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**Re: CONSULTATION ON THE HARMONIZATION OF MUTUAL FUND DISTRIBUTION REGULATIONS**

We are writing in response to a request for comments on the AMF Concept Paper *Consultation on the Harmonization of Mutual Fund Distribution Regulations* ("Concept Paper"), as published on October 1, 2010. This letter is submitted on behalf of Royal Mutual Funds Inc. ("RMFI") and Phillips, Hager & North Investment Funds Ltd. ("PH&N"). RMFI and PH&N are separate corporate entities, which are affiliated, and are indirect subsidiaries of Royal Bank of Canada ("RBC"). Both RMFI and PH&N are registered in Quebec as mutual fund dealers and are members of the Mutual Fund Dealers Association of Canada ("MFDA").

We appreciate the opportunity to provide our comments on this significant initiative to harmonize mutual fund regulation in Quebec with the regulation in other jurisdictions of Canada. As indicated in the submissions to the Canadian Securities Regulators with respect to the National Instrument 31-103 *Registration Requirements and Exemptions* ("NI 31-103"), RBC is a strong supporter of a harmonized and streamlined registration regime across Canada. RBC fully supports the AMF's initiative to harmonize mutual fund distribution across Canada. In order to further simplify the applicable regulatory framework, we believe that full delegation to self-regulatory organizations ("SRO") should be implemented across the country. With this in mind, we wish to express our views in relation to the recognition of the MFDA as an SRO in Quebec.

As highlighted in the Concept Paper, with the implementation of NI 31-103, securities regulations have been harmonized across Canada, with the exception of the mutual fund distribution sector in Quebec. Currently, mutual fund dealers in the rest of Canada are required to be members of the MFDA and to comply with its regulation, which results in uniform regulations being applied nationally outside of Quebec. In our view, the proposed partial adoption of the MFDA regulations, as outlined in the Concept Paper, will not completely resolve

this existing inconsistency. Consequently, it is our recommendation that discussions take place to have the MFDA recognized as an SRO in Quebec.

The lack of fully harmonized requirements will continue to create significant challenges and additional costs for registered firms that deal both in Quebec and outside the province. Statistics provided in the Concept Paper support the need for uniform regulations as more than 50% of the mutual fund dealers active in Quebec are already Members of the MFDA, representing over 96% of individual registrants. Even where the compatible sections of the MFDA regulations are adopted, the regulations would be administered by different organizations which will likely lead to inconsistent interpretation and applications of the adopted regulations.

We believe that the only way to achieve truly harmonized mutual fund distribution regulations is to recognize the MFDA in Quebec. We further believe that such recognition should be accompanied by regional representation in the governance of the MFDA. For example, we believe that it would be important for the MFDA to maintain an office in Quebec in order for clients, representatives and firms to be served in their language of choice within their own province. Note that such an approach already exists in relation to Quebec representation within the Investment Industry Regulatory Organization of Canada.

In conclusion, we encourage the AMF to reconsider its position with respect to the recognition of the MFDA as an SRO in Quebec and to fully delegate jurisdiction over mutual fund dealers and their representatives to the nationally recognized SRO.

Thank you for the opportunity to express our views and recommendations regarding the Concept Paper. Should you require any further information or have any concerns regarding the foregoing, please do not hesitate to contact us.

Yours truly,

*“Wayne Bossert”*

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President & Chief Executive Officer  
Royal Mutual Funds Inc.

*“Doug Coulter”*

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