



IGM Financial Inc. One Canada Centre, 447 Portage Ave., Winnipeg, Manitoba R3C 3B6

Charles R. Sims
Co-President and Chief Executive Officer

VIA E-MAIL:

April 10, 2012

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
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Lindy Bremner
Senior Counsel, Capital Markets Regulation
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C.
V7Y 1L2

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec
H4Z 1G3

Re: Proposed Multilateral Instrument 32-102 and Proposed Multilateral Policy 31-202

We are writing to provide comments on proposed Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (the "Proposed MI") and proposed Companion Policy 32-102CP (the "Proposed CP" and, together with the Proposed MI, the

“Proposed Multilateral Instrument”) as well as Proposed Multilateral Policy 31-202 *Registration Requirement for Investment Fund Managers* (the “Proposed Multilateral Policy”).

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 \$124 billion in total assets under management as of February 29, 2012. IGM is a member of the Power Corporation of Canada group of companies. IGM’s common shares are publicly traded on the TSX, with a current market capitalization of over \$11.5 billion. IGM carries out investment fund manager (“IFM”) activities through its subsidiaries, I.G. Investment Management, Ltd., Mackenzie Financial Corporation and Counsel Portfolio Services Inc. and, accordingly, it has a strong interest in the Proposed Instrument and the Proposed Policy.

We are pleased to have the opportunity to comment on the Proposed Multilateral Instrument and Proposed Multilateral Policy. IGM is generally supportive of the approach to IFM registration set out in the Proposed Multilateral Policy, and does not support the approach set out in the Proposed Multilateral Instrument. Our more detailed thoughts are set out, below.

General

Although we have a clear preference for the approach set out in the Proposed Multilateral Policy, we are also very disappointed that the Canadian Securities Administrators (the “CSA”) were unable to agree on a single, national approach to this issue.

The role of the provinces and the CSA in regulating the Canadian securities industry was significantly strengthened by the Supreme Court of Canada (the “SCC”) in its opinion (the “Securities Reference”) regarding the constitutionality of the proposed *Canadian Securities Act*. Although the SCC’s frequent references to “cooperation” were primarily designed to encourage greater cooperation between the federal and provincial authorities, it is discouraging that the CSA did not use this opportunity, in one of its first regulatory proposals following the Securities Reference, to demonstrate that a high degree of regulatory cooperation already exists at the provincial level.

The publication of these two, very different proposals undermines the argument that provincial regulation is cooperative, harmonized and effective.

Triggers for IFM Registration

1. “Directing”, “Managing” or “Performing” activities in the Jurisdiction

We note that the Proposed CP and the Proposed Multilateral Policy contain identical lists of functions and activities of an IFM. We agree that the lists are broadly reflective of an IFM’s responsibilities

The Proposed Multilateral Policy makes it clear that no single function or activity, if performed in a jurisdiction, would be determinative of the need to be registered, although it does not give any

further guidance. The Proposed Multilateral Instrument is silent on this point, suggesting that the performance of any one of the activities in those jurisdictions *may* result in the need to be registered there.

We would urge the CSA to adopt an approach which would provide that IFM registration is required in a jurisdiction only when a “significant proportion” of IFM functions and activities are performed there.

2. Head Office in the Jurisdiction

The Proposed Multilateral Policy indicates that registration would also be required in the jurisdiction in which an IFM’s head office is located, apparently even if none of the functions and activities on the list are actually performed in that jurisdiction. The Proposed Multilateral Instrument refers only to IFMs which “have a place of business” in the jurisdiction, but does not indicate whether that concept would include a registered or head office from which none of the listed functions or activities are performed.

To the extent that CSA members’ primary interest lies in overseeing the functions and activities on the list, we think that the registration requirement should be primarily focused on the jurisdiction or jurisdictions in which they are performed. However, we understand that registration in both the jurisdiction in which the head office is located and in the jurisdiction or jurisdictions in which a “significant proportion” of IFM functions and activities are performed may facilitate CSA members’ compliance and enforcement activities.

We would urge the CSA to clarify the requirements in this regard.

3. Presence of Securityholders and Solicitation of Investors in the Jurisdiction

The Proposed Multilateral Policy provides that “the presence of securityholders and the solicitation of investors does not automatically require an investment fund manager to register in the jurisdiction”. The Proposed Multilateral Instrument takes the directly opposite view, making the presence of securityholders or the solicitation of investors in a jurisdiction a trigger for registration, regardless of whether the IFM’s head office is located in that jurisdiction or any of the IFM functions and activities are carried on there.

The “Responses to comments received” section of Annex C to the Proposed Multilateral Instrument indicates that its approach to IFM registration “is consistent with the registration of dealers and advisers in each jurisdiction where they trade securities or act as an adviser” and that “[t]here is no “flow-through” concept being applied”. Those assertions are made without any further analysis or discussion, and seem to be based on the incorrect assumption that the relationship between an IFM and investors in the funds it manages is analogous to the relationship between a dealer or adviser and its clients.

Dealers and advisers have direct, contractual relationships with their clients and are only required to be registered in those jurisdictions in which their clients are located. IFMs have direct,

contractual relationships with the funds they manage, but not with the investors in those funds. By requiring IFMs to become registered in jurisdictions in which a fund's investors (or prospective investors) are located, the jurisdictions supporting the Proposed Multilateral Instrument would be suggesting that the IFM's activities "flow-through" the fund to its investors. Presumably, those jurisdictions also believe that the IFM's fiduciary obligations under section 116 of the *Securities Act* (Ontario) (and the corresponding provisions in other provincial securities acts) and under section 2.1 of National Instrument 81-107 *Independent Review Committee for Investment Funds* "flow-through" to investors, notwithstanding that those sections make it clear that the IFM's obligation is to the investment fund.

The "flow-through" theory was abandoned by the CSA several years ago in connection with portfolio manager registration, and, in our view, the approach taken by the Proposed Multilateral Instrument seeks to inappropriately reintroduce it in respect of IFM registration. Accordingly, IGM strongly supports the approach taken under the Proposed Multilateral Policy and strongly opposes the approach in the Proposed Multilateral Instrument.

We would urge the jurisdictions currently supporting the Proposed Multilateral Instrument to reconsider and to support, instead, the approach articulated in the Proposed Multilateral Policy.

4. Additional Comments regarding the Proposed Multilateral Instrument

We are very concerned about the curtness of the comments contained in the "Anticipated Costs and Benefits" and "Alternatives Considered" sections of the Ontario Request for Comments.

"No Alternatives Considered"

The statement that "no alternatives to the Multilateral Instrument were considered" is disturbing, since there is at least one other alternative that *should* have been considered and discussed, i.e. the alternative set out in the Proposed Multilateral Policy.

In addition, in light of the SCC's comments in the Securities Reference, it might also have been appropriate to give consideration to enhancing cooperation between CSA members through creative forms of administrative interdelegation designed to ensure appropriate oversight of IFM activities, regardless of the location within Canada of head offices, places of business, funds or investors.

"No Additional Costs or Administrative Burdens"

The notice and the responses to comments accompanying the Proposed Multilateral Instrument do not respond adequately to concerns that registration in multiple jurisdictions will impose additional costs and administrative burdens on investment fund managers.

Registrants in Canada are frequently subject to regulatory examinations or "sweeps" by multiple jurisdictions in respect of the same issues. For example, in the past few years several CSA members have conducted targeted reviews of registered portfolio managers' marketing materials

and several others have requested information regarding portfolio managers' business activities for the purposes of constructing the regulators' own risk-based review programs. Responding to regulatory requests of this type of targeted request can be very time consuming, let alone being potentially subject to a comprehensive examination by multiple regulators.

While the administrative burden of complying with regulatory examinations and requests will, of course, not be the deciding factor in any rule-making process, the concern should not be overlooked or dismissed as it appears to have been in this case.

In summary, subject to our comments in sections 1 and 2, above, we would strongly urge the CSA to adopt a single, national approach to IFM registration, namely the approach set out in the Proposed Multilateral Policy.

We appreciate the opportunity to provide you with our comments and would be very happy to discuss these matters further with you.

Yours truly,



Charles R. Sims, FCA
Co-President & Chief Executive Officer
IGM Financial Inc.

Cc: Murray Taylor, Co-President & Chief Executive Officer, IGM Financial Inc.