



BY ELECTRONIC MAIL: jstevenson@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

September 23, 2011

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
20 Queen Street West, Suite 1903, Box 55
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: Cost Disclosure and Performance Reporting of Investment Funds in the Proposed Amendments to NI 31-103 Registration Requirements and Exemptions

We are writing to provide comments with respect to the Proposed Amendments to National Instrument 31-103 Registration Requirements and Exemptions – Cost Disclosure and Performance Reporting (the “Proposed Amendments”) and the proposed amendments to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registration Obligations (the “CP Amendments”).

Horizons ETFs supports the proposed amendments, which, if adopted, would introduce performance reporting requirements and enhance existing cost disclosure requirements. Providing additional information at the account level will enable clients to make more informed decisions about their investments. Greater transparency, through easy to find and easy to understand language is beneficial to all investors.

Horizons ETFs

Horizons ETFs is an innovative financial services company that manages over \$3 billion in 75 of the approximately 200 Canadian exchange traded funds (“ETFs”) listed on the Toronto Stock Exchange. With the largest family of ETFs in Canada, Horizons ETFs is responsible for many Canadian financial industry firsts including the creation of non-index based ETFs as well as ETFs that use unique leveraged, inverse, and spread investment strategies. Horizons ETFs is a founding partner of the Canadian ETF Association (“CETFA”), Canada’s independent ETF industry association.

Cost Disclosure

Horizons ETFs supports the Proposed Amendments which would result in investors receiving a new annual summary of all account-related and product charges, and other compensation received by the registered firm and the inclusion of the original costs of each security added to account statements. Furthermore, this requirement should cover all securities, including all types of funds, individual equities and fixed income instruments. All securities should be treated in a similar manner and with sufficient granularity to ensure the investor understands how much they are paying and for which product or service.

Horizons ETFs recognizes that there will be implementation issues and costs associated with these disclosures and that the degree of each will vary across registered firms. However, based upon the investor research conducted by the CSA these challenges need to be met and can be overcome within a sufficiently long transition period. We agree with the CSA position that the potential benefits to investors outweigh the costs to registered dealers and advisors of providing additional disclosure to their clients. Ultimately a more informed and educated client is a more loyal client.

Original Cost and Tax Cost

Horizons ETFs believes that original cost is the preferred disclosure that would have the most meaning to investors. The inclusion of tax cost would not be ideal for most investors and could lead to confusion. Should tax cost be adopted or provided by some dealers, disclosure as to reporting method and proper uses and limitations of such method should be included.

Performance Reporting

Horizons ETFs also supports the principles behind the proposed amendment that would result in investors receiving an annual account performance report. The inclusion of ‘net amount invested’, ‘change in value’ and ‘annualized compound percentage return’ would provide invaluable financial metrics allowing investors to easily analyze the performance of their account. Arguably, performance or “how have I done” over the preceding period and since account inception are the most important pieces of information for any investor.

Transition

Horizons ETFs recognizes that registered dealers and advisors would require varying amounts of time to adjust their reporting practices in order to meet the requirements for disclosure of charges and performance reporting if the amendments are adopted. We agree with a “forward looking” adoption only and a transition period up to two years.

We appreciate the opportunity to provide comments on the Proposed Amendments. Please contact the undersigned at hatkinson@horizonsetfs.com directly with any questions concerning these comments.

Yours truly,

(signed) "Howard Atkinson"

Howard J. Atkinson, CFA, CIMA®, ICD.D
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Horizons Exchange Traded Funds Inc.

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