



VIA ELECTRONIC MAIL: comments@osc.gov.on.ca

September 14, 2012

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

Re: Proposed changes 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* (the “Proposals”)

PFSL Investments Canada Ltd., a mutual fund dealer, and PFSL Fund Management Ltd., an investment fund manager (“Primerica” and “we” and “our”) are pleased to submit comments with respect to the Canadian Securities Administrators (the “CSA”) proposed regulations to amend National Instrument 31-103 - *Respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”). It is our belief that open consultations among policy makers, regulators and industry participants is the cornerstone of a well-functioning financial services industry and we are pleased that the CSA continues to consider external concerns and recommendations in the development of key regulatory initiatives.

Primerica dedicates its efforts to providing middle-income families with access to simple, yet essential financial products and services through one of the nation's largest mutual fund-licensed sale forces. We consider our dedication to this segment of the Canadian population one of our distinguishing features since they are often overlooked by other financial service providers. It is with a perspective that has been enriched by our experience servicing middle-income investors and a focus on preserving their access to affordable financial products and services that we submit our response.

General Comments

Primerica supports the principles of providing clients with clear and transparent reporting on performance and costs and welcomes the opportunity to provide our comments on the Proposals.

The Proposals represent a significant cost to our company and the mutual fund industry for implementation of programming, training, and ongoing statement production without evidence that the benefits of the proposed regulations would outweigh the rise in cost to industry.

Primerica believes that the proposed level of cost disclosure relative to other financial products is unfair to the mutual fund industry. This inequity is further compounded by the fact that mutual funds already have distribution costs set out in other disclosure requirements, whereas other financial products are not subject to comparable disclosure requirements.

Specific Comments

(a) Pre-trade disclosure of charges

Primerica believes that pre-trade deferred sales charge and trailer fee disclosures to clients are premature. The delivery issues have not yet been fully addressed by the CSA or industry and therefore this requirement should be deferred until agreement can be reached about point of sale disclosure rules.

(b) Client statements and security holder statements

We are of the view that the requirement to provide either "book cost" or "original cost" of a security for a client-name held account would pose operational challenges in instances where the historical cost information is not available at the investment dealer (i.e. in-kind transfers of assets between dealers). Furthermore, providing the incorrect cost of a security on a dealer statement may cause a client to incorrectly report a capital transaction on a tax return where they are relying on the dealer's information. Primerica considers the performance reporting contemplated by Sections 14.16 and 14.17 of the Proposals to be sufficient in providing investors with the information they need to assess performance. The disclosure of book cost will not add any new information for the purpose of assessing performance.

(c) Report on charges and other compensation

As stated in our previous comment letter dated September 23, 2011, much of the information required by Section 14.15 of the Proposals is not contained in our transaction processing systems and would be costly to obtain with little benefit to the consumer. Trailer fee information is not currently sent to dealers on an account by account basis, and commission fees earned on new sales may be stored on separate systems. A detailed cost benefit analysis of this proposal should be performed.

Disclosure of referral fee compensation received should not be a part of the report required under the Proposals as such fees are unlikely to be related to any investments held in a specific investment account. Disclosure of referral fees is covered by the Mutual Fund Dealers Association of Canada (“MFDA”) and Section 13.10 of NI 31-103.

(d) Content of investment performance report

Primerica believes that the requirement for performance reporting as outlined in Section 14.17 (1)(f) of the Proposals should be reflective as of the date that the Proposals come into effect rather than be contingent on the availability or quality of historical data. This will provide a clean starting point for the industry.

We request CSA confirmation that the Modified Dietz method of calculating performance returns, a well-known dollar-weighted model that is in use by many organizations today, is an acceptable method as it represents a very close approximation of the more computationally intensive Internal Rate of Return method.

(e) Companion Policy

Primerica believes that the section on inappropriate switches in the proposed NI 31-103 Companion Policy should be removed since issues surrounding inappropriate or excessive switching activities are dealt with in self-regulatory organization (SRO) rules.

In Companion Policy Appendix D under notes, point number two, it may lead a customer to believe that trailing commissions are investment fund expenses, which is not the case. We would request the CSA clarify this sentence.

Please accept our offer of assistance in any public policy initiatives that will strengthen Canadians access to sound financial services.

Sincerely,

Original signed by

John A. Adams, CA
Chief Executive Officer