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Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers du Québec
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch,
Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice,
Government of Nunavut

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**Re: Request for Comments on Implementation of Point of Sale Disclosure
For Mutual Funds**

Broadridge Investor Communications Corporation (Broadridge) is pleased to submit the following comments in response to the Canadian Securities Administrators' Notice and Request for Comments on the Implementation of Point of Sale Disclosure For Mutual Funds released June 19, 2009. Given Broadridge's role as a service provider to the securities industry, we have chosen to limit our comments to the aspects of the proposed Point of Sale rules in respect of which we believe we can add the most value – those relating to the preparation and delivery of the Fund Facts and related documents. We have included in bold the CSA's requests for comments to which we have responded.

II.2 We seek feedback on whether you agree or disagree with our perspective on the cost burden of the Instrument. Specifically, we request specific data from the mutual fund industry and service providers on the anticipated costs and savings of complying with the Instrument for the mutual fund industry.

Broadridge provides highly advanced and automated fulfillment services to the investment industry. Our automated transaction driven systems, once implemented and tested for a client, run according to the business rules established to ensure operational efficiencies and maximum compliance with the current regulations. Additionally, we achieve cost efficiencies with the ability to suppress fulfillment of documents already sent to the investor based on the fulfillment history and comparing it to the most recently filed documents. Our ability to bind together transaction confirmations and all required documents in a personalized booklet provides additional savings by eliminating the need for multiple packages which, if required, would impose additional fulfillment and postage costs.

In an automated production environment, binding documents into one consolidated booklet is the most feasible and cost effective option. Consolidating multiple individual personalized booklets in an envelope is not impossible. However, it is difficult from the perspective of technology and required infrastructure, thereby making it much more expensive. Manually stuffing envelopes or any kind of “pick-and-pack” process is inefficient, prone to errors, and difficult to audit. By imposing restrictions on what can be bound in the investor package, the industry will incur additional unnecessary costs with no apparent benefit for the investors. Broadridge commissioned a study to help gain further insights into investor attitudes toward the investment communications they receive. The findings show that the investor participants supported personalization and relevancy of the content in a customized consolidated booklet and appreciated an approach that was perceived as cost-effective and environmentally friendly.

While increasingly advanced technology will be of tremendous assistance, meeting the new requirements, including the restrictions on bundling and the differentiations in the delivery requirements, depending upon the nature and circumstances of the trade, will add to the compliance burden and costs incurred in the industry. In addition to the costs associated with the development and implementation of systems that will aid Fund Facts fulfillment, there will be significant ongoing costs related to the collection and maintenance of various investor preferences, advisor training and support, and infrastructure maintenance.

II.1 We are considering allowing fund managers greater flexibility to provide more current information to investors, by not restricting how frequently a fund manager may file an updated fund facts document. What are your views? How would this impact compliance with the requirement to deliver the most recently filed fund facts document?

Currently, Broadridge delivers the most recently filed Simplified Prospectus with the trade confirmation to the investors. Our automated solution collects filed documents and makes them available for distribution within 48 hours of filing. We are expecting to leverage the existing infrastructure, and have Fund Facts available for distribution to investors by e-mail, download,

fax or print and mail on a timely basis. Our automated system ensures that only the current document is distributed. We anticipate greater challenges will be associated with the process of creating and filing Fund Facts, particularly for fund managers managing a large number of funds and fund classes.

In response to comments, we are considering requiring delivery of the fund facts document for subsequent purchases – either in instances where the investor does not have the most recently filed fund facts document, or in all instances with the confirmation of trade. What are your views? Would this approach make it easier to comply with the delivery requirements? What if this could result in the removal of the annual option to receive a fund facts document? Would this approach be more useful for investors? More practical for dealers?

Broadridge has developed technology that is already in place to provide for delivery of the current Simplified Prospectus document associated with the mutual fund purchase if it has not previously been provided to the investor.

One of the key principles in the Framework document on which the proposed amendments are based is that an investor be provided with current information about a fund, in order to make informed investment decisions. However, the proposed amendment to NI 81-101 contemplates providing “new” information to an investor on a “holdings” and not a “document” basis. Fund Facts documents must be delivered in respect of an initial purchase of a fund, and are not required to be delivered in respect of a subsequent purchase or a switch into a fund already held in an investor’s account. In other words, whether a Fund Facts document is delivered or not is based on the funds held by the investor, rather than determining whether the investor has already received a current document, as it is current practice. This creates a situation where the investor may not receive current “meaningful information when they need it most - before they make their decision to buy a fund”; one of the key stated objectives in the Framework document. In order to alleviate problems associated with that approach, an option for investors to receive Fund Facts annually is being proposed.

As current practice establishes delivery of the Simplified Prospectus on a “document” level, we suggest that requiring a Fund Facts to be delivered also on a “document” level would make implementing the changes to NI 81-101 less disruptive. The method of suppressing the delivery of prospectus documents when an investor has already received a current version has been a proven standard over the past years, and ensures that investors receive the current document only when required, thereby lowering ongoing costs for dealers as well as eliminating the need for an additional expense to build a completely new infrastructure to determine holdings-based document delivery suppression.

In addition, delivery of Fund Facts based on the document history would remove the need for annual Fund Facts distribution because the most current document would have already been provided to the investor. Removing the requirement to provide an annual delivery option would provide significant savings to the industry and to the investors since it would eliminate ongoing preference collection and management, printing, and fulfillment costs. In our experience, the actual printing and mailing costs associated with processes such as the proposed annual mailing to those who request the documents represents only part of the costs. Most of the costs are associated with establishing and maintaining the necessary monitoring program, soliciting,

collecting and managing investor preferences and mailing selectively only to the investors wishing the documents.

We suggest maintaining the standard practice of suppressing Fund Facts (i.e. currently applies to Simplified Prospectuses) delivery for subsequent trades if an investor has already received a current Fund Facts document. If adopted, this approach would:

1. Provide investors with meaningful current information associated to the mutual fund purchase.
2. Save the industry the substantial investment that would be required to build a new holdings-based fulfillment suppression process.
3. Simplify implementation of the new rules as only minimal new infrastructure changes related to the suppression process would be required to support the existing subsequent purchase suppression logic based on the delivery history of a Fund Facts.
4. Provide significant savings to the industry by eliminating the need for annual Fund Facts mailings and related preference solicitation, collection, and ongoing preference management.

II.4 In response to comments, we are considering allowing delivery of the fund facts document with the confirmation of trade in instances where the investor expressly communicates they want the purchase to be completed immediately, and it is not reasonably practicable for the dealer to deliver or send the fund facts document before the purchase is completed. We request comment on this approach.

If we made this change, what information should an investor receive before the purchase? In addition to delivery of the fund facts document with the trade confirmation, we think that at least some type of oral communication about the fund facts document would be necessary. What specific information should be conveyed in each instance to satisfy this aspect of delivery?

Are there alternatives to this approach?

We support allowing delivery of the Fund Facts with the trade confirmation in instances where the investor expressly communicates they want the purchase to be completed immediately. There are many instances when it may not be reasonably practicable to deliver the Fund Facts document before the purchase is completed. Broadridge supports the adoption of rules that would permit the investor to determine whether the delivery of the Fund Facts before the sale is completed impracticable. This could involve a wide variety of circumstances where the investor is concerned about completing the trade on a timely basis. There should not be a requirement to establish that the investor was placing the trade from a location where computers/Internet or faxes are not available or practical to use for the purpose of search, retrieval and initiating the delivery of Fund Facts. The investor is capable of making this determination for himself or herself.

Broadridge is exploring the technology necessary to assist with pre-sale delivery compliance and delivery with the trade confirmation to ensure that a Fund Facts is delivered with the trade confirmation if it has not been delivered or sent before an initial purchase. We believe the ability to avoid unnecessary duplication while ensuring the investor receives the current Fund Facts documents at some point in the trade process is very important.

II.5 In response to comments, we are proposing some limited binding of fund facts documents. In section 4.1.5 of the Companion Policy we have provided guidance on this provision. Is this guidance sufficient? Do you agree with this approach?

We believe the CSA's proposed approach is too prescriptive. While section 5.4 (1) allows binding a Fund Facts document with one or more Fund Facts documents of other funds if the binding is not extensive, section 4.1.5 (1) of the Companion Policy describes suggested limitations on binding. We would encourage providing a high degree of flexibility in the number of Fund Facts that are permitted to be bound together. The common format that would apply to each individual Fund Facts in a package would ensure that the objectives of readability and comparability would still be met for an investor.

We believe that receiving multiple packages in the mail would be more confusing to investors and be less likely to encourage them to read the material than if they receive one consolidated, bound booklet personalized to their interests with a clear index that informs them on what they are reviewing. This is certainly consistent with the investor research results Broadridge has reviewed that support well organized, personalized documentation with a detailed index to inform the reader.

Implementing technologies to comply with the restrictions as described in section 4.1.5 of the Companion Policy would also add significant costs to the implementation as well as ongoing production and postage costs associated with the potential mailing of a number of separate packages to an investor.

We believe that a restriction on the number of Fund Facts delivered with the trade confirmation would be particularly inappropriate since the investor has already made a decision to purchase the funds described in the Fund Facts attached to the trade confirmations. Any number of Fund Facts attached to a trade confirmation should be permitted since the number is only limited by the number of executed purchases providing information about that purchase trade. Inability to bind Fund Facts would also require separation of trade confirmations. That would result in sending multiple packages related to transactions processed in the same day, which would be more confusing to the investor and add additional unnecessary costs as supported by the research commissioned by Broadridge.



We also wish to comment on a number of other issues relating to the combination of, and ordering of, documents in a package that we consider problematic:

1. Section 5.1 (1) prohibits consolidation of multiple Simplified Prospectuses unless the Part A disclosure is “substantially similar”. Section 4.1 of the Companion Policy purports to provide further guidance on this point. However, given the prescriptive requirements of NI 81-101, we do not really understand what differences would cause Part A disclosures to not be “substantially similar”. We seek further clarification on the point and would encourage the CSA not to impose requirements that would adversely effect the ability of industry participants to continue utilizing widely used existing technologies such as the Smart Prospectus system.
2. Section 5.1 (3) (a) requires a Simplified Prospectus to be the first document if it is bound with other documents; this appears to conflict with section 5.4 (4) (a) if a Simplified Prospectus is bound with a Fund Facts.
3. Section 5.4 (4) (a) requires a Fund Facts to be the first document if it is bound with other documents; this appears to conflict with section 5.1 (3) (a) if a Fund Facts is bound with a Simplified Prospectus.
4. Section 7.1 (3) of the Companion Policy allows Fund Facts to be prepared in languages other than English or French. However it considers such documents to be “sales communications”, thereby placing restrictions on binding a Fund Facts in another language when it is delivered in addition to any document addressed in the Instrument. We suggest that the Instrument be amended to expressly permit the binding of a Fund Facts in another language with the Fund Facts in English and French for the purpose of delivery to investors. We believe this approach would be less confusing to the investors than receiving two separate packages, one with a Fund Facts in English or French and the second package with a Fund Facts translated into the other language related to the same funds. Furthermore, binding English and French Fund Facts with Fund Facts in other languages would result in savings to the industry by eliminating the additional postage and related fulfillment charges that would be associated with having to send those documents separately. We believe that any concern the CSA may have about such documents not having been reviewed by the CSA could be easily addressed through appropriate cautionary wording on the face page of the Fund Facts in the other language.

Section 5.4 (2) states that if a Fund Facts document is delivered electronically, a Fund Facts document must not be attached or bound with another Fund Facts document. We submit that electronic delivery does not add complexity and, therefore, the ability to bundle Fund Facts ought to be no different from the rule finally adopted with respect to paper copies.

The delivery of a series of emails each limited to containing only one link or one individual Fund Facts to an investor could be difficult for the investor to manage and, in our view, would lessen the likelihood that the investor would engage with the materials. We recommend that, at the

very least, the rules permit, as is contemplated in the draft proposal, the sending of a single email containing multiple individual Fund Facts or links to multiple individual Fund Facts.

II.6 Is the transitional period for delivery of the fund facts document appropriate? If not, what period would be appropriate and why?

At a minimum, the transitional rules will need to appropriately address the likelihood that during the transition period a dealer will need to be able to deliver a combination of Simplified Prospectuses and Fund Facts. We submit that the dealer ought to be able to do so without any restrictions until the deadline by which the delivery of Fund Facts becomes mandatory for all initial trades for all industry participants.

We appreciate the opportunity to comment on the proposed Point of Sale rules. We would be pleased to discuss these issues with representatives of the CSA further if that would be of assistance to the CSA in finalizing the requirements in this very significant area of mutual funds regulation.

Yours truly,

“Patricia Rosch”

Patricia Rosch
President
Broadridge
Investor Communication Solutions, Canada