

November 10, 2011

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
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Attention:

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

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Montréal, Québec H47 1G3
Fax: 514-864-6381
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Madams:

Re: Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds

The Canadian Bankers Association (“CBA”) works on behalf of 52 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 267,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada’s economy. The CBA also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness.

We appreciate the opportunity to participate in stakeholder consultations regarding the proposal by the Canadian Securities Administrators (“CSA”) to amend National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“NI 81-101”), Form 81-101F3 *Contents of Fund Facts Document* (“Form 81-101F3”) and Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure* (together, the “Proposed Amendments”). We highlight below for your consideration several select areas of particular concern.¹

Transition period

Issuers, including our members, will be required to undertake significant systems and information technology changes to implement the Proposed Amendments. Therefore, we are concerned about aggressive deadlines that may lead to implementation delays and less than robust compliance. Accordingly, we recommend a transition period of a minimum of 18 months for the implementation of the final amendments.

Disclosure of “other fees”

Instruction (2) to Item 1.4 of Part II of Form 81-101F3 currently requires a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount), along with a statement as to who charges the fee. In a Proposed Amendment, the CSA has added language to Instruction (2) stating that if the amount of the fee varies so that specific disclosure of the amount of the fee cannot be disclosed, the highest possible rate or range for that fee should be disclosed where possible.

We are concerned about the requirement to describe the amount of fees payable where investors have entered into a fee-based arrangement with third parties, including the highest possible rate or range for that fee if it is variable. Our members typically do not have control over fees that are charged by third-parties for these types of fee-based arrangements, and may not have knowledge of the range of certain fees. For these reasons, we believe that the scope of the required disclosure should be limited to management fees or other fees charged by a mutual fund or its manager, and that the required disclosure should not apply to fee-based arrangements.

In addition, we note the CSA’s statement that all fees and expenses payable directly by the investor when buying, holding, selling or switching units or shares of the mutual fund must be disclosed in the Fund Facts. We would appreciate more clarity regarding the scope of this disclosure requirement. In particular, it would be useful to know whether all possible expenses currently referenced in the prospectus (such as NSF charges and wire transaction charges) are required to be referenced in the Fund Facts under the new wording of Instruction (1) to Item 1.4 of Part II of Form 81-101F3.

Fixed administration fee

We understand that certain mutual funds pay a fixed administration fee *in lieu of* all or a portion of their operating expenses. We query whether this fee should be disclosed in the “other fees” section, or whether the disclosure pursuant to Item 1.3(4) of Part II of Form 81-10F3 should be amended to include such fixed administration fee, so that this fee would be required to be disclosed under “fund expenses”. Item 1.3(4) currently requires disclosures of operating expenses, as well as the management fee and trading costs. We would be grateful for a clarification in this regard.

¹ We also note the CSA may consider updating section references, as applicable. For instance, if section 5.1(3)5 of NI 81-101 is repealed as proposed, reference to that section should be deleted from section 5.2(1) of NI 81-101.

Exemptive relief conditioned on availability or delivery of a prospectus

We understand that the CSA has granted exemptive relief that has been conditioned on making a prospectus available to investors or delivering the prospectus to investors upon request.² To obviate the need for case-by-case amendments of these orders, we believe that the CSA should consider grandfathering the Proposed Amendments to allow for the use of a Fund Facts *in lieu of* a prospectus in satisfaction of such conditions. This would eliminate unnecessary administrative steps and contribute to time and cost efficiencies.

Additional information regarding proposed fund mergers

Lastly, we wish to use this opportunity to ask the CSA to consider creating the ability for mutual funds to include additional information in a Fund Facts regarding upcoming proposed fund mergers. This would eliminate the need for mutual funds to have to seek exemptive relief to include such information in a Fund Facts in advance of each proposed fund merger.

We appreciate the opportunity to comment on the Proposed Amendments. We would be pleased to discuss our comments with you in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "W. B. ...", is written over a horizontal line.

² For instance, we understand that certain market participants have received relief from the requirement to deliver a renewal prospectus annually to the investors who are participating in pre-authorized investment plans, subject to advising the investors as to how they can request a renewal prospectus and providing a renewal prospectus upon request. We also understand that exemptive relief has been granted in connection with the activities relating to the affiliated managed portfolios, conditional on the receipt, by investors, of a simplified prospectus with respect to the funds which are included in the investors' model portfolios.