



FRANKLIN TEMPLETON
INVESTMENTS

200 King Street West, Suite 1500
Toronto, Ontario M5H 3T4
telephone 416.957.6000
toll-free 1.800.897.7280
facsimile 416.364.5460
franklintempleton.ca

VIA EMAIL

September 14, 2012

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
Superintendent of Securities, Nunavut

Attention: The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sir/Madame:

Re: CSA Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Franklin Templeton Investments Corp. (“FTI”) welcomes the opportunity to make a submission with respect to the Canadian Securities Administrators’ (“CSA”) Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 (“NI 31-103”) –



FRANKLIN TEMPLETON
INVESTMENTS

Registration Requirements, Exemptions and Ongoing Registrant Obligations (the “Proposed Amendments”).

FTI is a wholly owned subsidiary of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton Investments. Through its subsidiaries, Franklin Templeton Investments provides global and domestic investment advisory services to the Franklin, Templeton, Bissett, Mutual Series, Franklin Templeton and Quotential funds and institutional accounts. In Canada, as of August 31, 2012, FTI had more than 600 employees providing services to nearly 800,000 unitholder accounts and more than 100 pension funds, foundations and other institutional investors.

FTI supports the principles behind the Proposed Amendments of providing investors with clear and transparent reporting. However, FTI has some general concerns with the Proposed Amendments. In addition, we are concerned with certain aspects of the Proposed Amendments that are unfair in their treatment of mutual funds relative to other financial products. FTI agrees with and supports the submissions made by the Investment Funds Institute of Canada (“IFIC”) in its August 29th comment letter. In this letter, we reiterate some of the comments we made in response to the draft amendments to NI 31-103 proposed in June 2011, which are as follows:

Cost

The Proposed Amendments would result in enormous costs for registrants to implement the new requirements including significant technological enhancements. Such enhancements include new or enhanced systems to calculate and provide trailing commissions at the account level and new systems to extract and process the data and create the information necessary to produce the new annual reports required by the Proposed Amendments. While we appreciate that the CSA has attempted to address this concern by proposing longer transition periods, a considerable amount of time and money would still need to be spent by registrants to produce the proposed new documents. This comes at a time when the Ontario Securities Commission is proposing significant fee increases (approximately 25% by 2015) for registrants.

We are concerned that an adequate cost benefit analysis has not been disclosed which demonstrates that the costs of the Proposed Amendments would be proportionate to the significance of the regulatory objectives sought. We question the value this new information would provide to investors since much of the information is currently disclosed elsewhere, as discussed below. Furthermore, the costs to implement the Proposed Amendments may ultimately be borne, in whole or in part, by investors through new or increased account operating charges. Therefore, we urge the CSA to provide a meaningful cost benefit analysis prior to proceeding with the Proposed Amendments.



FRANKLIN TEMPLETON
INVESTMENTS

Confusion

The Proposed Amendments duplicate information such as mutual fund costs, charges and trailing commissions that is already available to investors in other disclosure documents, including a mutual fund's Simplified Prospectus and Fund Facts document. Seeing such information in multiple documents may create confusion among investors and, as mentioned below, may mislead investors into thinking that mutual funds are more expensive than other types of financial products. This could cause investors to make financial decisions that are not in their best interests. We do not believe it is necessary to provide the additional information when it is already mandated in other disclosure documents.

Unlevel Playing Field for Mutual Funds

We continue to believe that the requirement in the Proposed Amendments to disclose trailing commissions creates an unlevel playing field for mutual funds relative to other financial products, including bank products such as deposit products, and insurance products such as segregated funds.

In the Notice, the CSA acknowledges that investment products sold by financial firms that are not under CSA or CSA and SRO oversight would not have the same requirement to disclose their compensation but suggests that other segments not being required to comply with corresponding requirements for non-securities investments is not a reason to reduce the level of disclosure the CSA believes is necessary for securities investors.

Mutual funds are only one type of investment available to investors and they operate in an intensely competitive environment. If investors are not able to see similar disclosure across all financial products, they may be misled into thinking mutual funds are more expensive than other types of financial products, such as those identified above, which may unfairly influence their investing decisions. Prior to implementing the Proposed Amendments, we urge the CSA to consult and work with other financial regulators to ensure that the disclosure requirements for distribution costs of financial products is, to the extent possible, consistent across all products.

Unintended Consequences

In addition to the direct costs associated with implementing the Proposed Amendments, we are concerned that the Proposed Amendments may have unintended consequences and indirect costs. For example, the additional costs may also lead registrants to increase their minimum account size, marginalizing small investors, and/or reducing the number of firms with which small investors may deal. In addition, the Proposed Amendments could lead to delays in producing the required documents, resulting in investors receiving information later than they otherwise would receive it. Finally, for the reasons discussed above, we are concerned that the implementation of the Proposed Amendments could decrease investor confidence in mutual funds.



**FRANKLIN TEMPLETON
INVESTMENTS**

Thank you for your consideration of this submission. Please feel free to contact me at 416.957.6010 should you have any questions or wish to discuss our submission.

Yours truly,

FRANKLIN TEMPLETON INVESTMENTS CORP.

A handwritten signature in blue ink that reads "Brad Beutenmiller". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

**Brad Beutenmiller
Senior Associate General Counsel**