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September 16, 2015

VIA E-MAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
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

Attention:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

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
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment – Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds (“ETFs”)

and its Delivery - Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements* ("NI 41-101") and to Companion Policy 41-101CP to NI 41-101 and related consequential amendments (collectively, the "Proposed Amendments")

We are writing in response to the request for comments on the Proposed Amendments dated June 18, 2015. We appreciate the opportunity to comment on the Proposed Amendments.

Invesco Canada Ltd. is a wholly-owned subsidiary of Invesco Ltd. Invesco is a leading independent global investment management company, dedicated to helping people worldwide build their financial security. As of August 31, 2015, Invesco and its operating subsidiaries had assets under management of approximately US$776.4 billion. Invesco operates in more than 20 countries in North America, Europe and Asia. Invesco Canada is currently the manager of 22 ETFs listed on the Toronto Stock Exchange under the "PowerShares" brand.

Capitalized terms in this letter that are not defined in this letter have the meanings ascribed to them in the Proposed Amendments. Page references are to the Ontario Securities Commission Bulletin (2015), 38 OSCB in which the Proposed Amendments were published.

Ineffectiveness of Simplified Disclosure Regimes

The Proposed Amendments state at page 5515:

> *Unlike industry participants, investors often do not have key information about an ETF and may not know where to find the information. We also know that many investors do not use the information in the prospectus because they have trouble finding and understanding the information they need.*

We agree with this statement and with similar statements that have been made by the Canadian Securities Administrators ("CSA") in the context of point of sale disclosure initiatives for conventional mutual funds. While we agree that this is a problem, as we have previously stated in other comment letters, we have serious reservations about the ability of simplified disclosure regimes (such as the Fund Facts and the proposed ETF Facts) to solve this problem. We have previously cited research not sponsored by the mutual fund industry that showed that pre-trade delivery of a summary prospectus in lieu of a prospectus merely hastens the speed with which the investment decision is made but has no other impact, including on the quality of the investment decision.[1]

[1] Beshears, J., Choi, J., Laibson, D. and Madrian, B. (2009), How Does Simplified Disclosure Affect Individuals' Mutual Fund Choice?, *Yale International Centre for Finance,* p.3

In the Proposed Amendment, the CSA appears to be acknowledging some of this research when it states at page 5515: "Research suggests that certain behavioral biases of investors may impact the effectiveness of policy initiatives that are designed to encourage better choices about financial products." But then the CSA goes on to say: "However, research on investor preferences for mutual fund information, including our own testing of the Fund Facts and ETF Facts, indicates investors prefer a concise summary of the information that they can use to make a decision."

We cannot help but read this as saying, in effect, that investors have said that they want concise summaries such as the Fund Facts and the ETF Facts, so, even though research has shown that investors may not actually be helped in any meaningful way by these new sources of information, and this information is created and distributed at a significant expense, the CSA has decided that investors must receive this information.

We have always believed as an organization that it is in our own best interests if investors are provided with transparency and are well-informed. If investors were to read and use the Fund Facts and the ETF Facts, we would take great satisfaction in the fact that we had created documents that investors had used and found to be of help. Unfortunately, based on our real-life experiences, which are supported by research, we believe that it is wishful thinking to believe that the Fund Facts and ETF Facts will have the hoped for benefits.

The comments that follow are drafted on the basis that the CSA has concluded otherwise, and that there will be some form of ETF Facts document required; nonetheless, we wished to take this opportunity to reiterate our views on this point.

Divergence from Negotiated Summary Document

We were disappointed to see that the ETF Facts provides for many additional data points as well as new mandatory text that are not in the current form of Summary Document in light of the fact that, in our view, this additional disclosure will not be helpful to investors.

The discussions that took place among the OSC (on behalf of the CSA), the ETF managers and certain dealers that ultimately led to the current Summary Document creation and delivery process took place over an extended period of time. The discussions started in the fall of 2011, and the first orders relating to the creation and delivery of the Summary Documents were issued in July 2013. The specific items required to be included in the Summary Documents were discussed at length between the OSC and the ETF managers over this period, leading to the form of Summary Document that exists today. Conceptually, the goal of the parties was to arrive at a summary disclosure document that would provide the "key information" (to borrow the wording used by the CSA to describe its goals in respect of the ETF Facts) investors needed about an ETF. We do not understand why data that was not required in the negotiated Summary Document (presumably because all of the parties were in agreement that this data was not key information) is now being required in the ETF Facts.

We provide specific commentary on certain of these new data points below in our letter.

<u>Start Date / Inception Date for Performance</u>

In our opinion, the Proposed Amendments should clearly state that the performance of an ETF is measured beginning with the listing date and, as a consequential change, the term "Date ETF Started" in the Quick Facts should be changed to "Original Listing Date", since that would tie in with the start date used for performance measurement and offer up a modicum of consistency. If different dates are used for each, an investor could easily be confused, and it is not clear how disclosing the start date (often interpreted as the date the ETF became a reporting issuer or the date the ETF itself was created) is helpful to an investor in these circumstances. That is, what information does it convey to an investor?

We note that ETFs are not seeded by the investment fund manager but, rather, take advantage of that part of National Instrument 81-102 *Investment Funds* which allows a minimum subscription level. That minimum comes from the designated brokers, who typically make their investment several days prior to the initial listing date of the ETF in order to ensure that there are securities to be listed. It is only at that point that the ETF portfolio is invested and, as such, any performance measurement prior to that date is misleading. While the current draft of the Proposed Amendments seemingly permits an ETF to measure performance beginning on the listing date, for this information to be meaningful and comparable across ETFs, the CSA should mandate that all ETFs use the listing date as the beginning of performance measurement as that is the date the ETF can be purchased by the public. In our view, the fact that the Proposed Amendments permit the use of the listing date is a vast improvement over the status quo, and we strongly urge the CSA to make consequential amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") to achieve the same consistency. We do not currently use listing date for performance measurement in Management Reports of Fund Performance as OSC Staff has directed us not to do so. The performance measurement in the two documents should be identical. In fact, in continuous disclosure reviews, Staff has asked us why performance is different in different publications. This is a result of the inconsistency of the rules, and this should be corrected in the Proposed Amendments.

<u>Item 2 – Quick Facts, Trading Information and Pricing Information</u>

Trading Information

Item 2 – Quick Facts, Trading Information and Pricing Information as drafted require the disclosure of "average daily volume" and "number of days traded". The inclusion of these data points benefits large, established ETFs, and places newer entrants at a disadvantage because an investor may wrongly interpret these figures as indicating that an ETF with lower figures is a less desirable investment than an ETF with higher figures. While these statistics are often used as measures of liquidity for corporate issuers, because of the ability of dealers to create and redeem units, the average daily volume of an ETF and the number of days traded are not reliable indicators of an ETF's true liquidity. Merely because volumes were low or a trade did not occur on a particular day does not indicate that there is a liquidity issue. If demand for securities of a particular ETF were to suddenly increase during the course of a day, the supply could be quickly increased through the creation process. What will ultimately determine the liquidity of an ETF is the liquidity of its underlying basket of assets.

We acknowledge that the January 2015 Allen Research Corporation report "CSA Point of Sale Disclosure Project ETF Facts Document Testing" noted at page 72 that "Seven out of ten or more of all retail investors [68%-79%] identified currency, exchange, average daily volume and total value as very or fairly important trading information"; however, we respectfully submit that these investors may not be aware of the differences between corporate issuers and ETFs and the impact of the creation mechanism. Average daily volume and number of days traded are not "key information" for an ETF investor, and they should be removed from the ETF Facts.

Pricing Information

As a general comment, we note that, unlike the proposed ETF Facts document, neither the current form of Summary Document used by ETFs nor the Fund Facts document requires the inclusion of any pricing information. We believe that this is the correct approach. We are of the view that the historical "after the fact" pricing information required in the ETF Facts document (market price and net asset value (NAV) ranges, bid-ask spread and premium/discount to NAV) is not meaningful, and does not help investors make investment decisions. Including this information may be counterproductive as it introduces non-essential information. In support of the ETF Facts, the CSA noted that "investors prefer a concise summary of the information that they can use to make a decision" (page 5515). For these reasons, we suggest that the "Pricing information" section be removed from the ETF Facts document.

If the CSA disagrees and is of the view that some "Pricing information" should be retained in the ETF Facts, we would ask that the CSA at least consider the following:

i) Alter the disclosure requirements for market price and net asset value

Item 2 requires the disclosure of "market value". Instruction 13 under Item 2 requires that the ETF "[s]how the range for the market price…by specifying the highest and lowest prices at which…securities of the ETF have traded on all trading venues over a 12 month period…" (page 5533). Instruction 14 requires that the ETF also "[s]how the range for the net asset value per share or unit…by specifying the highest and lowest net asset value …over a 12 month period." (page 5533)

We interpret the reference to market value in instruction 13 as requiring us to look at intra-day (i.e. all) market prices. If this was not the result that the CSA intended, we would ask the CSA to revise instruction 13 accordingly. Giving investors market price in such close proximity to NAV may be confusing in that the highest and lowest market prices are drawn from all prices (including intra-day prices) while NAVs would look only at end of day NAVs. All other things being equal, we have found the intra-day volatility of market prices to be, in general, higher than the day to day volatility of closing prices. If the CSA is of the view that both market price and NAV should remain in the pricing information chart, we would suggest that end of day data be used for both data points or that language be added in close proximity to the Pricing information table explaining this difference. (We acknowledge that the section "How ETFs are priced" elsewhere in the ETF Facts document discloses that NAV is calculated after the close of each trading day, and also discusses how market prices change throughout the trading day, but this information is produced too far away from the Pricing information to be helpful to investors who are trying to understand the market price and net asset value data. We also note that we recommend the removal of that entire section in our comment letter at pages 11 and 12.)

(ii) *Provide clarity regarding calculation of daily average bid-ask spread*

Instruction 15 requires that we take the "the average of the quoted spreads based on NBBO for each day". The instructions do not specify the interval that is to be used. Should we be looking at the time of each trade or each second, minute, hour or end of day? While we do not believe that this data point is at all helpful to investors, if we and other ETF managers are required to calculate it, absent any direction regarding the interval to be used, this data point is likely to be calculated in different ways by different ETF managers, compromising the comparability of this data point across different ETF Facts documents.

Item 7 – Pricing ("How ETFs are priced")

We are of the view that the entire "How ETFs are priced" section should be removed from the ETF Facts. Please see pages 11 and 12 of our comment letter for our thoughts on this point. If the CSA removes this section, our comments below become irrelevant. If the CSA retains this section, please note the comments below.

Market Price and Bid-ask Spread

The fourth bullet point under Market Price currently reads (page 5539): "In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect."

With respect, we believe that this statement is not true. By definition, a buyer should be able to buy at the ask and a seller should be able to sell at the bid (i.e. they should each be able to get the price they expect), and this should be the case regardless of the size of the bid-ask spread.

We also have serious reservations about the use of the word "liquid" in the ETF Facts. Based on research conducted by Invesco, we believe that many investors do not have a good understanding of the concept of liquidity. Liquidity in the context of an ETF will be more difficult to explain. While an ETF with a small bid-ask spread is likely to be considered liquid, the fact that an ETF has a wider bid-ask spread does not necessarily indicate a lack of liquidity, given the existence of the creation mechanism. As we previously noted, if demand for securities of a particular ETF were to suddenly increase during the course of a day, the supply could be quickly increased through the creation process. What will ultimately determine the liquidity of an ETF is the liquidity of its underlying basket of assets.

As stated in our letter at page 5, we do not believe that the average bid-ask spread (or any other pricing information) should be included in the ETF Facts document. If the CSA agrees with us and removes average bid-ask spread from the ETF Facts, this fourth bullet point becomes irrelevant, and will presumably be removed. We attempted to develop new wording for this fourth bullet point to provide to the CSA as an alternative to the current wording, in the event the CSA determined that it wished to retain disclosure explaining the implications of the size of the bid-ask spread. However, despite numerous attempts, we were not able to arrive at a description that was short, easily understandable and accurate. This further supports, in our view, our belief that this bullet point should be removed.

Net Asset Value

The third bullet point required to be included in the ETF Facts under the heading "Net Asset Value" may confuse and mislead investors. It reads:

> *If the market price is lower than the NAV, the ETF is trading at a* ***discount****. If the market price is higher than the NAV, the ETF is trading at a* ***premium****. If you sell an ETF at a discount, you may be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth.*

There is a theoretical uncalculated NAV at all points in time for a fund. If an investor were in a position to know what this theoretical NAV is, he or she would be in a position to say whether a transaction was occurring at a premium or at a discount.

Canadian ETFs produce an official NAV only at the end of the day. In contrast, U.S. ETFs provide intraday NAVs at regular intervals (i.e. in some cases every 15 seconds) which makes this information considerably more meaningful. The wording in the Proposed Amendment encourages investors to compare today's intra-day market price to the "stale" NAV calculated at the close of the previous trading day. This is not an indicator of whether there is a true "discount" or "premium" at the time of the transaction. We acknowledge that many people compare the current market price to the last published NAV. We would suggest the following text be used instead:

> *People often compare a current market price to the last published NAV (which was calculated at the close of the previous trading day). If the market price is lower than the NAV, the ETF is trading at a discount. If the market price is higher than the NAV, the ETF is trading at a premium. If you sell an ETF at a discount, you may*

> *be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth. <u>However, please keep in mind that this NAV reflects the previous day's valuation and may not reflect the current value of the ETF.</u>*

We appreciate that there may be space limitations in the context of the ETF Facts document. While we believe that the proposed text above is preferable, we would propose the paragraph below as an alternative.

> *If the market price <u>at the end of the trading day</u> is lower than the NAV <u>calculated after the close of trading</u>, the ETF ~~at is trading~~ <u>traded</u> at a discount. If the market price <u>at the end of the trading day</u> is higher than the NAV <u>calculated after the close of trading</u>, the ETF ~~is trading~~ <u>traded</u> at a premium. If you sell an ETF at a discount, you may be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth.*

<u>Investment Risk</u>

We have previously participated in a discussion group organized by the Ontario Securities Commission regarding fund risk classification methodology. We also provided comments in a letter dated March 12, 2015 in respond to CSA Notice 81-324 and Request For Comment Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts (the "CSA Risk Classification Proposal"). Our views on the CSA Risk Classification Proposal have not changed, and we respectfully refer the CSA to our previously submitted comment letter for our views on the CSA Risk Classification Proposal.

<u>Proposed Subsection 5A.3(4) to Companion Policy 41-101CP</u>

We support the CSA's efforts to provide guidance as to what types of changes would not be considered material changes. We would suggest the following changes to the proposed text of subsection 5A.3(4) to add additional clarity:

> *An amendment to the ETF facts document should be filed when there is a material change to the ETF that requires a change to the disclosure in the ETF facts document. This is consistent with the requirement in paragraph 11.2(1)(d) of National Instrument 81-106 Investment Fund Continuous Disclosure. We would not generally consider changes to the <u>quick facts (other than changes in distribution frequency), trading information, pricing information,</u> top 10 investments, investment mix or year-by-year returns of the ETF to be material changes. We would generally consider changes to the ETF's investment objective or risk level to be material changes under securities legislation.*

Other Drafting Comments

General Instruction 16

General instruction 16 (page 5530) to Form 41-101F4 states:

> *For a class or series of securities of the ETF denominated in a currency other than the Canadian dollar, identify the other currency under the heading "Quick Facts" and provide the dollar amounts in the other currency, where applicable, under the headings "How has the ETF performed?" and "How much does it cost?".*

We believe that the reference to "Quick Facts" should be changed to "Trading Information" given that the instruction 10 for Item 2 require disclosure of the currency under the heading "Trading Information".

Item 3 – Investments of the ETF

Instruction 3 (page 5534) states:

> *For an ETF that uses derivatives, state using wording substantially similar to the following: It uses derivatives, such as options, futures and swaps to get exposure to the [index/benchmark] without investing directly in the securities that make up the [index/benchmark].*

This language assumes that an ETF would only use derivatives to replicate an index/benchmark, but the ETF may not track an index, or even if it tracks an index, it may use derivatives for other purposes (e.g. currency hedging). We would suggest modifying the language of this form requirement as follows:

> *For an ETF that uses derivatives <u>to replicate the performance of an index</u>, state using wording substantially similar to the following: It uses derivatives, such as options, futures and swaps to ~~get exposure to~~ <u>replicate the performance of</u> the [index/benchmark] without investing directly in the securities that make up the [index/benchmark].*

Item 6 – Past Performance

(i) <u>*How returns are calculated*</u>

Each ETF Facts document must include the following text (page 5539): "NAV is used to calculate financial information for reporting purposes – like the returns shown in this document."

To reduce the possibility of investors becoming confused by the fact that returns are calculated using NAV when they are purchasing at market price, we would suggest that additional language be added to the section “How has the ETF performed?” under Item 6 in the ETF Facts, perhaps along the lines of:

> *The returns shown are calculated using net asset value (NAV). Most investors will buy ETFs at market price, not NAV. Please see “How ETFs are priced” for more information on these two sets of prices.*

In our comment letter at pages 11 and 12, in response to a specific question posed by the CSA, we suggest the removal of the “How ETFs are priced” section. If the CSA adopts this suggestion, the last sentence in the proposed text above becomes, of course, irrelevant.

(ii) Periods covered by best and worst 3-month returns

We believe that there is a technical issue with the current drafting of the instructions for Item 6. The instructions refer to the “period covered in the bar chart required under paragraph (3)(a). The referenced paragraph refers to “completed calendar years”. By way of an example, the drafting provides that if the ETF Facts document were to be prepared in September 2016, none of the performance in the partial calendar year of 2016 would be eligible for consideration when determining the best and worst 3 month returns. This does not seem like the right outcome to us.

Accordingly, we would suggest that the wording of the instructions for Item 6 be changed to

> *Under the sub-heading “Best and worst 3-month returns”,*
> *(a) for an ETF that has completed at least one calendar year:*
> *(i) provide information for the period covered in the bar chart required under paragraph (3)(a) and the current partial calendar year in the form of the following table…*

We note that the same issue exists with the wording of instruction 3 to Item 5 in Form 81-101F3.

Specific Questions Posed by the CSA for Comments

We have comments on the following questions posed by the CSA.

1. ***The ETF Facts is substantially similar to the Fund Facts, except for additional information related to trading and pricing (e.g., average daily volume, number of days traded, market price range, net asset value range, average bid-ask spread and average premium/discount to NAV). We seek specific feedback on these proposed elements of the ETF Facts. In particular, please comment on the disclosure instructions for these elements as outlined in Form 41-101F4. For example, should the range of market prices exclude odd lot trades? In terms of the calculation of the average bid-ask spread, should trading days that do***

not have a minimum number of quotes be excluded from the calculation? We also seek feedback on whether there are alternative methods or alternative metrics that can be used to convey this information in a more meaningful way for investors.

This question asks for suggestions on how this information should be calculated and presented. This presupposes that the additional information required to be disclosed (e.g., average daily volume, number of days traded, market price range, net asset value range, average bid-ask spread and average premium/discount to NAV) is helpful to investors. With respect, as stated earlier in our letter, it is our position that this additional information is of limited utility, and may, in fact, detract from the CSA's stated goal of giving investors "clear, concise, understandable" (proposed subsection 5A.1(2) of 41-101CP) disclosure through the ETF Facts document. We have provided our comments on certain specific disclosure requirements earlier in this letter to the effect that many of the trading and pricing disclosure requirements should be removed from the ETF Facts. However, if the CSA opts to retain these data points, then we respectfully request that the additional requirements proposed in the question be excluded (that is, we should not have to exclude odd lot trades or require a minimum number of quotes) as sourcing and processing the information in this manner would add to the cost and complexity of preparing the ETF Facts documents. In other words, if investors would receive a measurable benefit from the cost and burden imposed on an investment fund manager in preparing the required data, one could argue it is justified. There is no measurable benefit in this context for investors yet the investment fund manager preparing the ETF Facts would incur additional costs and burdens and, therefore, the additional requirements contemplated by this question cannot be justified.

2. ***The "How ETFs are priced" section of the ETF Facts is intended to provide ETF investors with some additional information on the factors that influence trading prices and to explain the difference between market price and NAV. This section has been modified in response to investor testing, which showed that investors valued this type of information but were not necessarily aware of how to use it in practice. We seek feedback on whether there is an alternative form of presentation of this information that may better assist investors.***

We urge the CSA to remove the "How ETFs are priced" section from the ETF Facts and to consider creating other investor use publications to explain these and other ETF-related investment concepts and terms. The explanations currently required to be included in the ETF Facts are fairly lengthy, which is understandable given that the concepts are sometimes fairly complex and are not intuitive. We note that General instruction 15 generally requires that each of Part I and Part II must not exceed one page in length, although four pages in total is permissible. The sample ETF Facts included with the Proposed Amendments runs three pages which suggests to us that two pages in total is simply unachievable given the minimum form requirements. However, if this section is removed, two pages is achievable and the result is perhaps more desirable from the investor's perspective.

On a broader note, the CSA has acknowledged in other contexts that financial literacy is a serious problem in Canada. This being the case, we believe that it is somewhat naïve to believe that complex financial concepts can be explained with the ease and simplicity suggested by the required explanatory language in the ETF Facts and, as we have observed in our comments earlier in this letter, in some cases we are of the view that the explanations are not accurate. An investor use publication or brochure would provide the CSA with a better opportunity to explain ETF-related investment concepts and terms that it feels are important for investors to understand without the constraints of the ETF Facts format.

As a final point, by way of comparison, we note that since the coming into force of NI 81-106, investors have had to contend with two pricing situations for conventional mutual funds, namely, NAV used for financial statement purposes and NAV used for transactional purposes. Notwithstanding this duality – which is exacerbated since the same nomenclature is used for both concepts – the CSA has determined that it is not necessary to provide investors with an explanation of these terms. This approach is not consistent with the level of explanatory text that is required in the ETF Facts document.

We would urge the CSA to reconsider its current approach. We believe that it is simply not realistic to seek to have ETF managers produce ETF Facts documents that investors can "easily understand" (pages 5509 and 5511) in a compressed format, and yet require the inclusion of multiple data points and explanations of fairly complex concepts. These conflicting goals result in a document that falls short on both fronts.

3. ***Please comment on whether there are other disclosure items/topics that should be added to reflect the differences between ETFs and conventional mutual funds.***

As a manager of both ETFs and mutual funds, we believe that we are well positioned to respond to this question. The presumption underlying this question is that investors have a thorough understanding of conventional mutual funds and, as such, are in a position to find information on the differences between the two helpful. CSA investment fund initiatives over the last decade have shown that this presumption has no basis in reality. More importantly, it presupposes that investors seeking managed investments will choose only between mutual funds and ETFs. For present purposes, we will accept the underlying assumption of the CSA that the market for managed investments (such as funds) is different from the market for non-managed investments (such as stocks). Accepting this assumption, however, requires that one consider the range of options for managed investments, namely, (1) conventional mutual funds, (2) ETFs, (3) separately managed accounts (i.e. where the client buys into an investment strategy, the dealer buys securities for the account in accordance with the instructions of a portfolio manager and the investor owns the portfolio securities directly rather than indirectly through their ownership of mutual fund securities), and (4) segregated funds. All four types of investment vehicles compete for the same investment dollars, and are equally available to investors seeking a managed investment. In our experience, investors care about the investment mandate and cost, not about the vehicle or packaging through which the mandate is delivered. This being the case, comparing ETFs only to mutual funds and not to the other two options does not appear to us to be based on any reasonable principle. For these reasons, we do not believe detailed disclosure of the differences between ETFs and conventional mutual funds should be included in the ETF Facts.

We have previously commented in the context of other regulatory initiatives on the importance of creating a level playing field between investment products, regardless of structure. To that end, we believe that the disclosure obligations in the ETF Facts go beyond those in the Fund Facts, imposing greater obligations on ETFs than on conventional mutual funds, with no offsetting benefits arising from these additional requirements.

7. ***We seek feedback from ETF managers and dealers on whether they prefer a single switch-over date for filing the initial ETF Facts rather than following the prospectus renewal cycle as currently contemplated. The CSA implemented a single switch-over date for the Stage 2 Fund Facts, and recognize that there are challenges in doing so, especially for ETF managers, from a business planning and business cycle perspective. If a single switch-over date is preferred, are there specific months or specific periods of the year that should be avoided in terms of selecting a specific switch-over date? Please explain.***

Based on our experiences with the introduction of the Fund Facts document, our preference is that the CSA not adopt a single switch-over date as that process required us to prepare and file hundreds of Fund Facts documents by the switch-over date, and then again shortly thereafter during the prospectus renewal. We would ask that, given the differences between the current Summary Document filed by each ETF and the proposed ETF Facts, the CSA confirm that no blacklines are required to be filed with the initial ETF Facts filing, comparing the ETF Facts with the prior Summary Documents. This was the approach used for the 2014 changes to the Fund Facts documents when blacklines were not required.

Conclusion

Thank you for providing us with the opportunity to comment on the Proposed Amendments. We would be pleased to discuss our comments further should you so desire.

Yours very truly,

Invesco Canada Ltd.

(signed) "Julianna Ahn"

Julianna Ahn
Vice President, Legal and Associate General Counsel