

July 29, 2008

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

Attention:

Ms. Christina Forster Pazienza, Assistant Manager, Compliance
Ms. Pat B. Chaukos, LL.B, CA, Senior Accountant, Legal Counsel
Mr. Trevor Walz, Senior Accountant, Compliance
Ms. Maye Mouftah, Legal Counsel, Compliance

Dear Sir/Madam:

Re: Staff Notice 33-729 Marketing Practices of Investment Counsel/Portfolio Managers;

The Investment Counsel Association of Canada ("ICAC") represents investment management firms registered to do business in Canada as investment counsel/portfolio managers. Our members are from across Canada and are comprised of both large and small firms managing both institutional and private client portfolios. The ICAC was established in 1952 and its 110 members manage in excess of \$700B in assets. Our mission is to advocate the highest standards of unbiased portfolio management in the interest of the investors served by Members. Member firms are in the business of managing investments for clients in keeping with each client's needs, objectives and risk tolerances.

As you would be aware, a number of Investment Counsel and Portfolio Manager registrants, including a number of members of ICAC have written to the Ontario Securities Commission subsequent to its Staff Notice 33-729 (Marketing Practices of Investment Counsel/Portfolio Managers, "Staff Notice") last November.

ICAC would like to state up front that it fully endorses the initiative taken by the OSC to publish guidance relating to best practices pertaining to marketing materials to the registrant community to ensure that they comply with their obligation to deal fairly, honestly and in good faith to clients. The articulation of identified deficiencies of many ICPM firms in previous OSC audits is a helpful

tool to enhance the self regulatory auditing that many firms impose on their staff and practices.

While the various registrant letters you received subsequent to the Staff Notice raised a myriad of issues, what was prevailing in most of them was a request for greater clarification of the seemingly restrictive limitations on the use of hypothetical and/or back-tested performance data, particularly with respect to sophisticated institutional clients.

Those of our members who submitted letters to the OSC on this matter have indicated that they have received a consistent response from the OSC: that when determining whether marketing materials are misleading, that you consider the sophistication of the client, the nature of the information and how the information is disseminated to the client. To that end, it would certainly appear that utilization of strong and appropriate disclaimers would uphold the principals of the suggested practices in the Staff Notice specifically in regards to institutional and/or sophisticated clients.

Given that the OSC has also responded to various of our members that it has no plans at this time to revise the Staff Notice, we would request, so as to enhance market certainty that perhaps the OSC could incorporate this subsequent clarification that has been provided to those writing responses (i.e. that they consider the sophistication of the client, the nature of the information and how the information is disseminated to the client) in the 2008 Regulatory Audit Results Report.

We are also of the view that to ensure conformity with the marketing practices being utilized in the global market place, that an additional clarification be made to the effect that registrant firms that prepare and present marketing documentation that comply with the Global Investment Performance Standards (GIPS) and specifically with the guidance statements pursuant to the use of supplemental and hypothetical performance whether verified or otherwise would also be consistent with best practices and the general intention of Staff Notice 33-729."

Yours sincerely,

Katie Walmsley
President
Investment Counsel Association of Canada