

September 6, 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
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

Attention:

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Email: comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Email: consultation-en-cours@lautorite.qc.ca

Dear Sirs/Madams:

**Re: Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds – 2nd
Request for Comments**

Introduction

The Canadian Bankers Association (“CBA”) works on behalf of 54 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 274,000 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.

General Remarks

We appreciate the opportunity to participate in the second round of consultation on the proposed amendments to NI 81-101 *Mutual Fund Prospectus Disclosure*, Form 81-101F3 *Contents of Fund Facts Document* and Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure*, as part of the implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds (the "**Stage 2 Amendments**").

At the outset, we wish to thank you for providing clarity and proposing changes to address some of the comments we made in a submission to you dated November 11, 2011 regarding the initial Stage 2 Amendments. For instance, we thank you for clarifying the scope of the disclosure of "other fees" and for clarifying the appropriate section in a Fund Facts for disclosure of a fixed administration fee. As well, we are pleased that you are proposing to permit greater flexibility to disclose anticipated fundamental changes and material changes in the Fund Facts, thus eliminating the need to file an exemptive relief application to include such additional information in a Fund Facts.

That being said, we have several significant concerns with the current proposal, and are providing them below for your review and consideration.

Transition Period

We are very concerned about the proposed six-month transition period for the implementation of Stage 2 Amendments. As we pointed out in our earlier submission to you, issuers, including our members, will be required to undertake significant systems and information technology changes to implement the Stage 2 Amendments. A six-month transition period would impose a very aggressive deadline for the completion of these changes, and we worry that this may lead to implementation delays and less than robust compliance. In that light, we urge you to reconsider your position in favour of at least a twelve to fifteen-month transition period for the implementation of Stage 2 Amendments.

Listing Main Risks

The proposal to mandate the listing of a limited number of "main" risks in a Fund Facts out of context and without comparability is very troubling. Different fund companies use different terminology to describe risk factors, so listing risks without more detail could potentially be misleading for the investors. On the other hand, even if a narrative description of each listed risk is allowed, we worry about the limits on form and substance of such disclosure in the context of a Fund Facts, and the liability associated with such limited disclosure from the issuers' perspective. We therefore ask that you please reconsider the proposal to require disclosure of no more than four main risks in a Fund Facts.

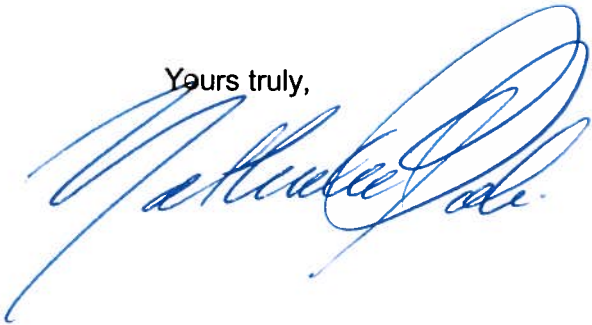
Disclosure of Worst Three Month Return

We are also very concerned about the proposed requirement to add the worst three month return to the performance section. Contrary to the stated intent of better informing investors about the possible loss of investing in a fund, we believe that such requirement has a potential to be misleading for the investors, as it would only highlight the worst performance without context and since the fund's inception. As well, collecting the information will result in operational challenges for mutual funds that have long histories as the information is required to be produced "since the

fund's inception." If such requirement is imposed, we believe that it should be limited to performance in the past ten years, and that it should be balanced by a requirement to add the best three month return for the same time period.

Thank you for the opportunity to participate in the second round of consultation regarding the Stage 2 Amendments. We would be pleased to answer any questions you may have regarding our comments.

Yours truly,

A handwritten signature in blue ink, appearing to read "John H. ...". The signature is fluid and cursive, with a large initial letter.