



September 18, 2012

VIA E-MAIL

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

The Secretary
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Dear Sirs and Mesdames:

RE: CSA Request for Comment on 2012 Proposal for Cost Disclosure, Performance Reporting and Client Statements

Background

Greystone Managed Investments Inc. ("Greystone") thanks the Canadian Securities Administrators ("CSA") for the opportunity to respond to the CSA's proposed amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations relating to cost disclosure, performance reporting and client statements (the "Amendments").

Incorporated in 1988, Greystone provides discretionary investment management services to institutional investors such as pension funds, endowment funds, nonprofit organizations, universities, unions and corporations across Canada. Greystone's clients are considered institutional "permitted clients" as per National Instrument 31-103. Greystone is registered as a portfolio

manager - adviser and exempt market dealer in all Canadian provinces as well as an investment fund manager in Saskatchewan. As at June 30, 2012, Greystone's assets under management were approximately \$33 billion.

General – Permitted Clients

Greystone supports the Amendments as they relate to permitted clients who are not individuals. As noted above, Greystone's clients are these "permitted clients". The approach taken in the Amendments exempting registered firms from the requirement to deliver cost and performance reports, as well as the relationship disclosure information document, where the client is a "permitted client" that is not an individual recognizes that the relationship between institutional clients and their registered dealers are different from the typical retail client relationship with a registered dealer. As noted by the CSA, institutional clients and their dealers arrange for the breadth and type of reporting required for the relationship in question.

Issues for Comment

While Greystone's client base are institutional "permitted clients", as part of the ongoing compensation program for Greystone employees, Greystone offers and sells units of the Greystone pooled funds to its employees via exemptive relief or by virtue of the fact that the employee is accredited by virtue of registration or otherwise. The Amendments would be applicable to these employee accounts and our response below addresses the impact the Amendments will have on such accounts

While Greystone supports the general principle objective that investors receive clear and complete disclosure of the charges associated with the products and services they receive and meaningful reporting on how their investments perform this needs to be balanced with the operational impact, cost and client experience resulting. Greystone as noted below does not believe the Amendments achieve this balance for Greystone employees who invest in units of the Greystone pooled funds.

Issues related to reporting

With respect to investment in the Greystone pooled funds, Greystone employees make the decision to invest. Greystone does not solicit or provide advice to employees when they invest in the Greystone pooled funds and employees are not charged commissions when purchasing units.

By virtue of their position with Greystone, Greystone employees have ready knowledge of or access to information relating to the Greystone pooled funds, the performance of the Greystone pooled funds and the management of the assets of the Greystone pooled funds. Any information relating to the Greystone pooled funds' including the costs and performance are available through Greystone's Relationship Disclosure Information document, the Greystone pooled funds' financial

statements and the Greystone pooled funds' quarterly reports. All the information provided to Greystone's institutional client base is available to Greystone employees. As Greystone employees are not solicited to purchase units in the pooled funds, are not provided any advice when a decision is made to purchase units, are not charged a commission when investing and receive and have access to the same information as Greystone's clients, Greystone is of the view that the Amendments requiring further information would be of little value to employees. Greystone employees are unlikely to rely on the cost disclosure and performance reporting requirements as contemplated by the Amendments. Employees are more likely to rely on the information they currently have access to by virtue of their employment with Greystone to understand how their investment in the Greystone pooled fund is performing. Greystone is of the view that the Amendments should carve out employee programs, which offer a firm's proprietary funds to employees through an ongoing compensation program.

In order to provide the mandated cost disclosure and performance reporting for employee accounts the impact and cost may outweigh the benefit in providing this program to employees. In particular, the requirement under the Amendments to create annual reports reporting on dollar weighted average return would require systems changes which would be time consuming and costly. The availability and accuracy of historical data in order to comply with the Amendments is of concern, as would the ability to accurately report on historical performance using the dollar-weighted method. As such, the costs and feasibility of continuing to offer the program may outweigh the benefits for employees.

Employer sponsored programs through which employees invest in an employer's proprietary funds are a benefit of employment are sufficiently distinct from a typical retail account where the investment is solicited, advice is provided and commissions and other charges are associated with the investments. The Amendments should not be applicable for these types of programs.

We thank the Canadian Securities Administrators for considering these comments and we would be pleased to discuss any issues outlined above.

Respectfully submitted on behalf of Greystone,



Jacqueline Hatherly
Chief Compliance Officer and Legal Counsel