set out in Proposed National Policy 58-102. In response to Question 2 of the Request for Comment, we believe the commentary and examples of practices set out in National Policy 58-201 generally provide sufficient guidance and details to issuers regarding the implementation of the principles. We agree with the CSA that it is important for the guidance and commentary to not be seen as establishing "best practices". If this occurred, it would imply that practices which differ from those provided by the CSA arc deficient. We support the CSA's approach to have a separate section in the Proposed National Policy 58-201 (section *1.3 — Structure of this Policy in* the current draft) that appropriately positions the nature of the commentary and examples of practice. However, to make it clearer that Proposed National Policy 58-201 does not establish "best practices", we suggest that the CSA amend the second sentence of the second paragraph in section 1.3 of Proposed National Policy 58-201 to read, "They are not meant to create best practices or create minimum requirements."

Definition of Independence

We have been particularly concerned about the approach to determining director independence within the Current Materials. We have long considered certain aspects of the current test, which deems individuals to be non-independent by virtue of prescribed relationships with an affiliated entity, to be flawed.

For example, the Current Materials provide that a director is deemed to be non-independent if, among other things, the director is, or has been within the last three years, an executive officer or an employee of the issuer's parent corporation. In our view, the presumption that an executive officer of a parent corporation is unable to exercise independent judgment in discharging his or her duties as a director of an issuer is unfounded and without merit. Indeed, in our view, an involved, significant shareholder, whose interests align with those of all other shareholders, is the best boardroom ally that a minority shareholder could have. IGM's own experience is that the degree of oversight and rigour brought to bear by a controlling shareholder leads to better governance for the benefit of the company and all shareholders.

The governance issues typically associated with significant or controlling shareholders are not ones of "independence", but rather relate to conflict of interest and "self-dealing", We believe the Proposed Materials appropriately address those concerns in Principle 6 and that the analysis of "independence" is properly a separate inquiry_

We are accordingly supportive of the fact that this approach is adopted in the Proposed Materials.

However, in response to questions 6(a) and (b) of the Request for Comment and 1(a) and (b) of Appendix A, we share the concerns of the Alberta Securities Commission regarding the introduction of a "perception" test for independence. We believe it would be difficult for boards to attempt to determine what a third party may "perceive" to interfere with the exercise of a director's independent judgment. This in turn will make it problematic for directors to assess compliance with the obligatory requirements of National Instrument 52-110 or obtain a legal opinion with respect to compliance. Also, the shift to "perception" would create an inappropriate standard for independence, as the mere existence of any connection to the issuer or an executive officer of the issuer may create a "perception" of nonindependence to an uninformed observer, when a careful consideration of the specific facts could lead to a different conclusion.

In our view, the determination of director independence should be based on whether or not the director is independent from management of the issuer, and whether or not the director has any other relationships with the issuer that, in light of all the circumstances, could reasonably be expected to interfere with the exercise of a director's independent judgment. This assessment is a question of fact that should be determined by the issuer's board of directors on a case-by-case basis. The board of directors of an issuer is best positioned, with the most relevant information and experience, to make this determination. The conclusion reached by the board must still be reasonable, but the board should be permitted to take into consideration its collective experience as well as specific knowledge of the director in question. We believe that any reformulation of the test for independence should reflect these principles.

As a matter of drafting the Proposed Materials, we note the following two points: first, we note that the guidance as to "independence" in the proposed Companion Policy in the Proposed Materials would suggest that a person who at any time has had a non-independent relationship with an issuer may not be considered independent. We suggest that the CSA consider prescribing a "cooling off' period, after such a relationship has ended, after which the person is no longer deemed non-independent by reason only of the former relationship.

Second, we note that section 3.1(b) of the proposed Companion Policy should also be amended to refer to employees of "subsidiaries" of the issuer, rather than "affiliates". Use of the term "affiliate" would inadvertently capture employees of controlling or significant shareholders, which is inconsistent with the intent of the new definition of independence,

In response to questions 9(a) and 9(b) of the Request for Comment, for the reasons stated above, we agree that relationships between a controlling or significant shareholder and the issuer can be effectively addressed through the management and recognition of conflicts of interest under proposed Principle 6 in National Instrument 58-201. A relationship with a controlling or significant shareholder should not be included in section 3.1 of the proposed Companion Policy 52-110CP as a relationship which could affect independence.

In response to question 9(c) of the Request for Comment, we support including as an example of a corporate governance practice that an issuer have a sufficient number of independent directors on a board of directors, unrelated to a control person or significant shareholder, as are appropriate to discharge the board's responsibilities in relation to Principle 6_ To refer to an "appropriate number", without further context, would beg the question of why any number is or is not appropriate, if an individual is otherwise "independent". The determination of the number of such directors that is sufficient for this purpose should be made by the board of directors of the issuer, based on its own circumstances.

Effective Date

We suggest that the CSA provide a minimum of one year advance notice of the implementation of the new regime, to permit issuers adequate time to assess their current practices in light of the new regime and make enhancements to their current practices in an orderly fashion.

We also note that the issues of a broader "principles based" governance regime and the definition of "independence" are mutually exclusive. Changes could be made to the "independence" issue separately from any implementation of a broader "principles based" regime by straightforward amendments to sections 1.4 and 1.5 of current National Instrument 52410.

Thank you again for the opportunity to comment on the Proposed Materials. If you have any questions on our comments, please do not hesitate to contact me.

Yours truly,

IGM Financial Inc.

Charles R.. Sims
Co President & Chief Executive Officer

Copy to: Murray J. Taylor
Co-President and Chief Executive Officer — IGM Financial Inc.