



F U N D S™



AIM FUNDS MANAGEMENT INC.

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December 3, 2002

Canadian Securities Administrators
c/o Denise Brosseau, Secretary
Commission des valeurs mobilières du Québec
800 Victoria Square, Stock Exchange Tower
P.O. Box 246, 22nd Floor
Montréal, Québec H4Z 1G3
e-mail: consultation-en-cours@cvmq.com

Dear Ms Brosseau:

Re: Notice of Proposed Amendments to National Instrument 81-102 and Companion Policy 81-102CP Mutual Funds and to National Instrument 81-101 Mutual Fund Prospectus Disclosure and Form 81-101F1 Contents of Simplified Prospectus and Form 81-101F2 Contents of Annual Information Form

AIM Funds Management Inc. (“AIM”) is pleased to have the opportunity to provide its comments on the proposed amendments to National Instruments 81-101 and 81-102 and their related Forms and Companion Policies (the “Proposed Amendments”).

Investment by a Top Fund in an RSP Clone Fund

An RSP clone fund typically achieves its investment objective of returns linked to those of its corresponding underlying fund through the use of forward/swap contracts on the units of the underlying fund or through deposits/notes that pay the return of the underlying fund (a “Standard Structure Clone Fund”). While this is the standard structure in the mutual fund industry, there are other RSP clone funds that achieve their investment objectives through the use of option contracts on the portfolio investments held by the underlying funds, rather than on the units of the underlying funds (a “Non-Standard Structure Clone Fund”).

Each of AIM’s RSP clone funds is a Standard Structure Clone Fund because a Standard Structure Clone Fund generally has fewer transaction costs associated with it and less tracking error than a Non-Standard Structure Clone Fund, and is generally viewed as a more efficient way of delivering the investment objective to the investor. Despite this, a top fund is prohibited from investing in a Standard Structure Clone Fund, but not a Non-Standard Structure Clone Fund. A mutual fund manager structuring a fund of fund may determine that it is in the best interests of its investors to provide more exposure to foreign markets through the inclusion of an RSP clone fund in its fund of fund. However, given the current regulatory constraints, such a manager would be required to include a Non-Standard Structure Clone Fund. We believe that this distinction is not in the best interests of the investing

public and would welcome the Proposed Amendments to NI 81-102 that would permit investments by a top fund in an RSP clone fund that is a Standard Structure Clone Fund.

Voting Rights

We support the proposal to remove the requirement to pass through bottom fund voting rights to top fund investors. Top fund investors in our RSP clone funds have exercised their flow through votes in very small numbers in the past and would be adequately protected by the fact that the top fund manager, who would be responsible for voting the rights arising from the top fund's ownership in securities of the bottom fund under the Proposed Amendments, would be exercising the votes in accordance with its fiduciary obligations to its investors.

Requirement to Declare Top Fund Status

Section 2.5 of NI 81-102 currently permits a mutual fund to invest up to 10% of its assets in another mutual fund, regardless of whether this type of investing has been disclosed in the first mutual fund's investment objectives or strategies. The Proposed Amendments remove this ability unless a fund has declared itself to be a "top fund" in its investment objectives. We are concerned about the practical implications of this requirement. If this Proposed Amendment becomes effective, each top fund would have to hold an investor meeting (at considerable expense) to obtain approval to change its investment objectives to include its status as a top fund. We believe that if explicit disclosure of top fund status is required, it should be disclosed in the investment strategies, not in the investment objectives.

We are also concerned that by virtue of declaring itself to be a top fund a fund is then disqualified from being purchased by another mutual fund.

Thank you for the opportunity to comment on the Proposed Amendments. We appreciate the ongoing efforts of the Canadian Securities Administrators to encourage comments from interested parties. Please contact the undersigned if you have any questions in respect of our submissions.

Yours truly,
AIM TRIMARK INVESTMENTS

"Julianna Ahn"

Julianna Ahn
Assistant Vice President
& Legal Counsel