

October 19, 2009

John Stevenson, Secretary
Ontario Securities Commission
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Toronto, ON M5H 3S8

Mme Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Montréal (Québec) H4Z 1G3

Re: Proposed amendments for the implementation of Point Of Sale Disclosure for Mutual Funds (NI 81-101)

Dear CSA Members:

PFSL Investments Canada Ltd. (“PFSL”) is pleased to provide comments to the Canadian Securities Administrators (“CSA”) Notice And Request for Comment on Implementation of Point Of Sale Disclosure for Mutual Funds. We are generally supportive of the efforts of the CSA to ensure investors are well informed and are receiving timely disclosures. However, PFSL remains extremely concerned regarding a number of the new requirements that will be imposed on mutual fund investors, representatives and dealers. Should these changes go into effect in the form currently proposed, we anticipate a significant impact to our representatives’ manner of serving their clients, our business model, and possibly to our clients’ access to our products.

PFSL serves over 300,000 clients through a Canada-wide network over 5,000 licensed mutual fund representatives. We help hundreds of thousands of Canadians fulfill their financial goals and offer our services in the most affordable and accessible manner possible. PFSL services middle-income clients with generally smaller amounts to invest. Through our experience in this market, we have developed a clear understanding of the impact that well intentioned - but at times costly and burdensome - regulatory initiatives can have on the service provided to those with smaller amounts to invest, or that live in remote areas. Financial services and investments must be accessible to the middle-income market. Unfortunately, the significant increase in regulatory requirements and related costs over the past five years have already started to deter some companies and advisors from servicing these types of investors, with many firms establishing minimum account sizes to maintain their profitability and the feasibility of servicing individual accounts.

As mentioned in our previous submissions, PFSL is most concerned with the document maintenance, pre-delivery and related compliance requirements imposed by the new requirement. We have made a number of recommendations in our previous submissions, and supplement and add to those in this letter. We hope that these recommendations can be thoroughly discussed following the end of the comment period to more effectively meet the CSA's objectives.

1. Product Arbitrage

While we support improved disclosure to investors, we remain extremely concerned that the proposed requirements for the Fund Facts document and related delivery requirements are being imposed on a product that already has more regulation and less risk than some other investment products. In addition, in a distribution channel such as ours, advisors assist clients in determining the investments that are the most suitable for their needs. It seems to us that if there is to be a point of sale disclosure requirement, it should be implemented for all investment products. To not do so unfairly burdens the mutual fund industry and its distribution channels, and in the long run could possibly reduce investment opportunities available to the average investor.

2. Mandatory Pre-Delivery of Fund Facts

a. Pre-Delivery

PFSL operates in every region in Canada, local and rural, through a number of regional offices and supported by a strong central head office. As expressed in our earlier submissions on this issue, the pre-delivery of the Fund Facts document will prove to be a very cumbersome requirement for our firm and our representatives. We will not repeat the details of prior submissions, except to make two points. First, the pre-delivery requirement does introduce new complex and costly operational and compliance requirements. These are described in detail in the submission by The Investment Funds Institute of Canada. The benefits of pre-delivery have not been shown to justify this significant effort.

Second, we wish to reiterate our prior comments with respect to subsequent purchases. The current MRFP disclosure regime already results in continuous disclosure of pertinent fund information to a client after an initial sale. MRFP's contain information about fund performance, financial highlights, discloses management fees, and the allocations of fund holdings by sector as well as top holdings. A customer can opt-in to receive this document on a semi-annual basis, and access it at any time by contacting their representative, or retrieve it from fund company websites. If they wish, customers will be able to access the most current Fund Facts document by contacting their representative or on fund company websites. Any additional requirement such as annual opt-in or a requirement to send the Fund Facts on subsequent purchases is duplicative with the current MRFP regime and is therefore unnecessary. This requirement only results in additional costs to fund companies and dealers, added inconvenience to the investor, and is only providing information that is already available.

b. Exemptions

PFSL recognizes that the exemption of pre-sale Fund Facts delivery requirements for order execution, money market purchases, and non-recommended trades where the customer has specifically elected to do so is intended to relieve representatives and dealers of some of the imposed delivery burden. However in doing so, companies such as ours would have to create and maintain a costly tracking structure which would again impose increased costs on our business.

c. Section 3A.2(b) – “Bring to the attention of the purchaser”

One amendment introduced under the title of “Delivery” is the concept, to “bring (*the Fund Facts*) to the attention of the purchaser”. Although some guidance is provided in 7.3(3) of the Companion Policy, it is not clear exactly what “bring to the attention” involves. However it is likely that implementation of this requirement will become a significant supervisory and compliance issue. Greater clarity on this new concept is required.

d. Waiver

We believe, that in instances where the investors expressly communicate they want the purchase to be completed immediately and they waive the right for the Fund Facts document to be delivered pre-trade, that their wishes should be respected. The option for an oral waiver to be completed and then clearly documented and filed should also be considered reasonable. We believe this type of waiver should not be restricted to only certain purchases. Delivery of Fund Facts along with the trade confirmation would be a reasonable alternative in these situations.

2. Liability of Dealer

The Proposed Framework introduces a new 180 day rescission window if the client has not received the Fund Facts document. This creates an unreasonably long rescission period and may tempt investors to file frivolous complaints due to a number of reasons such as market downturns. The proposed Rule does not clarify the “burden of proof”. We request this issue to be discussed further and additional amendments be introduced to protect the dealer and their representatives against wrongful claims.

3. Issues for Comment

Appendix B of the Supplement requests comments on certain matters. Comments related to (I) 2. cost burden, (II) 2. bring to the attention, and (II) 3. subsequent purchases are above. Following are our views on some of the other matters.

(II) 1. Flexibility to Provide Current Information

While there may be some merit to provide more frequent updating of Fund Facts to provide current information, the result is likely to be difficulty for dealers and advisors to determine which document is the most current. We instead suggest a common renewal date, related to the timing of some of a manager's other required filings to ensure consistency of information.

(II) 5. Binding of Fund Facts

Section 4.1.5 of the Companion Policy does provide some guidance on this matter. We have some additional suggestions. The decision on whether or not bundling takes place should be left to the discretion of the manager or the dealer, as long as accessibility and simplicity of the document package is kept. Therefore, the limit of 10 funds per bundle should be removed, and bundling in paper and electronic format should be allowed as long as the principles of simplicity, accessibility and comparability are respected.

With respect to electronic delivery, section 5.4 (2) of the Instrument requires clarification. This section requires that a Fund Facts document that is delivered electronically not be attached or bound with another Fund Facts document. First, we are assuming, but are not certain, that this means that, for example, not more than one Fund Facts document can be in one PDF file, or be accessed by one link. It is not clear that multiple PDF documents or hyperlinks would be allowed in a single e-mail message. This should be clarified. Second, assuming the first point is correct, we do not see a problem having more than one Fund Facts document in a single PDF file or accessed by one hyper link, as long as those documents have a rationale for being presented together and continue to follow the principles of simplicity, accessibility and comparability.

(II) 6. Transition Period for Delivery Requirement

The two year transition period for the delivery requirement would be the minimum time that would be required in order to implement the significant logistical and compliance processes necessary to comply with the rule. Extensive (and costly) system development work, training of staff and sales representatives, build-out of compliance monitoring mechanisms, revision of trading forms, and many other as yet undetermined changes to our business will be needed in order to meet the requirements as currently written.

(III) 1. Multiple Series in one Fund Facts document

As a mutual fund dealer we find this proposal problematic as not all mutual fund dealers necessarily sell all the series of each fund. Including more than one series in a Fund Facts document would create confusion between advisors and investors and detract from the objective of providing streamlined and simple disclosure. A possible exception to this would be where the series are substantially the same so that the differences between the information for each series are minimal.

4. Conclusion

PFSL remains committed to the principles of timely, simple disclosure to investors to ensure that they are able to make well informed decisions about their mutual fund purchases. We are also committed to working with the CSA, to reduce the potential negative impact the Proposed Framework and redrafted amendments may have on mutual fund companies, dealers, advisors and investors.

We appreciate your time and consideration in reviewing our concerns in regards to the Proposed Framework and redrafted amendments. We would be pleased to discuss our recommendations with you.

Yours truly,

A handwritten signature in black ink, appearing to read "John A. Adams". The signature is fluid and cursive, with a large loop at the beginning.

John A. Adams, CA
Chief Executive Officer
PFSL Investments Canada Ltd.

Cc: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Registrar of Securities, Nunavut