June 9, 2017

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

comments@osc.gov.on.ca:

RE: CSA Consultation Paper 81-408 – Option of Discontinuing Embedded Commissions: These comments from a small MFDA member to be distributed to all participating CSA regulators.

We have followed with interest the various submissions made public to date with respect to this matter.

It is our position that a ban is premature at this point in time or in the near future until all investment products such as segregated funds are included in a ban if that indeed is the intention of the regulators, taking into consideration all other issues with respect to the implications and possible unintended consequences of such a ban on both the industry and the investing public.

We provide full disclosure and allow our clients the choice of either fee for service or payment through trailer fees and the question of fees has never been an issue with clients. What we have discovered over many years is that most clients are "happier" when fees come from their investments rather than directly billed, even though we show that paying through "fee for service" can potentially be more economical.

What effect elimination of trailer fees would have on our business is difficult to determine, as this is basically our main form of compensation for mutual funds. We have a significant number of smaller clients for whom, even today, trailer compensation hardly covers the cost to service these accounts, many of which require financial education and financial planning with respect to other vital areas of their lives.

It seems to have gone unrecognized that unlike other professions, such as lawyers and accountants, financial planners and most advisors are in long term relationships with clients and not just dealing with specific "one issue" matters such as a home purchase or making a will or tax preparation and being billed as such for these services. We are there for clients for all matter of financial concerns, market cycles and life transitions, etc. all covered by the current compensation model and in particular trailing commissions which might better be referred to as ongoing retainer fees.

While perhaps requiring some modification, especially with respect to a level playing field such as the capping of trailer fees and requiring service levels tied to trailer fees, the Canadian model is not broken. Many of the negative public comments are from parties that do seem removed from the realities of the "marketplace" and appear driven by theoretical and at times doctrinaire reasoning rather than practical considerations of the client advisor relationship.

Sincerely,

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