

VIA COURIER

June 24, 2003

Mr. Michael Phelps
WPC Committee to Review the Structure of
Securities Regulation in Canada
P.O. Box 10026
700 West Georgia Street
Vancouver, B.C.
V7Y 1B3



Judy G. Goldring
GENERAL COUNSEL AND
SENIOR VICE PRESIDENT,
BUSINESS OPERATIONS

Dear Mr. Phelps:

Re: Restructuring the Regulatory Framework of the Securities Industry in Canada

On May 8, 2003, the WPC Committee (the "Committee") released its consultation paper seeking input on the questions regarding the Canadian securities regulatory structure (the "Paper"). We understand the Committee's mandate to be the review and assessment of the strengths and weaknesses of the current regulatory regime. From the input received on the Paper, the Committee will make its recommendations to the Minister of Finance of Canada for the appropriate securities regulatory regime in Canada.

AGF Management Limited ("AGF") is pleased to provide its response and input to the Paper. AGF is one of Canada's leading independent wealth management companies, offering over 50 mutual funds to Canadian investors. We also provide discretionary investment management advice, offer trust products through AGF Trust Company and have one of the largest third party back office administration services company, Unisen Inc. Since 1957, we have been providing wealth management services and have worked within the Canadian securities regulatory regime at all levels, therefore, we would like to provide our comments on the Paper.

In addition, AGF is a member of the Investment Funds Institute of Canada (IFIC). We are aware that IFIC will be making a submission. We support the IFIC submission and ask that the Committee give it serious consideration.

General

While we support any initiative to improve the current Canadian securities regime, we suggest that it is imperative that this Committee work to ensure that any proposals are in fact, implemented.

The Canadian securities industry is over-extended in its efforts and appeals to all levels of government and securities authorities in requesting change. As your questions will no doubt illicit, there is a degree of frustration in responding to the various initiatives over the

years that propose to reform the Canadian securities regulatory regime, none of which have been successfully or fully implemented.

We are hopeful that your Committee's efforts will not have the same result.

Comments

In broad response to the Committee's questions, we support the IFIC position that the most important criteria for any potential solution must include harmonization and regulatory uniformity. The lack of these elements is, in our opinion, the greatest weakness to the current structure.

What has become evident over the years that AGF has been in business, is the continuing increase in costs of compliance and the costs of regulation. Although compliance and regulatory requirements have increased over the past several decades, a large component of their related costs is the simple fact that we must comply with multiple provincial and territorial regimes, and meet the needs and requests of all the different regulators. While one might argue there are reliance regimes in place, this does not reduce the need to ensure that our company is in compliance and meets the regulatory requirements of all applicable jurisdictions. This simply adds costs.

If, instead, Canada had a co-ordinated regulatory regime, with harmonization among provincial regulators in application and interpretation of law, the Canadian securities industry would be far healthier. A co-ordinated regime will lead to certainty which in turn should lead to a more competitive marketplace in a global environment.

With respect to enforcement activities, it is our view that the key enforcement issues involve the lack of powers within the provincial regulatory structure, the length of time taken to conclude enforcement efforts and the lack of a clear and co-ordinated enforcement framework.

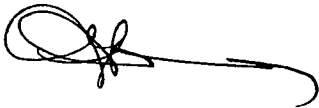
In terms of the responsiveness of the current regulatory regime, changes are introduced too slowly, which again, in our opinion, is a result of the many varied, and sometimes competing, interests among the provincial regulators that must be addressed. A recent example is the proposed amendments to National Instrument 81-102. It was the CSA's express intention to introduce these proposed changes quickly in response to the needs of the industry; however, there were once again challenges in obtaining consensus among all securities regulators, which has resulted in delaying the introduction of this amendment. These delays negatively impact on industry members as they try to plan business and product strategies.

Moreover, securities regulation cannot respond quickly enough to address industry developments, such as governance matters or new products. The nature of securities regulation to date does not provide for the needed flexibility to address rapidly developing issues leaving a void in regulation.

On a final note, we believe securities regulators are working hard within the Canadian regime to meet the needs of industry. We believe, however, that there is a significant amount of energy spent among the regulators simply getting each other to agree on regulatory initiatives or amendments. Only after consensus is reached among this group, does the initiative reach the industry. This is a time-consuming exercise which results in costly and lengthy delays.

We trust that you will find the foregoing comments helpful. We look forward to the Committee's recommendations. Should you require anything further, please do not hesitate to contact the writer at your convenience.

Yours very truly,

A handwritten signature in black ink, appearing to be 'Judy Goldring', with a long horizontal flourish extending to the right.

Judy Goldring
General Counsel and
Senior Vice President, Business Operations

JG/sca

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100