

News Release

**For Immediate Release****Regulators Propose Revised Framework for Regulating Investment Funds**

**May 27, 2005 - Toronto** – The Canadian Securities Administrators (CSA) have published for second comment a revised version of a proposed rule on the governance of investment funds. The proposal would enhance investor protection by ensuring that the interests of an investment fund are at the forefront when a fund manager is faced with a conflict of interest.

The proposed rule would impose a minimum, consistent standard of governance for publicly offered investment funds. Currently, there is no requirement that an investment fund have a governance body.

Under the proposal, every publicly offered investment fund must have an Independent Review Committee (IRC) to oversee all conflict-of-interest matters – not just those subject to prohibitions or restrictions in securities legislation – faced by the fund manager in the operation of the fund. The rule would improve a fund manager’s decision-making process in such situations through an upfront check on how the conflict of interest is resolved.

“We believe the proposed rule will provide substantial protection to investors,” said David Brown, chair of the Ontario Securities Commission. “It will ensure that a manager’s conflicts of interest do not influence the decisions that affect investors.”

The revised rule differs from the 2004 proposal in a number of significant ways, including:

- It now applies to all publicly offered investment funds, not just mutual funds;
- It will keep existing conflict of interest and self-dealing prohibitions in securities legislation, and exempt specified transactions with IRC approval; and
- It now provides the IRC with effective methods to oversee and report on manager conflicts of interest.

The text of the proposed instrument, National Instrument 81-107 Independent Review Committee for Investment Funds, and related amendments, are available on several CSA members’ web sites. CSA members will accept public comments on the proposal until August 25, 2005.

The CSA, the council of the securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

**Media relations contacts:**

Joni Delaurier  
Alberta Securities Commission  
403-297-4481

Andrew Poon  
B.C. Securities Commission  
604-899-6880  
1-800-373-6393 (B.C. & Alberta only)

Ainsley Cunningham  
Manitoba Securities Commission  
204-945-4733

Eric Pelletier  
Ontario Securities Commission  
416-595-8913

Philippe Roy  
Autorité des marchés financiers  
514-940-2176