



Via electronic mail

March 29, 2007

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission

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Re: Proposed National Instrument 41-101 General Prospectus Requirements

The following comments are being submitted in response to the Request for Comments of the Canadian Securities Administrators (CSA) published on December 21, 2006 on behalf of the RESP Dealers Association of Canada (RESPDAC). RESPDAC represents 4 of Canada's leading Registered Education Savings Plan (RESP) providers, specifically C.S.T. Consultants Inc., Children's Education Funds Inc., Heritage Education Funds Inc. and USC Education Savings Plans Inc.

1. Proposed National Instrument 41-101 (the "Proposed Rule") requires that a scholarship plan must follow prospectus Form 41-101F2. We are of the view that a simplified prospectus regime along the lines of that available to mutual funds would provide more clear and understandable disclosure for prospective investors. We recognize that NI 81-101 would have to be modified to suit the scholarship plan industry. However, we would welcome the opportunity to present a

framework to the CSA for a simplified prospectus regime that would be applicable to scholarship plans. We support the CSA in its efforts to encourage and mandate concise plain language disclosure documents. We believe that the length and the level of detail of the current and proposed long form prospectus for a scholarship plan actually discourages most prospective investors from properly reviewing the prospectus. A summary document that includes the basic features of RESPs with reference to other documents (such as an AIF) that would be available through SEDAR and upon request from the distributor, is more likely to achieve the objective of properly informing the retail investor.

2. The Proposed Rule specifically excepts scholarship plans from mandatory incorporation by reference of the documents listed in section 40.1 of Form 41-101F2. We have been unable to identify the reason for the different treatment being accorded to scholarship plans with respect to mandatory incorporation by reference. Please clarify whether it is the intention of the CSA that scholarship plans be permitted, but not obligated to incorporate by reference. If it was not the intention of the CSA in the Proposed Rule to permit scholarship plans to incorporate by reference, we feel very strongly that it is inappropriate to discriminate against scholarship plans in this way. The cost of including financial statements and MRFP information in the prospectuses for scholarship plans is very significant and utilizes funds that could otherwise be invested for the benefit of plan participants. Also, with reference to our remarks in item 1 above, the delivery of the volume of material that is being required to be provided to investors is overwhelming to the average person and therefore, does not promote a better understanding of the essential operation of scholarship plans and the nature of their investments.
3. Section 2.2 of the Proposed Rule – We would like to know whether the CSA intends to provide any guidance as to who would be acceptable to provide a translation certificate.
4. Although the general instructions in Form 41-101F2 indicate that no reference needs to be made to inapplicable items, we believe some clarification is required in the specific form items as to whether it is the intention of the CSA that these items have application to scholarship plans. In certain instances, specific form items exclude a particular type of investment fund from a requirement, whereas in other instances this is not the case. In particular, we seek clarification with regard to the following items:
 - a. Section 8.1 of the Proposed Rule - The distribution period for securities being distributed on a best efforts basis is limited to 90 days. We assume that continuous offerings by investment funds are not meant to be captured by this provision. However, this is not clear.
 - b. A number of form items prescribe specific headings under which information is to be disclosed. We would like clarification that these headings can be modified where appropriate for scholarship plans. Due to the unique nature of scholarship plans, we believe that in certain instances the use of the prescribed headings will be confusing to investors. For example, investors establish an RESP by entering into an education savings plan agreement with their provider which is then registered with the Canada Revenue Agency. The use of the heading “Enrolment and Registration” or something similar rather than “Purchase of Securities” is more appropriate in the circumstances of an RESP.
 - c. General Instruction (11) – We believe that the prescribed order of the form items will make it difficult for prospective investors to fully understand the features of a group education savings plan. In particular, the risk factor disclosure will not be very meaningful if read before the description of plan attributes.
 - d. Section 12.1 of the Proposed Rule - We are concerned that the term “restricted securities” could be construed to capture a scholarship plan agreement. We believe that this is not the intention of the CSA and would ask that this be clarified.

- e. Form 41-101F2 - Section 1.4 - Scholarship plans cannot comply with the requirement for a distribution table presented on a per security basis due to the variety of contribution frequencies and amounts as set out in the contribution tables included in the prospectuses for scholarship plans. Therefore, we request confirmation that a distribution table is not required for scholarship plans.
- f. Form 41-101F2 - Section 1.9 - The statement required by clause 1.9(3) should not be required for scholarship plan securities. Although there is no secondary market for these securities, they are savings plans and they are not purchased with any intention or expectation of secondary market trading. Therefore the inclusion of such a statement would likely be confusing to prospective purchasers.
- g. Form 41-101 F2 - Sections 3.5 and 28 - Although scholarship plan prospectuses include a Statement of Policies regarding the activities of the principal distributors of the scholarship plans being offered by the prospectus, the cover page disclosure mandated by NI 33-105 *Underwriting Conflicts* for issuers which are connected or related to an underwriter has never been enforced by securities regulators for scholarship plans. We would like clarification that this cover page disclosure is not intended to be applicable to scholarship plan prospectuses. The plans and their distributors are not related issuers and we are of the view that the nature of the connection between the plans and the distributors does not present the type of conflict that requires face page disclosure, particularly since all of the net proceeds are deposited into the trusts that hold plan assets. In addition, as a result of the disclosure that has otherwise been mandated by the CSA for the face page of a scholarship plan prospectus, additional text would have the effect of reducing the clarity and the perceived importance of the face page disclosure since the text on the face page is already quite crowded.
- h. Form 41-101F2 - Section 3.6(5) and 7.2 - We assume that the disclosure of MER information is not intended to apply to scholarship plans. However, unlike NI 81-106 there is no specific exemption for scholarship plans from the requirement to calculate and disclose MERs.
- i. Form 41-101F2 - Section 13.1 – Information regarding prior sales is not required to be included for labour sponsored investment funds and commodity pools. We respectfully submit that this disclosure should not and cannot be included by scholarship plans since prior sale pricing is dependent on the circumstances of individual contributors (eg. age of beneficiary, frequency of deposits).
- j. Form 41-101F2 - Sections 23.2 and 23.3 - Scholarship plans are exempted from the requirement to describe how net asset value of the fund is determined, but they are not exempted from the requirement to describe how net asset value will be reported. Please clarify that the latter disclosure is also not intended to apply to scholarship plans.
- k. Form 41-101F2 - Sections 25 – Specific escrow arrangements which are described in the prospectuses for scholarship plans are in place to deal with contributions for investors who have not yet obtained social insurance numbers for their beneficiaries. We don't believe it is the intention of the CSA that the disclosure mandated by item 25 is intended to apply to these arrangements and we seek clarification in this regard.

Thank-you for the opportunity to comment on the Proposed Rule. We would be pleased to discuss any matters raised herein with representatives of the CSA. Please direct any questions or comments on our submissions to:

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All of which is respectfully submitted,

RESP Dealers Association of Canada

A handwritten signature in black ink, appearing to read "Peter Lewis". The signature is written in a cursive, flowing style.

Per:
Peter Lewis
Chair

cc: Al Haid, Founder, Children's Education Funds Inc.
Bruce Elliott, Senior Vice President, Compliance and Corporate Affairs,
Heritage Education Funds Inc.
Robin Morrissey, Director Corporate Affairs, USC Education Savings Plans Inc.
Jim Deeks, Executive Director, RESP Dealers Association of Canada