BY ELECTRONIC MAIL: comments@osc.gov.on.ca
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July 9, 2013

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

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

Dear Sirs/Mesdames:

RE: CSA Notice and Request for Comment – Proposed Amendments to National Instrument 81-102 *Mutual Funds,* Companion Policy 81-102CP *Mutual Funds* and Related Consequential Amendments and Other Matters Concerning National Instrument 81-104 *Commodity Pools* and Securities Lending, Repurchases and Reverse Repurchases by Investment Funds (the "Proposed Amendments")

Thank you for the opportunity to provide comments to the Canadian Securities Administrators (**"CSA"**) on the Proposed Amendments.

Fidelity Investments Canada ULC (**"Fidelity"** or **"we"**) is the 7th largest fund management company in Canada and part of the Fidelity Investments organization in

Boston, one of the world's largest financial services providers. Fidelity Canada manages over $70 billion in mutual funds and institutional assets and offers approximately 200 mutual funds and pooled funds to Canadian investors.

We have reviewed the comment letter submitted on behalf of the Members of The Investment Funds Institute of Canada (IFIC) and generally agree with the specific submissions contained in that letter.

Please find below our additional comments with respect to certain of the Proposed Amendments.

1. Alternative Fund Framework under National Instrument 81-104

Based on the discussion on the proposed "Alternative Funds Framework" under National Instrument 81-104 (**"NI 81-104"**), it does not appear that the intent of the CSA is to require mutual funds currently subject to National Instrument 81-102 (**"NI 81-102"**) and that rely on exemptions from certain of the investment restrictions under NI 81-102 to transition to the "Alternative Funds Framework". In our view, this is the correct approach as we do not believe that relatively minor deviations from the investment restrictions under NI 81-102 warrant moving to an entirely different investment regime. If the CSA chooses to move forward with the proposed "Alternative Funds Framework", we urge the CSA to clarify that the intent is not to force mutual funds that are relying on exemptive relief to transition to the "Alternative Funds Framework".

2. Securities Lending, Repurchases and Reverse Repurchases

We are supportive of any initiative to enhance disclosure with the aim of providing investors with a greater understanding of the funds in which they invest. However, we do not believe that the potential benefits of the proposal to enhance the disclosure regarding securities lending, repurchase transactions and reverse repurchase transactions will outweigh the potential disadvantages, as discussed below.

In our view, the current disclosure required is appropriate and consistent with the role these transactions play in respect to the vast majority of funds. These transactions are generally an immaterial part of a fund's investment strategies. In order to best meet the goal of helping investors understand the funds in which they invest, disclosure should relate to and clearly set out only relevant and important facts. In our view, obscuring important and relevant facts with "over disclosure" of less relevant information runs the risk of investors becoming "lost in the weeds" as they attempt to filter through all of the information provided. Enhancing the disclosure regarding these transactions places undue emphasis on these transactions and may mislead investors into believing that these transactions play a more important role in the management of a fund than they actually do. We believe that this could potentially distract investors from paying attention to the more important aspects of the fund. Therefore, for these reasons, we do not believe that enhancing the disclosure required in respect to these transactions will

materially improve investors' understanding of the funds in which they invest and their investment strategies.

In the Proposed Amendments, the CSA note that because mutual funds may lend, or sell in repurchase transactions, up to 50% of their total assets, information regarding these transactions is relevant to investors. As this threshold is not new, we would recommend that the CSA instead elaborate on why they believe these transactions are now material to the funds and investors and seek feedback on these points before proposing the implementation of enhanced disclosure requirements.

In addition, certain of the proposed disclosure relates to sensitive or competitive information. The terms of the agreements and the fees governing these transactions are highly negotiated. We believe that service providers would be less likely to provide concessions on terms and fees if public disclosure of these matters is mandated. In our view, it would be in the best interests of investors if this information remained confidential.

3. Naming Conventions for Investment Funds

We are concerned that the proposal to mandate that a clear differentiation be made between investment funds subject to either NI 81-102 or NI 81-104, through name identifiers or otherwise, may not achieve the intended aim of assisting investors in better understanding the funds subject to either regime.

We recognize that the proposed "Alternative Funds Framework" set out in the Proposed Amendments contemplates that there would be significant differences between such funds in respect to the types of investment objectives or strategies that would characterize the funds subject to either framework. However, in our view, drawing a clear line between funds subject to either NI 81-102 or NI 81-104 may mislead investors into believing that all funds falling under one framework are the same and draw attention away from the wide variance among the funds within each framework. The use of identifiers in the names of funds will just serve to further exacerbate this issue.

In addition, in our view, it would be overly simplistic and potentially misleading to attempt to use a single identifier to label all of the funds subject to either NI 81-102 or NI 81-104. This could also mislead investors.

We agree that it is important to provide clarity for investors and the market in order to assist them in understanding and differentiating between the various funds offered. However, for the reasons discussed above, we believe that disclosure and naming conventions should focus on the attributes of the fund itself as opposed to the overarching framework which governs the fund.

We thank you for the opportunity to comment on the Proposed Amendments. As always, we are more than willing to meet with you to discuss any of our comments.

Yours truly,

"Nick Westlind"

Nick Westlind
Vice President, Legal
Fidelity Investments Canada ULC

c.c. W. Sian Burgess, Senior Vice President, Fund Oversight