

MEMO# 21657

September 25, 2007

Draft ICI Comment Letter on Proposed Canadian Mutual Fund Point of Sale Disclosure Requirements; Conference Call Scheduled on October 4 at 2:00 p.m. Eastern time

[21657]

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TO: INTERNATIONAL COMMITTEE No. 26-07
SEC RULES COMMITTEE No. 72-07 RE: DRAFT ICI COMMENT LETTER ON PROPOSED
CANADIAN MUTUAL FUND POINT OF SALE DISCLOSURE REQUIREMENTS; CONFERENCE CALL
SCHEDULED ON OCTOBER 4 AT 2:00 P.M. EASTERN TIME

As you know, earlier this year Canada's Joint Forum of Financial Market Regulators published a proposal regarding point of sale disclosure for mutual funds (the "Proposal"). [\[1\]](#) Adoption of the Proposal would result in significant changes to mutual fund sales practices in Canada. The centerpiece of the Proposal is a mandatory two-page "Fund Facts" document meant to highlight key fund information that would have to be delivered to investors before or at the point of sale. Comments on the Proposal are due by October 15, 2007. The ICI has prepared the attached draft comment letter, which is briefly summarized below.

We have scheduled a conference call to discuss the draft letter on Thursday, October 4 at 2:00 p.m. Eastern time. The dial-in numbers are 800-369-1121 in the United States and +1 212-547-0460 from outside the United States. The passcode is 43434. Please send an e-mail to Ruth Tadesse at rtadesse@ici.org to let us know if you plan to participate on the call. If you have comments, but are unable to join the call, please provide your comments to Susan Olson (solson@ici.org or 202-326-5813) or Glen Guymon (gguymon@ici.org or 202-326-5837) before the time of the call.

The draft letter focuses on the issue of the timing of delivery of the proposed fund

disclosure document. The letter asserts that requiring mutual funds, but not other investment products, to provide product disclosure earlier in the sales process would create incentives for intermediaries to sell products not subject to the same requirement, even when those products do not offer the regulatory protection and other benefits of mutual funds. The letter confirms the ICI's support for simplified mutual fund disclosure, but states that the ICI cannot support the disclosure delivery requirements in the current Canadian proposal.

Glen S. Guymon
Assistant Counsel - International Affairs

[Attachment](#)

endnotes

[1] For a summary of the proposal, see [Memorandum](#) [21340] to International Members No. 19-07, SEC Rules Members No. 80-07, dated July 9, 2007. The Canadian Joint Forum's full proposal is available online at www.csa-acvm.ca/pdfs/81-406_Proposed_Framework-Paper.pdf. The model Fund Facts document is available at www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part8/rule_20070615_81406-fund-facts_en.pdf.

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