



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

BY EMAIL
July 13, 2011

Marian Passmore
Associate Director, FAIR Canada
161 Bay Street, 27th Floor
Toronto, ON M5J 2S1

Dear Ms Passmore:

Re: Investment Risk Classification Methodology Disclosure Requirements of National Instrument 81-101 Mutual Fund Prospectus Disclosure (NI 81-101)

I am writing on behalf of the CSA Point of Sale Working Group. This letter is in response to your correspondence dated June 27, 2011 to Maureen Jensen.

In your letter, you expressed a concern with the level of risk methodology disclosure provided by some mutual fund managers in the simplified prospectus. You also raised a concern with the ability of investors to access the investment risk classification methodology of some mutual fund managers, when requested. Thank you for bringing these matters to the attention of the CSA.

As you know, the disclosure requirements you identify in your letter have only recently come into effect. Generally, we expect there to be a period of adjustment to new disclosure requirements.

We agree that the disclosure requirements in NI 81-101 entail more than the mutual fund manager simply identifying in the simplified prospectus that a particular methodology is used. It is our view that the simplified prospectus must provide a brief description or summary of the investment risk classification methodology used by the mutual fund manager. This disclosure may include a brief discussion of the formulas, methods or criteria used by the mutual fund manager in determining the mutual fund's risk level.

Consistent with the requirements in NI 81-101, we further expect that that if an investor requests the methodology that the mutual fund manager uses to identify the investment risk of the mutual fund, the mutual fund manager will provide a copy of the methodology or a description of the methodology relied upon.

We will be reviewing the issues you have raised in the context of our prospectus review process. We will also be following up directly with IFIC and the mutual fund managers you have identified in your letter.

If you are interested we would be happy to arrange a meeting with you to discuss these issues in further detail. Please feel free to contact me directly at (416) 593-2393 or spaglia@osc.gov.on.ca.

Sincerely,

A handwritten signature in black ink, reading "Stephen Paglia". The signature is written in a cursive, flowing style.

Stephen Paglia
Senior Legal Counsel, Investment Funds, OSC

cc: Maureen Jensen, Executive Director, OSC
cc: William Rice, Chair, CSA
cc: Joanne De Laurentiis, President & CEO, IFIC
cc: Ermanno Pascutto, Executive Director, FAIR Canada
cc: Rhonda Goldberg, Director, Investment Funds, OSC
cc: CSA POS Working Group