



IGM Financial Inc. One Canada Centre, 11th Portage Ave., Winnipeg, Manitoba R3C 3B6

Charles R. Sims
Co-President and Chief Executive Officer

June 2, 2009

via email to: rday@osc.gov.on.ca

Mr. Robert Day
Manager, Business Planning
Ontario Securities Commission
20 Queen Street West
Suite 1900, P.O. Box 55
Toronto, Ontario
M5H 3S8

Dear Mr. Day:

**Re: Ontario Securities Commission Notice 11-762 (Revised)
Request for Comments Regarding Statement of Priorities for Fiscal Year
Ending March 31, 2010**

We are pleased to provide comments on behalf of IGM Financial Inc. and its subsidiaries in response to the request for comments by the Ontario Securities Commission ("OSC") with respect to its Statement of Priorities for 2009/2010.

IGM Financial Inc.

IGM Financial Inc. ("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 \$103 billion in total assets under management as at April 30, 2009. Its activities are carried out principally through Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. 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 \$10 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.

The following summarizes our comments on specific aspects of the Statement of Priorities:

Goal 1 – Identify the important issues and deal with them in a timely way

Consultation Process

One of the objectives outlined in the Statement of Priorities, as it was last year, is to consult and collaborate with investors, issuers, intermediaries, other industry participants and professionals. We believe this is an important process in developing policies, to ensure that the industry's input and/or concerns are taken into consideration prior to implementation. In our view, collaboration and consultation are important processes in achieving meaningful policies and procedures.

In order to create a more efficient and comprehensive consultation process, we suggest that the OSC implement a consultation process with a standard 90 or 120-day comment period.

Harmonization

We support the OSC's efforts to further harmonize, streamline and modernize securities laws and to ease the regulatory burden on market participants.

Our most significant concern is that regulation and actions taken by regulators are effectively harmonized to create a level playing field for the various market participants and provide clarity for investors in the markets. We believe there is a great challenge under any regulatory system to establish and maintain regulation that is compatible with the manufacturing and distribution of mutual funds. An effective regulatory approach requires that many parties work together including: securities regulators, distribution regulators (MFDA and IIROC SROs), as well as those that regulate mutual fund substitutes such as OSFI and provincial insurance regulators.

We urge the OSC to continue to work with its colleagues at the Ministry of Finance to ensure that all National Instruments are enacted in Ontario in a manner consistent with other CSA jurisdictions. Carving out National Instrument provisions and enshrining them in legislation would result in a regulatory regime in Ontario unnecessarily differing from other jurisdictions, at a time when standardization for the industry is critical. We have made comments directly to the Ministry of Finance in this regard, in the past, stressing that Ontario should implement as many areas as possible by regulations within the authority of the OSC.

Registration Reform

In our comment letter on last year's draft NI 31-103, dated May 29, 2008, we provided several specific comments on particular areas of concern. We reiterate in particular our concerns expressed there as to the treatment of the proposed new Exempt Market Dealer ("EMD") registration category. We recommend that EMDs be permitted to conduct business only in exempt products of the kind described in NI 45-106. Any EMD that chooses to deal in NI 81-102 mutual funds should be required to be a member of the MFDA (or in the Province of Quebec, comply with the mutual fund dealer requirements in that Province), or if they carry on business in an IIROC-related business they should be registered with IIROC. To do otherwise would legitimize EMDs as a viable distribution channel for NI 81-102 mutual funds to accredited investors and result in a deterioration of SRO regulation.

Regulation of Hedge Funds and Hedge Fund Managers

We also support enhanced regulation of hedge fund managers and their related products. As recent market events demonstrated, the investment practices of hedge funds, wielding significant economic clout in a largely unregulated sector, amplified the credit crisis and the disruptive un-levering which has accompanied it. We support the OSC's current focus on hedge funds' and their managers' activities, which will assist in creating a more level playing field for market participants – particularly in light of the fact that many hedge funds have become increasingly more available to retail investors.

Exchange Traded Funds

We also encourage the OSC to continue to look into aspects of exchange traded funds related to disclosure, performance reporting and the use of leverage. In particular, the overall objective of harmonization, and the level playing field that should flow therefrom, would be well-served by examining point of sale disclosure in relation to ETFs.

International Financial Reporting Standards (“IFRS”)

We believe the current timetable for the implementation in Canada of IFRS is unfortunate in light of the timetable for implementation in the United States, and given the other significant challenges facing reporting issuers in the current market environment. We appreciate this is not a matter within the OSC's jurisdiction, but encourage the OSC to keep in mind the significant impact this change will have on issuers and investors as the new process is implemented.

Goal 2 – Deliver fair, vigorous and timely enforcement and compliance programs

Enforcement and Compliance

We are pleased to see the linking of compliance programs with enforcement in this goal. In the Investment Funds area, we continue to believe that the enforcement function needs to be strongly supported by an effective compliance function. We believe that a strong compliance program should be the foundation of a strong regulatory system supported by enforcement activities where necessary.

We also support the OSC's risk-based approach to determining regulatory action. In addition, we note that the OSC's compliance professionals continue to work jointly with the Investment Funds group on industry audits and we applaud that effort. We encourage the OSC to continue this cross-functional approach to compliance reviews. We find that, by bringing experts in our area to the compliance reviews, a more effective review is conducted. We see support for this in Goal 2.

We are pleased to see that, consistent with our concern expressed above for creation of a level playing field for various market participants, the OSC has turned its attention to hedge funds - which in our view, by comparison to the heavy regulatory burden borne by mutual funds, have previously been largely exempt from scrutiny.

Goal 3 – Champion investor protection, especially for retail investors

Point of Sale

We continue to support the objective of providing, on a harmonized basis, meaningful disclosure documents for the sale of all financial products. However, we continue to have significant concerns with the delivery requirements that may apply for mutual fund and segregated fund products. As we and other industry participants have cautioned many times, ill-considered delivery requirements for point of sale disclosure for mutual funds and segregated funds could create a strong regulatory arbitrage, driving advisors away from these inherently diversified products into other investments of indeterminate risk and diversification, but not subject to delivery requirements. The OSC itself recognizes within this Goal “the importance of the advisor to the retail investor” and states its intent to strengthen and improve the advisor/retail investor relationship. We submit it would be inconsistent with this intention to insert into that relationship the sort of regulatory arbitrage we foresee if point of sale delivery requirements are imposed without regard for this environment.

Similarly, a separate process is underway in the insurance sector for the development of rules relating to segregated fund disclosure. It is critical that the two separate rule development processes conclude with similar requirements for market participants, along with a coordinated implementation schedule. The OSC’s priorities should reflect that these different development processes must result in regulations that do not foster disparate client experiences with the two products, quite apart from other investment products available to investors. In this regard, we continue to support the promotion of a level playing field for the various financial products that meet Canadians’ investing needs.

Modernizing Investment Fund Rules

We support the OSC’s goal to develop proposals to modernize investment fund rules in order to achieve more consistent, fair and functional regulation of all investment funds and to reduce the number of exemption applications. In our view, the modernization of this framework is necessary to reflect today’s market realities, while also providing flexibility for the future. In particular, updated rules should provide flexibility to asset managers to modernize their products, and to be nimble in response to market or product developments, while ensuring that investor protection is maintained.

We are also aware that IFIC has initiated a project on disclosure reform, with the objective of providing future recommendations to rationalize fund disclosure requirements. We agree that such a rationalization would be a timely initiative.

Investor Secretariat

We support in principle the OSC’s initiative to establish an Investor Secretariat to be a coordinating body in the OSC. In our view, the credibility of efforts by this new Secretariat will depend on (a) objective and statistically sound data gathering, and (b) a clear mandate to involve continued consultation with regulated market participants and issuers, to ensure a balanced appreciation of the issues that may be of interest and concern to investors.

Goal 4 – Support and promote a more flexible, efficient and accountable organization

We would expect that the OSC run as efficiently as possible. The OSC is a key participant in the ever-changing capital markets and must be flexible to address developments promptly, so that the public and our capital markets can be properly served, and remain globally competitive.

Thank you for the opportunity to comment on the OSC's Statement of Priorities. If you have any questions regarding the foregoing, please do not hesitate to contact us. We look forward to working with the OSC as we go forward into fiscal 2009-2010.

Yours truly,

IGM Financial Inc.

A handwritten signature in cursive script, appearing to read "Charles R. Sims", with a long horizontal flourish extending to the right.

Charles R. Sims
Co-President and Chief Executive Officer

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