

[Translation]

Desjardins

March 8, 2016

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)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward
Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

M^e Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8

Madam:

Subject:*Comments by Desjardins Group regarding request for comment on
standardized mutual fund risk classification methodology*

Desjardins Group has carefully reviewed the amendments proposed by the Canadian Securities Administrators (CSA) that would require fund managers to use a standardized risk classification methodology to rate the risk associated with conventional mutual funds and exchange-traded funds (ETFs) in, respectively, the Fund Facts and the proposed ETF Facts.

Desjardins Group welcomes the CSA's initiative to propose a standardized risk classification methodology in order to allow investors to more easily compare the level of investment risk of different mutual funds and ETFs and therefore providing them with the possibility of making more informed investment choices.

As regards the proposed methodology, Desjardins Group wishes to sincerely thank the CSA for having considered the comments received further to the 2013 publication of CSA Notice 81-324 and Request for Comment - *Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts*.

Desjardins Group therefore confirms that it is comfortable with the features of the CSA's proposed methodology, which are essentially:

- Use of a standard deviation calculated on a 10 year historical basis, while respecting certain requirements on the restructuring or transfer of a mutual fund's assets or in the case of changes to the mutual fund's fundamental investment objectives;
- Use of reference index data when performance history is less than 10 years, while following a list of principles so that the index is acceptable;
- Retention of the risk scale at five categories ranging from "low" to "high" and use of the standard deviation ranges in the Investment Funds Institute of Canada's methodology;
- Establishment of investment risk level on each filing of the Fund Facts or the ETF Facts, and at least once a year;
- Keeping of records for seven years as of the date they are created.

Desjardins Group also finds interesting the addition, since the 2013 proposal, whereby the proposed methodology would apply not only to conventional mutual funds but also to ETFs. We feel that this is logical, relevant and fair.

Overall, Desjardins Group is very satisfied with the CSA proposal regarding use of the standardized risk classification methodology by fund managers and the amendments to the regulation for its implementation.

Please contact the undersigned for further information concerning this consultation.

Yours truly,

[signed]

Yvan-Pierre Grimard
Government Relations Advisor – Québec
Desjardins Group