



September 5, 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

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**Re: National Instrument 81-101 *Mutual Fund Prospectus Disclosure*,  
Form 81-101F3 and Companion Policy 81-101CP *Mutual Fund  
Prospectus Disclosure and Consequential Amendments***

Broadridge Investor Communications Corporation (Broadridge) is pleased to respond to CSA's notice and request for comment concerning National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101) including Form 81-101F3 and the Companion Policy 81-101CP.

For 25 years, Broadridge has designed and delivered innovative solutions that drive efficiency in the investor communication process. These first-to-market tools include SmartProspectus®, recognized by the industry and investors as the best practice standard. The creation of these tools has benefited all constituents. Intermediaries have realized significant cost savings, improved operational efficiency and enhanced communications with their investors. In addition, they support investor preferences and ultimately enhanced corporate governance.

Our investor communication services include securityholder communications, delivery of documents in compliance with regulatory requirements, and transaction reporting. We service over 230 banks, brokers and dealers as well as the majority of the participants in the mutual fund industry in Canada. Our clients rely on our innovative solutions as well as our industry and expertise to assist them in complying with industry laws and regulations.

## Context

Broadridge provides highly advanced and automated fulfillment solutions to the investment industry. Our transaction-driven solutions deliver significant operational efficiencies, reduce costs and improve the speed and accuracy with which mutual fund manufacturers and distributors communicate with investors. Our solutions deliver these benefits at the same time as they ensure maximum compliance with current regulations.

Our solutions also help manufacturers and distributors achieve additional cost efficiencies. Our data management technologies compare fulfillment history with the most recently filed documents and accurately suppress the fulfillment of documents already sent to the investor. Our ability to bind together – in a personalized booklet – all transaction confirmations and required documents related to trades processed on the same day in an account eliminates the need for the distribution of multiple packages, resulting in efficient fulfillment and postage savings.

In addition to the operational and cost benefits of our solutions to the industry, they also deliver a better experience for the investor.

Broadridge commissioned a study to help gain insights into investor attitudes toward the investment communications they receive. The findings showed that investors preferred receipt of personalized communications and relevant content in a customized, consolidated booklet, containing all necessary information related to all transactions executed on the same day in an account. This approach was deemed not only convenient and effective, but also perceived as financially responsible and environmentally friendly.

Our automated fulfillment solutions ensure investors receive better organized material. Presented in this way, materials are clear, concise and easy to understand.

## Proposed Section 5.2 – Combination of Fund Facts Documents for Delivery Purposes

On November 9, 2011, Broadridge submitted comments to the August 2011 Request for Comments on the implementation of Stage 2 of Point Of Sale (POS). At that time, we suggested that the proposed rule was too prescriptive, and we welcome the CSA response contained in the proposed section 5.2 as it relates to including transaction confirmations and related documents:

*"We have revised the requirement to capture transaction confirmations. If the transaction confirmation is attached to, or bound with, the Fund Facts, any required disclosure document that relates to a transaction listed in the transaction confirmation may also be attached to, or bound with, the Fund Facts. We expect that this will capture only transactions completed on the same day and will avoid multiple mailings."*

On reading, we believe the intent of the proposed rule is to allow binding of required supporting documents to any transaction confirmation sent to an investor, as long as transactions are processed on the same day, and not just mutual fund purchase transactions.

However, it appears that the CSA's proposed approach to binding of supporting documents, as proposed in s. 5.2 ss. (1) 2, is limited to "A transaction confirmation which discloses the purchase of securities of the mutual fund."

We suggest that the requirement to limit binding of Fund Facts only to the confirmation of purchase of a mutual fund be changed to allow binding of the Fund Facts to transaction confirmations of purchase, as well as sell and for investments of all types. Therefore, we propose changing s. 5.2 ss. (1) 2 from "A transaction confirmation which discloses the purchase of securities of the mutual fund." to simply "A transaction confirmation."

### **Proposed Effective Date**

In the current proposal, the CSA has responded to previous comments requesting a transitional period of 12 to 18 months:

*"We do not propose a lengthy transition period for Stage 2. With the publications of CSA Staff Notices 81-319 and 81-321 and the Stage 2 Amendments in August, 2011, coupled with the granting of relief to over 45 fund managers to permit the early use of the Fund Facts, the CSA do not think a lengthy transition period is necessary."*

Notwithstanding exemptive relief granted to the fund managers, currently only a few dealers are actually taking advantage of it. We have infrastructure in place. We have all required documents available for print and mail delivery as well as e-delivery. The challenge will be coordinating numerous implementation projects our dealer clients have on their project schedules. The concurrent conversion of all industry participants to the new system within a six-month period is not practical. Our clients have continuing business responsibilities that would make a six-month implementation of Stage 2 extremely disruptive.

Further, the CSA commented in the "Effective Date" section located in Appendix B - The Summary of Changes to the 2011 Proposal and Issues for Comment the following:

*"It's the CSA's expectation that systems development to contemplate the delivery of Fund Facts will begin now."*

We would note that based on normal protocol for systems development and the costs related to development, it would be a speculative undertaking, at best, to begin development in advance of having the assurance of an in-force rule.

### **Recommendations**

We recommend the Rule provide a higher degree of flexibility as it relates to documents that are permitted to be bound together. We propose that Fund Facts may be attached or bound to transaction confirmations along with all required or permitted documents related to the activities in an account processed on the same day.

We also recommend extending the transition period from the proposed six months in order to accommodate resource scheduling and coordination with all other projects.

### **Conclusion**

We appreciate the opportunity to comment on the proposed mutual fund prospectus disclosure rules. We would be pleased to discuss these issues further if it would be of assistance to the CSA in finalizing the requirements in this very significant mutual funds regulation.

Sincerely,



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Strategic Product Development  
Broadridge  
Investor Communication Solutions