



September 24, 2010

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba 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
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

c/o, John Stevenson, Secretary,
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
416-593-2318
jstevenson@osc.gov.on.ca

c/o Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800 square Victoria, 22e étage
C.P. 246, tour de las Bourse
Montreal, Québec H4Z 1G3
514-864-6381
consultation-en-cours@lautorite.qc.ca

Dear Mesdames/Sirs:

Re: Notice of Proposed Amendments to NI 81-102 Mutual Funds and NI 81-106 Investment Fund Continuous Disclosure, and Related Consequential Amendments (the “Proposed Amendments”) – Limited Life Funds

We support the efforts of the Canadian Securities Administrators (the “CSA”) to modernize the product regulation of conventional mutual funds and other investment funds and thank you for the opportunity to provide comments on the Proposed Amendments. This letter represents the general comments of certain members of our securities practice group (and not those of the firm generally or any client of the firm) and are submitted without prejudice to any position taken or that may be taken by our firm on its own behalf or on behalf of any client.

Our firm represents and has represented in the past a number of flow-through limited partnerships that would satisfy the definition of a “limited life fund” in the Proposed Amendments and it is with these entities in mind that we provide the following comments.

Under the heading “*Limited Life Funds*” in the Proposed Amendments you are proposing to create a limited exemption from the requirement under section 9.2 of NI 81-106 to file an annual information form (“AIF”) for limited life funds (the “**Proposed Limited Life Fund AIF Exemption**”). The stated rationale for the Proposed Limited Life Fund Exemption is the short lifespan and limited liquidity of limited life funds. We support the Proposed Limited Life Fund Exemption and submit that the rationale being used to grant an exemption for AIFs can also be used to justify a limited exemption from the proxy voting requirements for limited life funds (collectively referred to as the “**Proxy Voting Record Requirements**”), such requirements being:

(i) the requirement in Section 10.3 of NI 81-106 to maintain a proxy voting record (the “**Proxy Voting Record**”); and

(ii) the requirements in Section 10.4 of NI 81-106 to prepare a Proxy Voting Record on an annual basis for the period ending June 30 of each year, to post the Proxy Voting Record on the limited life fund’s website (if applicable) no later than August 31 of each year, and to send the Proxy Voting Record to a securityholder (a “**Securityholder**”) of the a limited life fund upon request.

We submit that limited life funds should also be given exemptive relief from the Proxy Voting Record Requirements for the reasons set out below:

1. In accordance with item 30 of NI 41-101F2 and subsection 10.2(3) of NI 81-106, investors purchasing units of limited life funds are provided with a prospectus containing written policies on how the securities held by the limited life funds are voted (the “**Proxy Voting Policies**”), and have the opportunity to review the Proxy Voting Policies before deciding whether to invest in units of such limited life funds.
2. The Proxy Voting Policies require that the limited life funds exercise their voting rights in respect of securities in a manner consistent with the best interests of Securityholders.
3. Given the short lifespan of limited life funds, the production of a Proxy Voting Record would provide Securityholders with very little opportunity for recourse if they disagreed with the manner in which a limited life fund exercised or failed to exercise its proxy voting rights, as the limited life fund would likely be dissolved by the time any change could materialize or shortly thereafter.
4. Given the relative illiquidity of limited life funds, Securityholders has little or no opportunity to act on information contained in the Proxy Voting Record.
5. Given the lack of practical utility of preparing a Proxy Voting Record and making it available to Securityholders, the requirement represents an unwarranted financial burden on the limited life funds.

A number of blanket orders granting exemptions from the Proxy Voting Record Requirements as noted above have already been granted by members of the CSA to certain existing investment funds which are flow-through limited partnerships along with future relief to any similar flow-through limited partnerships of the same promoter/family of funds, including but not limited to:

- Advantage-Value Limited Partnership 1994 et al – MRRS Decision dated April 4, 2006
- Front Street Capital 2004 et al. – MRRS Decision dated August 16, 2007;
- Stone Asset Management et al. – MRRS Decision dated April 2, 2008; and



- Creststreet 2008 Limited Partnership and Creststreet Asset Management Limited – MRRS Decision dated March 24, 2009.

The granting of the Proposed Limited Life Fund AIF Exemption, while welcome, will not remove the requirement for limited life funds to apply for, and incur significant costs in conjunction with, applying for an exemption from the Proxy Voting Record Requirements. Given the costs involved in requiring limited life funds to apply for an exemption from the Proxy Voting requirements and that there are a number of precedents granting exemptions from the Proxy Voting Record Requirements, we respectfully submit that an exemption from the Proxy Voting Record Requirements should also be included as part of the Proposed Amendments.

We appreciate your consideration of these submissions and would welcome the opportunity to discuss these matters with you further. Should you wish to engage in such discussions, or if you have any questions or require any additional information, please do not hesitate to contact any of the following individuals: Peter Dunne (416-869-5342 or pdunne@casselsbrock.com); Brian Koscak (416-860-2955 or bkoscak@casselsbrock.com); Heather Zordel (416-815-4363 or hzordel@casselsbrock.com); or David Swain (416-860-6745 or dswain@casselsbrock.com).

Yours truly,

Cassels Brock & Blackwell LLP