



October 16, 2009

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Re: Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and Related Instruments

We are responding to the request for comments on the proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and the accompanying Forms and Companion Policy (the "Proposed Instrument"). 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 appreciate the opportunity to provide our comments to the Canadian Securities Administrators ("CSA") on the Proposed Instrument. We continue to support the proposal to introduce clear, concise and readily accessible mutual fund disclosure documents. We believe that investors will be better served with this type of fund information and will be more likely to read and understand the proposed Fund Facts format. We would also like to commend the CSA for their continued dialog with stakeholders in order to ensure that the new disclosure regime meets the needs of investors in a cost-effective and practical way.

We have contributed to and support the general direction of the submissions made by the Canadian Bankers Association, the Investment Funds Institute of Canada and the Investment Industry Association of Canada.

Below are our responses to the specific issues for which industry input is sought.

Benefits and Costs (Part I, questions 1 & 2)

The CSA are seeking feedback on whether there is agreement with the stated benefits of the Proposed Instrument as well as with the cost burden that may result.

As stated above, we agree with the anticipated benefits of a more effective disclosure regime for mutual funds. However, we wish to draw attention to the costs associated with the

implementation and maintenance of the new oversight, compliance and tracking processes and mechanisms that will be necessary in order to ensure adherence with the delivery requirements. While we believe it would be relatively straightforward for many dealers to implement the delivery of the Fund Facts document with the trade confirmation for all mutual fund investments, the proposed point of sale delivery with the selective waivers and exemptions would require the implementation of costly compliance and audit systems to accommodate such processes. For example, more complex compliance systems would be required to document and monitor all of the nuances of the selective waivers and exemptions, including those for investor-initiated trades versus advisor-recommended trades, initial purchases versus subsequent purchases, money market funds waivers for point of sale delivery and situations where the client has waived receipt of the Fund Facts document. We recommend that the proposed selective waivers be reviewed with a view of simplifying the compliance and delivery process. As well, in accordance with the general requirements for recordkeeping under National Instrument 31-103 *Registration Requirements and Exemptions*, we expect that firms will only be required to maintain notes regarding whether a client waived receipt of the Fund Facts Document.

Updating of the Fund Facts Document (Part II, question 1)

The CSA are considering allowing fund managers to provide more current information to investors by not restricting how frequently a fund manager files an updated Fund Facts document. Given that one of the key principles of this initiative is to enhance the comparability of mutual funds for investors, we would recommend a standardised approach to the frequency with which the Fund Facts document is produced. We believe that if fund managers adopt different policies on updating and filing the Fund Facts document, investors will have more difficulty in comparing such documents. In light of the foregoing, we suggest that the requirement to file an updated Fund Facts document on an annual basis, or more frequently if there is a material change, be retained.

Bringing the Fund Facts Document to the Attention of the Purchaser (Part II, question 2)

The Proposed Instrument requires that when a Fund Facts document is delivered to an investor it must be brought to their attention. In our view, where dealers are required to provide clients with the Fund Facts document for certain purchases, evidence that the Fund Facts document has been delivered should not be required as delivery itself should constitute bringing the Fund Facts document to the client's attention. In addition, it should be noted that there is currently no precedent for such requirement under existing securities laws in the context of the delivery of other disclosure documents such as the prospectus and the management report of fund performance. For these reasons, we respectfully submit that the requirement to bring the Fund Facts document to the attention of the investor should be removed from the Proposed Instrument. In order to address the CSA's concern about client's understanding the purpose of the Fund Facts document, we would also recommend that dealers could include a general disclosure explaining the purpose of the Fund Facts document in client account opening documentation.

Delivery of the Fund Facts Document for Subsequent Purchases (Part II, question 3)

The CSA have indicated that they are considering requiring the delivery of the Fund Facts document for subsequent purchases, either in instances where the investor does not have the most recently filed Fund Facts document, or in all instances with the trade confirmation. The

CSA has also asked for views on the assumption that introducing this requirement could result in the removal of an annual option to receive a Fund Facts document.

While we believe that the delivery of an updated Fund Facts document with trade confirmation for subsequent purchases where the investor does not have the most recently filed Fund Facts document would be more practical, we do not agree with the suggested removal of the annual option to receive a Fund Facts document in situations where the client wishes to see it again. Rather, we would suggest that the rules provide that either method of providing an updated Fund Facts document to clients be permitted.

Client Option to Waive Receipt of the Fund Facts Document (Part II, question 4)

The CSA have indicated that they are considering allowing the delivery of the Fund Facts document with the trade confirmation where the investor expressly communicates that they wish the purchase to be completed immediately, and it is not reasonably practicable for the dealer to deliver or send the Fund Facts document prior to the purchase. The CSA have also asked for suggestions on the specific information the investor should receive before the purchase if this change is made, including some thoughts around the type of oral communication that may be necessary.

We are very pleased that the CSA is considering modifying the Proposed Instrument to address situations where investors expressly request that the purchase be completed immediately. As we indicated in our previous submissions, we strongly support allowing clients to make the choice of whether they would like to receive the Fund Facts document before or at the point of sale, but in all cases, the client would receive the Fund Facts document with the trade confirmation. We would recommend, however, the removal of the condition that it must be not reasonably practicable to provide the Fund Facts document before or at the point of sale in order for a client to waive receipt of the Fund Facts document. We feel that such waiver should be based solely on a client's wish to complete the purchase immediately.

With respect to what information a client should receive when they are purchasing a mutual fund and have opted not to receive the Fund Facts document before or at point of sale, we would suggest that general disclosure regarding the Fund Facts document in the account opening documentation (as discussed under question 2 above) would be sufficient. While we are in support of providing oral disclosure regarding the Fund Facts document to clients when presenting clients with the option of receiving the Fund Facts document before or at point of sale, we do not think that such oral disclosure should be prescribed. Rather, dealers should be able to determine what they believe to be sufficient oral disclosure in each circumstance.

Consolidation of Fund Facts Documents (Part II, question 5)

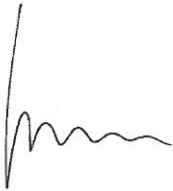
The CSA are proposing some limited consolidation of Fund Facts documents and provide some guidance with respect to this in the Companion Policy. We have concerns about the guidance in the Companion Policy regarding the binding or attaching of different Fund Facts documents when the delivery is by electronic means. We believe that dealers should be permitted to bundle more than one Fund Facts document in one pdf attachment, or electronic links to such files, in an email to a client. We believe that investors will be better able to compare information about different funds if they have all of the information that they need in one source. In view of that, we would suggest that binding of the Fund Facts documents be permitted in the electronic context.

Transitional Period (Part II, question 6)

The CSA have requested views on whether the transitional period for delivery of the Fund Facts document is appropriate. Taking into account the fundamental changes that the Proposed Instrument will introduce, we would like to suggest that the CSA finalize the implementation of the Fund Facts document requirements as proposed, while continuing to consult on the delivery requirements. More specifically, we would suggest that a proper cost-benefit analysis be conducted to obtain more accurate information related to the proposed point of sale delivery.

Thank you for your consideration of this submission. 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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