



THE INVESTMENT FUNDS INSTITUTE OF CANADA
L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

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BY EMAIL: consultation-en-cours@lautorite.qc.ca & COURIER

July 25, 2006

Autorité des marchés financiers
Tour de la Bourse
800, square, Victoria
C.P. 246, 22e etage
Montreal (Quebec) H4Z 1G3

**Attn : Me. Anne-Marie Beaudoin
Director, Secretariat**

Dear Sirs/Mesdames:

Re: Regulation of Derivatives Markets in Quebec

We are writing to provide the comments of The Investment Funds Institute of Canada (“IFIC”) on the consultation paper: *Regulation of Derivatives Markets in Quebec* released for comment by the Autorité des marchés financiers (“AMF”). IFIC is the industry association for the Canadian investment funds industry. IFIC’s membership comprises mutual fund manager and retail distributor firms, together with Affiliate members from the legal, accounting and other professions.

IFIC appreciates the opportunity to provide comments on this important initiative. Of necessity, our comments at this stage are preliminary in nature and we reserve the right to provide more fulsome comments should the AMF elect to proceed with the publication of proposed rules regarding the issues discussed in the paper.

Investment funds in Canada, by and large, are offered for sale by their issuers in more than one Canadian jurisdiction. Accordingly, it would be beneficial to the industry to have harmonized rules across the country. For this reason, we recommend that the AMF should consider moving forward with changes to the regulation of the derivatives market only if it does so in concert with its other colleagues on the Canadian Securities Administrators (“CSA”). Such an approach would minimize inefficiencies resulting from Canada’s multiple-jurisdiction regulatory model and facilitate a single standard of investor protection and market efficiency across all Canadian jurisdictions. This approach would also promote further integration of the securities regulatory landscape through either the proposed “passport” or single regulator model.

Regardless of whether the AMF elects to proceed in concert with the CSA, we encourage the AMF to adopt a “principles-based” approach, should it proceed with changes to the Québec regime, as we are of the view that such an approach will facilitate the flexibility required to accommodate the rapid change that is a characteristic of the derivatives markets in Canada and internationally.

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We thank you again for the opportunity to provide these comments. Please contact the undersigned at (416) 363 – 2150, Ext. 225, or by electronic mail at: jmurray@ific.ca, should you wish to discuss these comments.

Yours truly,

THE INVESTMENT FUNDS INSTITUTE OF CANADA

By: *“Original signed by John W. Murray”*

John W. Murray
Senior Vice President
Policy & Corporate Affairs