IGM Financial Inc. One Canada Centre, 447 Portage Ave., Winnipeg, Manitoba R3B 3H5

Murray J. Taylor
Co-President and Chief Executive Officer

March 10, 2014

Delivered by Email: jstevenson@osc.gov.on.ca; consultantion-en-cours@lautorite.qc.ca.

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

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

Mme 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 and Mesdames:

RE: Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), National Instrument 33-109 *Registration Information*, National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, and related policies and forms, published December 5, 2013 (Proposed Amendments)

We are writing to provide comments on behalf of IGM Financial Inc. and its subsidiaries with respect to the Proposed Amendments published by the Canadian Securities Administrators (CSA) on December 5, 2013.

IGM Financial Inc. (IGM) is a diversified financial services company and is one of Canada's largest mutual fund manufacturers, managing over $131.7 billion in assets on behalf of clients as of December 31, 2013. It activities are carried out principally through Investors Group Inc., Mackenzie Inc. and Investment Planning Counsel Inc. and their respective subsidiaries. IGM's subsidiaries include a number of securities registrant firms that are registered in various categories with all members of the CSA (including portfolio managers, mutual fund dealers and investment dealers), and includes members of the Mutual Fund Dealers Association, and Investment Industry Regulatory Organization of Canada.

We have comments on two specific elements of the Proposed Amendments as discussed below.

Guidance on Outside Business Activities

We note that the CSA is proposing to include additional guidance in Companion Policy 31-103CP to NI31-103and make amendments to Form 33-109F4 to effectively incorporate into the registration rules the guidance on outside business activities currently contained in CSA Staff Notice 31-326 *Outside Business Activities*.

Under the Proposed Amendments, Item 10 of Form 33-109 F4 will be amended to require individuals to include disclosure of all officer and director positions and any other equivalent positions held, as well as "positions of influence", regardless of whether the individual receives compensation for such services and regardless of whether such positions are "business related". The proposed amendments to the Companion Policy 31-103CP make it clear that the regulators will expect individuals to disclose "paid or unpaid roles with charitable, social or religious organizations where the individual is in a position of power or influence and where the activity places the registered individual in contact with clients or potential clients including positions where the registrant handles investments or monies of the organization." The proposed amendments to the Companion Policy go on to state that the regulators will consider such positions and the potential conflicts of interest that may arise in assessing the individual's application for registration or continuing fitness for registration, including whether "the outside business activity places the individual in a position of power or influence over clients or potential clients, in particular clients or potential clients that are vulnerable".

We are concerned with how broadly these provisions may be interpreted and applied to restrict individual registrants. Many participants in the securities industry are actively involved in public and community service through voluntary activities. We, as an organization, encourage and support such worthy pursuits. We are concerned that enhanced regulatory scrutiny and micromanagement of individual volunteer activities does little to enhance investor protection and will have the effect of discouraging securities industry participants from getting involved in their community, which is not in the public interest.

Past experience has shown that members of the CSA, in applying the current guidance under CSA Staff Notice 31-326, have different views on when such volunteer activities constitute a "position of influence", who might be vulnerable to such positions of influence, and when it might be appropriate to impose conditions on securities registrants that would prohibit them from dealing with certain clients or potential clients. Further, the views of the CSA often vary from the

expectations of sponsoring firms with respect to such activities. In particular, we reject the premise that the mere fact that an individual volunteers to act on the executive of a community or volunteers in other capacities with religious organizations or their affiliates should prohibit that individual from having separate business dealings with other people who are members of that organization or the immediate family of such members on the basis that such a volunteer role is automatically in a "position of influence", which is the approach that staff at certain commissions have taken.

Historically the focus of Canadian securities regulators in considering an application for registration was on outside *business* activities of applicants. The gradual expansion of inquiry over time into unpaid, volunteer positions is unwarranted and, at least in approach, does not pay sufficient regard to the freedoms of association and religion guaranteed in section 2 of the *Canadian Charter of Rights and Freedoms*. While in a specific case these charitable or community roles *may* raise a potential concern, the focus of the CSA should be on ensuring that supervision by the dealer addresses the risk, through internal supervisory controls – which we note the firm is already required to have in place – that deal with obligations concerning conflicts of interest and any potential for client confusion over roles.

Reporting NAV Adjustments

We have several concerns with the proposed new Form NI 31-103F4 *Net Asset Value Adjustments*. The overriding one is that the form betrays confusion between the concepts of Net Asset Value (NAV) differential, NAV error and NAV adjustment. Most fund managers building on the framework of Bulletin #22 of the Investment Funds Institute of Canada (IFIC Bulletin) have policies that define NAV differential, material NAV differential and NAV errors. One manager's definition may not align with another manager, or the language used in the proposed NAV Adjustment Form. To create consistency across the industry, the CSA should instead specify the events they want disclosed and avoid labels in the form that could be applied differently across entities.

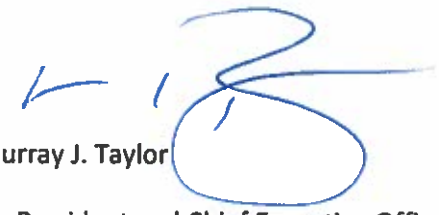
The following is some background on this issue. The IFIC Bulletin #22, states a "NAV differential exists when the NAV per unit or share does not accurately reflect the actual NAV per unit or share at the time of computation". NAV differentials are usually self-correcting, including those caused by events listed in section 12.14 of the Companion NI 31-103CP. As long as there are no clients transacting at the incorrect net asset value per unit, there is no NAV adjustment required in the fund (contrary to section 12.14 which states "a NAV adjustment is necessary when there has been a material error and the NAV per unit does not accurately reflect actual NAV per unit at the time of computation"). A Fund is "corrected" when the incorrect event is rectified (e.g. correct security price is used the next day, corporate action is properly recorded, etc.). A NAV adjustment is only required when client transactions are executed at the incorrect price and for which the fund issued/redeemed an incorrect number of units or paid/received an incorrect amount of cash. The NAV adjustment is equal to the dilutive impact of the net client transactions at the incorrect price. That is not the same value as the NAV differential amount (see example in Table 1 of Appendix A of this letter). Further, many managers restrict applying the term "NAV error" to material differentials where a standard of care has been breached, drawing on the statement in the IFIC Bulletin that "an "error" for the purposes of these standards is defined as a NAV differential that arises from a breach of the standard of care".

In addition, we have a number of specific concerns about individual elements of the proposed form, which we detail in Appendix B of this letter.

Thank you for the opportunity to provide comments on the Staff Notice. Please feel free to contact David Cheop (david.cheop@investorsgroup.com) or myself, if you wish to discuss this further or require additional information.

Yours truly,

IGM FINANCIAL INC.



Murray J. Taylor

Co-President and Chief Executive Officer

cc: Jeff Carney, Co-President and Chief Executive Officer

Appendix A

Date	Fund	NAV	Cause of differential	Impact of NAV differential			Corrections made	Adjustment made
				$	per unit	BP of NAV	to client accounts	to Fund records
[date]	[Fund]	$ 1,134,863,136	Incorrect security price	$ 6,409,598	$ 0.07	56.5	$ 6,447	$ (6,076)

NAV differentials are often referred to as "self-correcting" because once discovered, situations are corrected prospectively. There is no "permanent" gain or loss to the fund other than the dilutive impact of the client transactions which are processed at an incorrect NAVPU (see "Adjustment made to fund records"). In this case, the security was incorrectly priced one day, correctly priced the next. Other examples: incorrect number of shares recorded from corporate action, dividend rate set up incorrectly, foreign exchange contract recorded incorrectly in system, etc.

NAVPU was overstated, therefore clients who purchased units were harmed;

Net sales of $1.1 million were processed at an overstated NAVPU resulting in excess proceeds being received (or too few units being issued) by the fund which is offset by an entry to the Fund; ($1.1 million X 56.5 bp = - $6 k)

Appendix B

Specific Concerns with Proposed Form

- the proposed form solely requires values (per unit, % *change* in NAV, and amount) related to NAV adjustment and not the original NAV differential

- requiring the input in the proposed NAV form of the most recent interim or annual report is irrelevant, since the relevant asset values are as at the *time of the event*

- the proposed form asks for "description and cause of the NAV adjustment", which does not reflect the difference between differential and resulting adjustment, as discussed in letter

- the proposed form asks for both total amount reimbursed to security holders and corrections made to client transactions which is confusing. The form instead should ask for the total of "client adjustments processed". In other words, there is no need to distinguish between actual cash paid out versus other mechanisms to make client whole (e.g. reprocess transaction, add additional units to account, etc.)

- the proposed form asks for event dates but also asks for time lags between dates which is redundant

- we do not understand the relevance of asking if the fund manager found the error

- the proposed form asks for the "Date of reimbursement", however, each filer may have different polices with respect to reimbursing a fund which may be misconstrued by the regulator. For example, funds with accumulated NAV differentials exceeding the established thresholds may be reimbursed on a periodic basis. NAV adjustments reported in one calendar quarter might not be reimbursed until a future period. The regulators should ascertain that the NAV adjustment has been accrued in a timely manner in order to "make the fund whole".