

Tuesday, March 21, 2017

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

**RE: Embedded Commissions (CSA consulting paper 81-408)**

To whom it may concern:

I am an IIROC licensed Certified Financial Planner who has been in this industry for 20 years. I am writing in response to the proposed banning of embedded commissions in the financial services industry. I firmly agree that this ban should take place, this is a change that is long overdue in Canada and the sooner it occurs the better.

Currently a large number of my clients are already on a fee based platform where their fees are debited from their individual accounts on a monthly basis. Presenting the fee to the client and charging them directly is a more transparent and fair approach. This type of direct fee approach mimics the experience and treatment a client would receive through any other professional service such as a lawyer, doctor, accountant, ect.

The only concern I would like to express when considering this ban is how it would affect the Canadian banks. I strongly believe it is prudent that the banks be given the same treatment and not be exempt from this ban in any way. If the banks were to be exempt it could be detrimental to independent advisors, and as a result to clients as well. It is no secret that banks build their business model with sales revenue as their top priority, and the front line staff often lack the knowledge to properly address the needs of investors. An exemption for the banks would cause investors to gravitate towards banks as an investment option. Many investors would be under the misinformed belief that when they invest at their bank it is free or at least cheaper. Ultimately, this will mean that investors are receiving, in most cases, low quality advice while still paying embedded commissions.

Furthermore, It is my belief that those who are against the ban on embedded commissions are simply trying to avoid changing the way they currently run their business, and would prefer to protect the 'status quo'. The reality is that embedded fees often misalign with the best interests of the investor. I have heard the argument that banning embedded fees will cause investors with smaller portfolios to lose access to affordable advice and I strongly disagree with this rationale. There are many alternative options available to less sophisticated investors and it is also reasonable to believe that if this ban is put into place further options will be developed.

Having a fair and ethical industry should be placed as a higher priority than making business operations easy for advisors.

Sincerely,

Waterloo Advisor