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October 4, 2010

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
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Registrar of Securities, Nunavut

Attention: John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903
Box 55
Toronto, ON M5H 3S8

Me Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage,
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs and Mesdames:

Re: Response to Canadian Securities Administrators' Notice and Request for Comments on Proposed Amendments to NI 81-102 Mutual Funds

Scotia Asset Management L.P. ("**Scotia Asset Management**") is pleased to provide our comments to the CSA with respect to the *Notice and Request for Comments on Proposed Amendments to NI 81-102* (the "**Proposal**").

Scotia Asset Management is the manager of a wide range of investment products and services, including the ScotiaFunds family of mutual funds. Our comments are limited to the proposals relating to money market funds, and in particular as to how they would affect the ability of money market funds to invest in floating rate notes ("**FRNs**"). We have provided our input on and reviewed the comment letters of both The Investment Funds Institute of Canada ("**IFIC**") and The Canadian Bankers Association (the "**CBA**") on the Proposal. We support the comments and recommendations relating to money market funds contained in both the IFIC and CBA

letters and so we will not repeat the comments already well articulated by both of those associations.

We would like to emphasize our disagreement with the proposed adoption of a new dollar-weighted average term to maturity limit of 120 days calculated on the basis of the actual term to maturity of all securities in a money market fund including FRNs (the “**120 day restriction**”), in addition to the existing 90 day limit based on the period of the next rate setting of an FRN. We agree that existing 90 day test is adequate and should not be reduced to 60 days.

For the reasons expressed in the IFIC and CBA submissions we believe that the 120 day restriction would severely limit the ability of money market funds to hold FRNs, which generally can have terms to maturity as long as five years or more. We also believe that the adoption of the 120 day restriction would have harmful consequences for the money market fund investors, not only through the reduction in yield, but also indirectly as a result of potential adverse impacts on the FRN market in Canada if such a proposal were adopted.

We understand and appreciate the concerns which the Proposal aims to address regarding credit and liquidity risk but believe that there are better ways to address these concerns, including, as has been suggested, a possible concentration restriction on FRNs or a term to maturity limit that is meaningfully longer than 120 days and/or distinguishes between government and corporate issued FRNs.

We recommend that the CSA engage in further consultation with the industry to discuss alternative solutions that would strike a better balance between the benefits of these instruments to money market fund investors, the risks associated with them and the goal of investor protection. In the event that the CSA sees fits to consult further with the industry on these issues, Scotia Asset Management would be pleased to participate in any discussions and/or provide further information and submissions.

Thank-you for providing us with the opportunity to provide comments on the Proposal. If you have any questions regarding this submission, please contact the undersigned at 416-933-7459.

Yours truly,

SCOTIA ASSET MANAGEMENT L.P.



William Chinkiwsky
Director, Compliance Legal Counsel