

March 31, 2007

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

c/o Patricia Leeson, Co-Chair of CSA's Prospectus Systems Committee
Alberta Securities Commission
4th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta T2P 3C4
email: patricia.leeson@seccom.ab.ca

and

Heidi Franken, C-Chair of the CSA's Prospectus Systems Committee
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
email: mailto:jstevenson@osc.gov.on.ca hfranken@osc.gov.on.ca

and

Anne-Marie Beaudoin, Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22^e étage
Montreal, Quebec H4Z 1G3
email: consultation-en-cours@lautorite.qc.ca

Dear Ms. Leeson, Ms. Franken and Ms. Beaudoin:

**Re: Proposed National Instrument 41-101
Consequential Amendment to National Instrument 81-101**

We are responding to the request for comments on the Canadian Securities Administrators' (the "CSA") consequential amendment to National Instrument 81-101 Mutual Funds Prospectus Disclosure ("NI 81-101") on behalf of RBC Asset Management Inc. ("RBC AM"). RBC AM is an indirect, wholly-owned subsidiary of the Royal Bank of Canada. It provides a broad range of investment services to investors

through mutual funds, pooled funds and separately managed portfolios and currently has over \$78 billion in assets under management. We participated in the preparation of the comment letter submitted to you by the Investment Funds Institute of Canada and are generally supportive of its contents. This letter highlights one issue that is of particular concern to us.

Currently, a fund's auditor is only required to review interim financial statements at the time that the auditor is involved in a simplified prospectus filing. The proposed additional sections 2.7 and 2.9 of NI 81-101 represent a significant change for the fund industry as they require a review of all unaudited financial statements and the filing of an auditors' consent.

Mutual funds are marked to market daily and therefore the trustee or manager must have appropriate policies and procedures in place to ensure that the net asset value of a fund is fair and accurate. The requirement for an auditors' review of and consent on interim financial statements would add no value to the daily valuation process for mutual funds. While an auditors' review is appropriate for corporate issuers because investors and their advisers rely on and utilize interim financial statements when making investment decisions, the same does not hold true for mutual fund unitholders. These investors and their advisers rely on the daily net asset value of the fund in respect of their purchase, sell or hold decision and only a small number (less than 2%) even ask to receive interim financial statements. Therefore, we submit that these proposed changes will significantly increase the fees paid by each individual mutual fund to auditors (approximately 25% to 30%), but provide no material benefit to unitholders.

We would like to thank the CSA for the opportunity to provide these comments on the proposed changes. Please feel free to contact Reena S. Lalji at 416-955-7826 or Frank Lippa at 416-974-0609 if you have questions or would like to discuss any of the matters raised in this letter.

Yours truly,

"Reena S. Lalji"

Reena S. Lalji
Senior Counsel, RBC Law Group

"Frank Lippa"

Frank Lippa
Chief Financial Officer &
Chief Operating Officer