

September 14th 2012

BY ELECTRONIC MAIL: comments@oas.gov.on.ca consultation-en-cours@lautorite.qc.ca

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

The 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, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs / Mesdames:

RE: Notice and Request for Comment on Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* June 14, 2012 (2nd Publication) Cost Disclosure, Performance Reporting and Client Statements

Cantin Magellan Investments Inc. ("Cantin") would like to thank you for the opportunity to comment on the proposed amendments to National Instrument 31-103: Cost Disclosure and Performance Reporting.

General

Cantin is in full agreement with the CSA's comments that investors want information regarding the performance of their investments and the charges related to their investments. We believe that a/cast and performance disclosure is provided in a consistent and harmonized manner throughout our industry. Investors should receive the same performance and charges information regardless of who it was purchased from, the manner in which it was purchased, and where it was purchased in Canada. As well, this information needs to be presented to investors in a manner that is easily understood and not overwhelming or confusing.

Key issues and decisions since the 2011 Proposal

i. Disclosure of Trailing Commissions

Investors utilize a wide range of financial products, whereas mutual funds are only a portion of their total holdings. These proposals would mislead investors into believing that there are costs of distribution for mutual funds, which only reflects a portion of the client's holdings, that are not present in the other financial products that make up the remainder of their portfolio. Distribution costs of mutual funds are already disclosed in other prescribed disclosure documents provided to the client. The unfairness of this is that many of the other financial products, including deposit products, are not disclosed at all. This could lead investors to believe that investing in mutual funds are more expensive than other products which could lead to decision making that is detrimental to the investor's financial position.

ii. Referral Fees

Referral fees are not always associated with an investor account. This would make it difficult to disclose on an annual basis on account statements. Referral fees are already disclosed to all investors as per Division 3 of NI 31-103. Prior to paying any referral fee, written disclosure of the method of calculating the referral fee, and where possible the amount of the referral fee is already disclosed. This must occur prior to the referral being executed and therefore disclosing it again on an annual basis, on an account statement when the referral fee may not be related to the investor's mutual fund account, in our opinion is unnecessary and may add to client confusion.

iii. Expanded client statement

Book Cost Information

The Proposal states that "Under the 2012 Proposal, investors would see the book cost information for each security position included in the client statement, and would be able to assess how well individual securities are performing by comparing their book cost to their current market value.

The use of book cost is more accurate and preferable to original cost. That being said, there is a concern that many investors will not readily understand what differentiates book cost from original cost thereby creating a potential for investor confusion. Whether original cost or book cost is reported, it will inevitably be the responsibility of Cantin and our advisors to explain the information provided on the statements. This is one of the many ongoing services to investors supported by trailing commissions, which would also include ongoing reviews etc.

iv. ***Common baseline requirements for registrants***

We fully support the concept of common baseline requirements for all registrants with respect to the reporting of charges and other compensation. We encourage the CSA, IIROC and the MFDA to continue to work together to develop harmonized standards. That is what investors want and deserve.

v. ***Percentage return calculation method***

We have no comments regarding the mandated use of the dollar-weighted method rather than the time-weighted method. However, in order to truly obtain the consistency and comparability in investor reporting that the CSA wishes to achieve, the same standards must also be mandated to performance reporting provided by fund companies as clients compare their dealer statements to those received from the fund companies and they will be confused if different returns are reported due to the use of different methodologies.

vi. ***Market valuation methodology***

We fully support a methodology for registrants to use to determine the market value of securities in client statements that incorporates consistent and reliable standards. However, in order to truly provide investors with consistent and accurate information, product providers also need to be mandated to use the same methodology.

2. Transition

We recommend that the transition periods be reviewed again upon completion of these additional consultations.


Conclusion

We encourage the CSA to work towards a common performance and cost disclosure practice across financial products that do not disadvantage individual industry sectors.

We appreciate the opportunity to provide comments and hope that the various commissions will consider our comments prior to finalizing these amendments.

Sincerely,

Canfin Magellan Investments Inc.



Manu DaSilva
President & Chief Compliance Officer