

September 23, 2011

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

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

Attention of:

Mr. John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, 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

**Re: Proposed Amendments to National Instrument 31-103:
Cost Disclosure and Performance Reporting**

We are writing to provide comments to the proposed amendments to *National Instrument 31-103 Registration Requirements and Exemptions: Cost Disclosure and Performance Reporting* (the "Proposed Amendments").

Mackenzie Financial Corporation ("Mackenzie") was founded in 1967, and is a leading investment management firm providing investment advisory and related services. With \$65 billion in assets under management as of August 31, 2011, Mackenzie distributes its services through a diversified network of third-party financial advisors.

We support the general principles of the Proposed Amendments to provide clients with clear and transparent reporting on performance and costs. Since Mackenzie is not registered as a mutual fund dealer or an investment dealer, the Proposed Amendments have little direct impact on our operations and reporting requirements to investors. However, the Proposed Amendments will have a significant impact on certain of our affiliates as well as on the mutual fund dealers through which we distribute our investment products. Accordingly, we will be required to adjust our business practices to meet the needs of our distribution channel and thus feel it is important and appropriate that we provide you with our comments on the Proposed Amendments.

Further, to the extent that the Proposed Amendments may have an adverse impact on the mutual fund business in Canada and potentially mislead our investors, we feel it is appropriate for us to comment.

We wish to express our concern about the CSA's apparent disregard for the SROs' consultative rule-making process. The process of rule-making in Canada requires a high degree of trust and good faith as between the CSA, the SROs and the regulated industry. To the extent that the CSA delegated certain responsibilities to the SROs in the Registration Reform project (including responsibility for developing appropriate performance reporting and cost disclosure rules for their members), and to the extent that the significant efforts of the SROs and their members in that regard appear to have been ignored or trumped by the Proposed Amendments, we are concerned that the trust and good faith as between the CSA and SROs, and between the CSA and the regulated industry, is put into jeopardy. We do not think this is a concern that the CSA should take lightly and we would urge you to take steps to reassure the SROs and registered firms of your commitment to the current division of regulatory responsibilities and to the SROs' rule-making process.

Second, we are concerned that the industry is being asked to adjust its reporting models twice in order to satisfy two different sets of regulatory requirements. This seems to us to be confusing to the industry and to the investors who will potentially live through two significant format changes to their reporting package in a very short period of time.

Third, we fully expect that the Proposed Amendments will require dealers to implement additional systems changes over those contemplated by the MFDA proposal and that the cost and effort involved in those changes will be disproportionately burdensome for smaller dealers to absorb. If the Proposed Amendments are adopted, it is probable that the industry will need to design a standardized system or file format for delivery of the required information from investment fund managers to dealers. We have no understanding of the scope, complexity or ability for investment fund managers to be able to provide the required information, presented on a client-by-client basis, from the multiple back office shareholder processing systems that exist in the industry today. We note that the Ontario Securities Commission has stated in its Request for Comments under the heading "Anticipated costs and benefits" that it thinks "the potential benefits to investors outweigh the costs to registered dealers and advisers of providing additional disclosure to their clients". We are concerned, however, that this statement is not supported by a description of the anticipated costs of the Proposed Amendments as required by paragraph 143.2(2)(7) of the *Securities Act* (Ontario). We would urge the CSA to undertake a more rigorous analysis of the anticipated costs associated with the Proposed Amendments to investors, dealers and mutual fund manufacturers.

Finally, as indicated above, Mackenzie fully supports the development of a regulatory regime that ensures that investors receive clear and transparent reporting on investment performance and costs and are in a position to make informed investment decisions. However, to the extent that investors already receive detailed information regarding commissions, deferred sales charges and trailing commissions is already in simplified prospectuses and the newly implemented fund facts documents, we are very concerned that the inclusion of the information contemplated by the Proposed Amendments will appear to investors to be charges or costs *in addition* to those described in funds' disclosure documents.

Accordingly, we would urge you to reconsider the many places and ways in which investment fund managers and dealers are required to provide performance and cost information to investors with a view to creating a more logical regime that would be more meaningful to most investors.

We would be very happy to discuss these matters further with you.

Yours truly,



Charles R. Sims, FCA
President and Chief Executive Officer

Copy to: Ken Woodard, Mutual Fund Dealers Association of Canada
Julie Macphail, Investment Industry Regulatory Organization of Canada