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On June 21, 2018, the Canadian Securities Administrators requested comments regarding the proposed amendments to National Instrument 31-103. Below is my submission for comment which focuses on Referral Arrangements. I am making this submission on behalf of myself and the clients I serve.

When choosing an investment or financial professional, trust is consistently listed well above credentials, returns, fees and experience. These factors of course help contribute to building trust but is not a guarantee, nor does trust guarantee that a client's best interest is looked after. The same is true when we discuss sincerity and truth.

When considering the best interest of clients, an advisor can be 100% sincere with a client and at the same time, be 100% wrong. That's why given the subjective nature of trust and sincerity, it is important that the regulatory framework being proposed establishes truth in the pursuit of investor protection.

Part of that understanding lies in Canadians having confidence in a regulatory environment that was built with an understanding of how and why Canadians select their professional advisors.

Client's best interest are served when Canadians:

- Can freely choose a team of designated financial professionals
- Have continuous and ongoing advisor relationships
- Receive relationship disclosure
- Have access to personalized and tailored investment products
- Have transparency and choice in how to compensate their professional advisors.

The referral arrangements we have were initially, and continue to be, pursued with the client's best interest in mind. Advantages to the client compared to traditional investment fund options:

1. Assets are subject to lower management fees, especially compared to retail mutual funds and segregated funds
2. There is no additional cost to have our firm involved (Can even be a lower cost to the client compared to going direct to investment counsel firm), as we are paid a portion of the IMF fee, under the same schedule if we are not involved
3. Greater disclosure and transparency of fees
4. Opportunity for better portfolio customization
5. Opportunity for direct communication with portfolio managers, researchers and traders, leading to more appropriate investment management

6. Opportunity for more strategic income realization in retirement, and more tax efficiency for client
7. Client can end up with more wealth and greater financial security

Advantages of having our firm/ advisors work with investment counsel companies:

1. Allows us to provide planning work (general financial, retirement, estate, etc) in addition to better investment plan offering – often clients with investments that are managed directly by investment counsel firms or brokers do not get this level of planning and service. We provide at no additional cost to the client
2. Risk tolerance will fit into future needs of clients, including projected savings, cash flow, retirement, etc
3. No opportunity for differing fee options, higher trailers, or DSC/LSC as with retail mutual funds – removes several potential conflicts of interest scenarios in the marketplace
4. No incentive opportunity with investment counsel firm, which is present with proprietary funds/companies – takes this conflict off the table as well (IE trips, rewards, etc)
5. Continuity of service as multiple people are familiar with the client – if advisor were to cease working for various reasons, client will be better off initially (if no transition plan was in place for advisor)

Disadvantages of removing Referral Fee options

1. Will not allow us to continue to place client assets with investment counsel firms
2. Will be forced to use higher cost, less customized options for client money
3. Have built businesses around these arrangements, and would have a massive impact going forward – how would we be able to continue to service our clients? We can't move them to other platforms that are not in their best interest, however we cannot be paid to keep them. Charging an additional fee to the client would ultimately cost them MORE money and not be in their best interest
4. Our clients currently pay very low fees in total. By implementing a 25% cap, we aren't able to service them, so the only option would be for their fees to go up for the same service and management
5. If the 36-month limit was implemented, we either would not be able to service our clients after 36 months, or their fees would need to go up at that point as well.