BY ELECTRONIC MAIL: comments@osc.gov.on.ca
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May 23, 2014

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 (New Brunswick)
Office of the Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West, 22nd Floor
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: Response to Notice and Request for Comment – Implementation of Stage 3 of Point of Sale Disclosure for Mutual Funds – Point of Sale Delivery of Fund Facts

Thank you for the opportunity to provide comments to the Canadian Securities Administrators ("**CSA**") on the proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and to Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure* (the "**Companion Policy**") (collectively, the "**Proposed Amendments**").

Fidelity Investments Canada ULC ("**Fidelity", "we"** or **"our"**) is the 6th 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 $90 billion in mutual funds and institutional assets and offers approximately 200 mutual funds and pooled funds to Canadian investors.

Fidelity is supportive of the Fund Facts document. We believe that it is important for investors to be provided with a brief plain language document that highlights key information about their mutual fund investment. We also commend the CSA for addressing many of the concerns raised by Fidelity and other commenters on the pre-sale delivery requirements outlined in the 2009 version of the Proposed Amendments (the "**2009 Proposal**"). However, we do have a few concerns with the Proposed Amendments, which are described below. In addition to our comments, we have reviewed the response letter submitted on behalf of the members of the Investment Funds Institute of Canada ("**IFIC**") and generally agree with their submissions.

1. Concurrent Workstreams

As part of Stage 3 of the Point of Sale Disclosure, we understand that the CSA intends to proceed concurrently with the development of the CSA's proposed mutual fund risk classification methodology (the "**Risk Classification Methodology**") as well as a summary disclosure document for ETFs. While we applaud the effort to extend the summary disclosure documents to other products beyond mutual funds, we are concerned that implementing a pre-sale delivery of Fund Facts ("**Pre-Sale Delivery**") regime and the Risk Classification Methodology at the same time will be burdensome on the mutual fund industry - especially at a time when the industry is so preoccupied with the implementation of CRM2.

As mentioned in our March 12, 2014 comment letter on the Risk Classification Methodology, we expect that significant transition issues will arise. To layer in the cost and complexity of transitioning to a Pre-Sale Delivery system at the same time will increase substantially the implementation challenges that dealers and advisors will face. It may also have a detrimental effect on smaller dealers and advisors that do not have the staffing and financial resources to dedicate to implementing these regulatory initiatives simultaneously. Furthermore, we believe there may be investor confusion upon implementation of Pre-Sale Delivery, Risk Classification Methodology and CRM2 and proceeding with these three initiatives concurrently will only compound this confusion. As a result, we recommend that investors be given time to digest each regulatory initiative on its own.

2. Transition Period

We respectfully submit that a one year transition period following the effective date of the Proposed Amendments is not nearly enough time. Implementing Pre-Sale Delivery will be operationally complex and will require, at minimum, a technology build, training programs, testing and an enhanced compliance regime. From a technology perspective, we don't believe that it will be as simple as buying automated programs and applications that have been created by service providers. We understand that it may be necessary to interface any new programs to make sure that they interact properly with proprietary systems. In addition, as noted above, dealers and advisors have limited resources and

competing priorities such as CRM2 and, potentially, the Risk Classification Methodology. Accordingly, we recommend that a two year transition period is more appropriate.

If the CSA proceeds with a single switch-over date for implementing Pre-Sale Delivery, we generally endorse IFIC's recommendation for an early-summer change over period. This would avoid conflicting time and resources that would arise in RRSP season and year-end trading. We also recommend that the first and last business days of each month be avoided due to high trading volumes.

3. Pre-Authorized Purchase Plans

The Proposed Amendments contemplate in the transition section for pre-authorized purchase plans ("**PAC**") that it will be necessary to deliver the Fund Facts to all participants in a PAC prior to the first trade after the proposals come into force. The requirement to deliver the Fund Facts to such a vast number of investors in PACs at the same will result in an enormous delivery burden for dealers and we are not aware of any policy reason for this requirement. Accordingly, we support IFIC's position that it should not be necessary to deliver the Fund Facts to existing PAC participants upon transition to a Pre-Sale Delivery regime. Sending a notice to PAC holders with their next quarterly statement should be adequate. However, if the CSA still believes that the Fund Facts should be delivered, then we urge the CSA to require delivery prior to the anniversary date of the first purchase under the PAC to provide the industry with ample time to stagger delivery to all existing PAC participants.

We also do not think it is necessary to deliver the Fund Facts to PAC participants every time they are amended. If there is a material change to a Fund Facts document for which a press release, material change report and amendment are required, then this should provide adequate notice to investors. This is the same method currently followed for amendments to the prospectus and the policy rationale should not change simply because we are switching to Pre-Sale Delivery. In addition, we believe it is only necessary to deliver the Fund Facts to existing PAC participants on an annual basis after renewal if specifically requested by an investor as contemplated in the Proposed Amendments. Moreover, in these circumstances, we do not think it is essential to deliver the Fund Facts to existing holders in advance of the first PAC purchase that follows renewal but rather post-sale delivery is more appropriate.

4. Binding of Fund Facts

We appreciate the Proposed Amendments' flexibility to allow some binding of the Fund Facts. However, it is still unclear why multiple fund facts can only be bound if they are sent in hard copy but not if they are sent electronically. It is more efficient for an advisor to send, and more user-friendly for an investor to receive, one email with the appropriate Fund Facts bound in a pdf document rather than multiple e-mails that each only has one Fund Facts attached. In addition, binding the Fund Facts together electronically could potentially lessen any delivery errors since an investor would only be receiving one email and one attachment.

We also respectfully submit that including a table of contents with post-sale delivery is superfluous and introduces unwarranted complexity and unnecessary extra work.

5. Written Consent

The Companion Policy states that the Proposed Amendments do not require dealers to obtain written consent from their clients to allow delivery of the Fund Facts document after entering into the purchase of a mutual fund. We find this confusing since the Companion Policy also states that dealers must maintain evidence of receipt of a purchaser's consent to receive delivery of the Fund Facts document after the purchase. It is unclear how such evidence of consent can be confirmed, especially in the event of a dispute, without obtaining some form of written consent from the investor. Since the CSA has acknowledged that there may be circumstances that make Pre-Sale Delivery impracticable, we respectfully ask them to acknowledge that obtaining physical consent to allow post-sale delivery of the Fund Facts would be equally impracticable. Accordingly, we request that the intent of this section of the Companion Policy be clarified.

6. Costs of Pre-Sale Delivery.

We respectfully disagree that the costs of implementing Pre-Sale Delivery will be incremental in nature. While industry stakeholders have had to develop programs and systems to comply with the pre-trade disclosure requirements for CRM2, these are completely different from those required for Pre-Sale Delivery. As mentioned above, implementing Pre-Sale Delivery will require, at minimum, a technology build, training programs, testing and an enhanced compliance regime – all of which will be significantly different from those required for the implementation of CRM2. Moreover, while technology has advanced since the 2009 Proposal, these advances have not removed the cost barriers to implementation of Pre-Sale Delivery.

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,

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