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September 14th, 2012

To: British Columbia Securities Commission
Saskatchewan Financial Services Commission
Ontario Securities Commission
New Brunswick Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities. Northwest Territories
Alberta Securities Commission
Manitoba Securities Commission
Auto rite des marchés financiers
Nova Scotia Securities Commission
Superintendent of Securities, Nunavut
Superintendent of Securities, Yukon Territory

Re: Comments on Proposed Amendments to National Instrument 31-103, issued June 14, 2012

Thank you for providing the opportunity to comment again on the proposed changes.

This response is on behalf of our firm, Rogers Group Investment Advisors Ltd. which is an investment dealer in Vancouver registered in BC, Alberta and Ontario. Ali except one of our advisors are dually licensed for insurance and securities. Together with our parent company Rogers Group Financial Advisors Ltd., a licensed life agency, we are a 50 person firrn of advisors and staff with client assets under administration of $1.2 billion.

See below for our firm's response to sorne of your issues for comment:

Ali securities transactions are carried out through the account, even when the securities are not held in that account.

This understanding is not correct. For client name mutual funds, dispositions are not carried out through the account.

Percentage return calculation method – mandated dollar cost weighted.

We are in agreement with this method.

We have the following additional comments:

MutualFund Commission Structures and Trailing Commissions

Our firm does a limited amount of deferred sales charge mutual fund business. In 2011 commissions earned on the initial sales of both OSC and LL were less than 10% of the firm's revenue.

We agree that disclosure of the details of mutual fund compensation and potential charges is appropriate.

We disagree with the statement in the Companion Policy under the section titled Switch or Change Fees that ·a *registered firm should not switch the client's investment in the same fund from unffs sold on a deferred sales charge basis when the charge period has lapsed to those sold on a sales charge basis in order to generate a higher amount of trailing commissions with no corresponding financial benefit to the client."* The stated view is problematic for several reasons.

Firstly, this would be detrimental to smaller clients. A large client with more assets may be offered a mutual fund on a FE basis with only the 1% trailer fee as advisor/dealer compensation. A smaller client who is trying to grow their portfolio may initially invest their longer terrn RSP funds in a OSC version of the same mutual fund so they have no upfront commission charges and very little likelihood of OSC charges. In our firm there are very few examples of

OSC charges actually being incurred by clients. While the smaller client grows their assets toward the larger client mode!, it is reasonable that, with the appropriate disclosure, that the tully expired OSC units be transferred to FE versions with a 1% traiter for the long term ongoing service and advice provided. Our reference point for this comment is as a financial planning oriented firm with tully qualified advisors and internai requirements for new clients to receive full financial plans and investment policy statements with updates over time. At sorne point as the client grows, the new business of their annuai RSP and other investments is eventually done on an FE basis. ft is standard mutual fund industry practice that FE fund MERs are the same as or lower than the equivalent OSC fund MER, so there is no change in the cost to the client, and the advisor and firm are adequately compensated. With our significant mutual fund knowledge and experience, we are not aware of a single instance of a fund family not following this practice. In the suggested compensation reporting clients will clearly be able to see the total annual compensation.

Another issue is that monitoring of this policy would absorb significant firm resources. This would be unproductive as this practice has no impact on the client. The risk with the policy as outlined would be advisors simply moving from the OSC version of one fund company to the FE version of another. Although we do not anticipate this at our firm, the regulators will expect us to have a system in place to ensure that it is not taking place and it will be difficult to monitor. We feel that if the regulators have an issue with a certain aspect of the commission structure of mutual funds then it should be addressed at the product leve! rather than the transaction leve!.

In addition, having OSC on a statement when there are no outstanding charges is confusing for both the client and the advisor. The 10% free units would be moved to FE annually for liquidity purposes so there would be multiple listing of the same fund on each statement.

Book Value

We disagree with the proposai to provide book value as the standard "cost" number. We continue to think that the original cost information should be provided to clients, with book value as a supplemental number on non-registered accounts if the dealer wishes to provide this for tax planning purposes.

We understand that one of the main goals of the proposed amendments is to make it easier to determine how their investments have performed. While book cost is more convenient, as it is currently in use, the concept of original cost aligns most closely with what dients want to know about the performance of their investments. They want to know how much money they have given an advisor to invest, and how much it has grown. It doesn't matter to the client whether growth cornes in the form of dividends or capital.

Book value is a poor indicator of investment performance for mutual funds and other investments with retum of capital components as mutual funds have a wide disparity between cost base and actual performance. Inaccurate information such as this is very misleading and can lead clients to make bad decisions based on incorrect data.

Another significant issue with book value at present is the Jack of timeliness in reporting by issuers of the return of capital component in their distributions. If book value becomes mandated reporting, the final rules should also require that issuers provide their allocation of ali distributions at the time of distribution. Otherwise the client reporting will be wrong in many cases.

We do acknowledge that the change in value of your account section of the performance report information will assist clients in to original cost and support the change in value calculation suggested in 14.17 (1) g.

Responsibility for reporting

The proposai makes it clear that responsibility for the reporting ultimately lies with the advising dealer firm. When the IiROC SRO integrates the rules, we think it is very important that it will be the responsibility of the carrying dealer to ensure that performance reporting requirements are met as part of the reporting obligations. Performance and cost reporting should be part of the duties of the carrying dealer, as they are responsible for producing statements and confirmations.

Nominee Name *1* Client Name and Reporting Obligation

We currently have less than 1% of our securities assets under administration in client name mutual funds. With the reporting requirements for client name, and the increase in costs to do client name business that will be required, it is likely our firm will stop doing client name business. This is not a problem for new clients but is an issue for a small number of generally smaller clients. After an appropriate amount of notice, if an existing client will not change their existing accounts over to nominee name mode! with attendance trustee fees, the firm should have the choice to

remove their name as dealer of record at the mutual fund company and stop receiving any trailer fees on those assets. The reporting obligation would then fali to the mutual fund company under this proposai. We request that this situation be addressed in the Companion Policy and that mutual fund companies be obligated to allow this.

Account Activity Reporting

- Account statements and performance reporting.
  We agree with the proposais for section 14.14(3) that an investment manager send performance reporting to the security holder, at least once every 12 months if there is no dealer of record for the security holder on the records of the investment fund manager. This requirement is directly related to our response on client name position on client statements and when a client of a dealer should no longer be considered a "client"

14.15 Report on charges and other compensation- Companion Policy- referral fees

The companion policy states that *"Where amounts such* as *referral fees,* success *fees on the completion of a transaction or finders fees are paid by a third party to a registered firm or any of ils registered individuel in relation to a client of the firm, those amounts are reported under paragraph 14.15(1)(g)."*

We request clarification of this item. One example is referral of a client to a portfolio management firm. These assets are not under the dealers control, do not trade through the dealer firm, are not on the client statement and are not even available to be entered on the clients performance reporting. The referral fees flow to the dealer firm, but they do not go through the carrying dealer. It seems inconsistent that referral fees received would be provided in the cost and compensation reporting when the assets are not. In the bank owned dealer scenario this information may be available but in independent firms, and particularly introducing firms, this will be a significant issue.

Thank you for the opportunity to provide feedback. We would be happy to be involved with any other consultative process that may be required.

Sincerely,

ROGERS GROUP INVESTMENT ADVISORS LTD.

Clay Gillespi , BB , CIM, CFP, FCSA
Managing Director