

September 14, 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
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

John Stevenson, Secretary
Ontario Securities Commission
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Toronto, Ontario M5H 3S8
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-and-

Me Anne Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs and Madams:

Canadian Securities Administrators' Notice and Request for Comments on Proposed Amendments to NI 31-103 regarding Cost Disclosure and Performance Reporting

We appreciate the opportunity to provide comments in response to the Notice and Request for Comment dated June 14, 2012 issued by the Canadian Securities Administrators (CSA) on the proposals to implement cost disclosure and performance reporting requirements in NI 31-103 (the Proposals)

As a member of the Scotiabank group providing discretionary portfolio management services to the public, Scotia Asset Management L.P. is subject to the rules of the CSA, and fully supports the objective of providing clients with meaningful information regarding the performance of, and costs associated with, their accounts. We participated in the comment letter prepared by the Portfolio Management Association of Canada, and have read and are in general agreement with the comment letter submitted by the

Investment Funds Institute of Canada. The comments that follow highlight the overarching issues that are of particular importance to us.

Transition Period

A number of the modifications proposed will require significant systems and information technology changes. Even firms with significant financial resources may be challenged to meet the aggressive implementation deadlines, resulting in delays and unsatisfactory compliance. We recommend a transition period of at least three years.

Performance Return Calculation

Like most portfolio management firms, Scotia Asset Management L.P. has provided clients with performance reports for many years. The returns are based upon time-weighted rate of return calculations as recommended in the Global Investment Presentation Standards of the CFA Institute. As this is a long established standard, in broad use in the discretionary portfolio management industry, mandating that return calculations be made using a dollar weighted method presents a number of challenges, particularly for clients who are accustomed to the existing calculation methodology. Rather than mandating a particular method of calculation, we recommend the CSA mandate the requirement to present performance results on all but execution-only accounts, and that the calculation methodology be clearly disclosed.

Level Playing Field

We note the Proposals do not appear to apply to international dealers or advisors. Given that the CSA objective is to ensure investors have the information they need to understand the cost of their investments and the performance of their accounts, we believe the regulatory standards should apply to everyone providing service to investors in Canada, particularly retail investors. It is unfair to impose these requirements and the financial obligations that registrants will be required to undertake to fulfill these requirements, without applying the same requirements to international dealers and advisors providing competitive services to residents of Canada.

Conclusion

We fully support the objective of providing investors with meaningful information regarding the costs associated with, and the performance of, their investments and continue to support the general reporting principles outlined in the 2012 Proposal. While we support a baseline set of reporting requirements, we believe it could be appropriate to differentiate between the needs of different investor groups and that the requirements must be balanced against the costs, operational impact and provide sufficient time to implement these significant changes.

We urge the CSA to consider the recommendations raised above and those cited in the PMAC and IFIC letters so that the investor experience is in fact enhanced and the impact on registrants is manageable.

Thank you for considering our comments.

Sincerely,

Catherine Tuckwell

M. Catherine Tuckwell, CFA
Chief Compliance Officer (PM)