



Royal Mutual Funds Inc.
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Phillips, Hager & North Investment Funds Ltd.
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Via Email

July 15, 2011

John Stevenson, Secretary
Ontario Securities Commission
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Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
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Dear Mr. Stevenson and Ms. Beaudoin:

Re: NOTICE AND REQUEST FOR COMMENT ON PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS

We are writing on behalf of Royal Mutual Funds Inc. ('RMFI') and Phillips, Hager & North Investment Funds Ltd. ('PH&N') in response to a request for comments on the proposed amendments to National Instrument 31-103, *Registration Requirements and Exemptions* ('NI 31-103'), as published on May 13, 2011. RMFI and PH&N are separate corporate entities, which are affiliated, and are 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 comments concerning the Proposed Amendments.

As highlighted in previous correspondence with the Canadian Securities Administrators ('CSA'), RMFI and PH&N fully support the CSA's efforts to harmonize and streamline the regulatory framework governing registration across Canada. We feel, however, that it is crucial to reiterate our strong belief that exclusion of the MFDA as a recognized SRO in the province of Quebec will result in significant challenges and additional costs for registered firms that deal both in Quebec and outside the province. Therefore, we believe, decisively, that further discussions with the Autorité des marchés financiers ('AMF' or the 'Authority') are crucial in order for the CSA to successfully achieve its objective of harmonizing Canada's regulatory environment.

We would like to highlight that Appendices G and H, which were published as part of the Proposed Amendments dated May 13, 2011, clearly outline exemptions from certain requirements for the

Investment Industry Regulatory Organization of Canada ('IIROC') and MFDA member firms and further provide corresponding SRO provisions. It is worthwhile to note that Quebec registrants however, continue to be subject to the rules and regulations conferred upon them by the AMF and therefore garner little benefit from the exemptions provided in NI 31-103. We feel strongly that this disconnect will result in confusion and uncertainty amongst registrants concerning the application of both AMF and CSA regulations.

As outlined in our letter to the Authority concerning the Consultation on the Harmonization of Mutual Fund Distribution Regulations (November 29, 2010), statistics provided in the concept paper clearly support the need for uniform regulations as more than half of the mutual fund dealers, representing 96% of individual registrants in Quebec, are currently Members of the MFDA. It is therefore our strong recommendation that the CSA continue its discussions with the Authority and further encourage the AMF to formally delegate authority over mutual fund dealers and their representatives to the nationally recognized SRO, thereby demonstrating its cooperation with the CSA in their efforts to adequately harmonize the regulatory framework across the country. We also strongly believe that firms registered in Quebec, whose principle regulator is located in a Canadian province or territory other than Quebec, at a minimum, should be permitted to adhere to MFDA Rules and Regulations in Quebec, in place of those imposed by the AMF.

Finally, as indicated in our November 29th letter to the Authority referenced above, we further believe that recognition of the MFDA as an SRO in the province of Quebec 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 IIROC.

In conclusion, we feel that recognition of the MFDA as an SRO in the province of Quebec is vital for the CSA to successfully achieve its objective of true harmonization of mutual fund distribution regulations across Canada. We therefore strongly encourage the CSA to continue discussions with the AMF concerning this important matter.

We thank you for the opportunity to express our views and recommendations regarding the proposed amendments to NI 31-103. Should you require additional information, please do not hesitate to contact the undersigned.

Sincerely,

"Wayne Bossert"

Wayne Bossert
President and Chief Executive Officer
Royal Mutual Funds Inc.

"Doug Coulter"

Doug Coulter
President
Phillips, Hager & North Investment Funds Ltd.