March 9, 2017

To Whom it May Concern,

I am not an active advisor but I am a Branch manager of some. I also spent a considerable portion of my life wholesaling for a major Mutual fund company. In my wholesaling role I met advisors in Southwest Ontario, the Maritimes, Saskatchewan, Alberta and British Columbia. Although there were many reps I met I wouldn't let wash my car (this is a licencing and competency issue) I believe the vast majority were in this business to truly help their clients develop and meet their individual financial goals. By providing choice of compensation I believe we are serving the public interest. This allows advisers and their clients to determine which method works for them. The first Mutual Fund I purchased was a 9% Front end. The 9 % difference, compounded, makes a dramatic difference in the ultimate return of the investment. The market took care of this issue. By allowing clients to pay a small fee or no fee upfront we provide them a better chance at meeting their investment goals.

This industry currently has a demographic issue. Many advisors are Baby Boomers and they and their clients are getting older. If we do not allow new independent advisors to be fairly compensated for the effort that goes into finding and servicing clients we will have no new young people coming into the industry. Young entrants will be compelled to follow a career in which salary makes up their compensation such as the banks or be forced to work in career or captive shops.

Consider this: Scotiamcleod fired most of their IA's with over 10 years' experience who grossed under $ 600k in commission. In what any other business does earning $ 600k a year make someone an "underperformer" ? It seems to me basing someone's worth in this business in any other way than ethics, expertise and client satisfaction is the real problem.

If the CSA truly wants to ensure clients are treated fairly I would suggest they CAP the compensation manufacturers can offer advisors. For example, I learned today Empire Life offers a 1.25% trailer fee on FE business. The CSA should cap ALL FE trailers at 1%, DSC at 5% and limit FE to 3 % (all the advisors I am associated charge 0-1% FE). By limiting the compensation OFFERED the CSA can protect investors while ensuring this industry, which I believe gets a very bad rap, is allowed to offer Canadian Investors, big and small, the opportunity to obtain non-biased independent advice.

I clearly have a vested interest in this debate. I will also freely admit no one has been able to explain, let alone convince me we are going the way of Britain and Australia. I also believe this industry needed to get cleaned up and am happy about CRM II and look forward to its effects.

As someone who has spent the majority of his working life in the securities industry and as someone who now looks after Tier 1 compliance at my branch, I am proud of the great work our independent, commission based advisors do for their clients. To drive them out of the industry thus leaving those who actually need help at the mercy of the banks, the Investors and the London Life's of the world is, in my opinion, contrary to the goals the CSA, the MFDA etc.. are trying to accomplish. I think building on the findings and spirit of the Stromberg Commission makes a lot more sense.

Regards,

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