

BY EMAIL: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca); [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

September 6, 2012



InvestorPOS Inc.  
67 Yonge St. Suite 700  
Toronto, ON M5E 1J8

T 416.361.9944  
F 416.594.1888

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

**Attention:**

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario 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 Sir/Madame:

**Re: Second Publication of the Proposed Amendments for Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds**

We are pleased to provide InvestorPOS' comments to the Canadian Security Administrators' (CSA) second publication of proposed amendments for the *Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds: Proposed Amendments to National Instrument 81-101 Mutual Fund Prospectus Disclosure, Form 81-101F3 and Companion Policy 81-101CP Mutual Fund Prospectus Disclosure and Consequential Amendments* (the "Proposed Amendments"), published on June 21, 2012.

InvestorPOS is an affiliate member of the Investment Funds Institute of Canada (IFIC) and having participated in IFIC's Point of Sale Advisory Task Force, we support IFIC's comment letter submitted to the CSA on August 31, 2012.

As a solutions provider for the investment funds industry, our comments reflect both the business and technical implications of the CSA's proposed amendments. In addition to the comments summarized in IFIC's letter, we wish to emphasize the following points.

We believe it is premature to make significant changes to the Fund Facts content, since the document underwent focus group testing by the CSA prior to its introduction, was only introduced 1 year ago and has been distributed to relatively few investors and only on an elective basis (i.e. ahead of the Stage 2 POS delivery requirement). Rather than revising a document that has had only limited readership, the CSA should allow wider usage of the document first, before considering further changes. With greater use by investors, any research results and/or feedback the CSA receives will be richer (potentially drawn from a much larger sample size), and the risk of imposing too much change to the document will be reduced. From a technical perspective, the proposed changes to the Fund Facts template are reasonably straightforward and can be accomplished in the proposed 6-month transition period; however, repeated and extensive reporting changes are onerous for the fund managers forced to gather and analyze the data. If the CSA should impose all or most of the proposed Fund Facts changes, we would discourage further changes until the document gains wider usage.

While we share many of the concerns raised by IFIC regarding the potentially negative bias of the CSA's proposed language changes, a greater concern is that by adding more content and complexity to the document, the CSA may be jeopardizing its original vision of creating a point of sale document that "is in plain language, no more than two pages double-sided and highlights key information that is important to investors". Whereas the original intent may have been to create a common document template that allowed fund managers to report information in a consistent and general manner that investors could readily understand and compare between funds, by increasing the granularity of the content the CSA may unwittingly force fund managers to create a longer document that also deviates from a common layout, particularly for those fund managers filing several hundred Fund Facts. Put differently, financial literacy levels amongst Canadian investors may improve from a more general and shorter Fund Facts document which encourages wider interest and adoption from investors, than a longer and more detailed document. We are familiar with other jurisdictions that have adopted a more general and less prescriptive summary document than is being contemplated in Canada, perhaps in part for this reason.

Only a few fund managers and dealers have actually started to deliver Fund Facts in place of simplified prospectuses because of the difficulty exercising their exemptive relief and the fact that Stage 2 has not been ratified. In order to encourage dealers to deliver the Fund Facts document, we suggest that the CSA relax its exemptive relief requirement of fund managers as dealers are not anxious to support two

fulfillment processes – one for Fund Facts and another for the simplified prospectus. Ratification of Stage 2 will allow dealers and fund managers to start realizing print production savings previously outlined in the cost benefit analysis prepared under the Joint Forum and CSA initiatives. Electronic delivery of the Fund Facts will offer greater savings still.

Thank you very much for the opportunity to comment. If you would like to discuss these or any other points further, please contact me at [aboright@investorpos.com](mailto:aboright@investorpos.com) or 416-361-9944 (ext. 21).

Sincerely,

A handwritten signature in black ink, appearing to read "ABoright". The signature is stylized and cursive.

Anthony Boright  
President  
InvestorPOS Inc.