December 9, 2018

The Secretary
Ontario Securities Commission
22 Flr- 20 Queen Street East
To., On., M5H-3S
EMail: comments@osc.gov.on.ca

Me. Anne-Marie Beaudoin
Corporate Secretary
Authorite des Marches Financiars
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Re: Proposed Ammendment to National Instrument 81-105
Mutual Fund Sales and Practices.

Dear Sirs:

Thank you for giving me and the general public the opportunity to comment on the above mentioned guidelines of buying Mutual Funds (MF) in OEO accounts.

There seems to be a lot of marketplace confusion about charges related to MF as far as MF class types and their embedded fees.

Ist. Financial institutions "are-for-profit-corporations." So, is their advice the best for the retail investor or simply suitable. ? Just suitable.

Financial institutions and their sales staff are only obliged to recommend suitable investments, not the best available investments for the investor. There is no fiduciary trust relationship between the banks, their sales staff and the uninformed public.

MF come in a few fee classes. DSC, FE, LL, and institutional classes.

So it would seem obvious that the Financial institutions would match the MF class to the type of account held by retail investors. But Discount on-line brokers don't.

The most important criterias for any investor are, to be able to change investments, liquidity, to withraw partial assets as cash and have a good return on a risk-adjusted return.

DSC MF by their structure, lock in the investors assets for 7 years. So, the investor is severly penalized for taking out cash or changing his investments during a 7 year period.

Imagine a senior citizen who assets are locked in for 7 years. His health and life style needs may change yearly, yet his assets are locked in.

So, in selling MFs, the advisor:
- could make sure that the investment horizon is defined by the investor
- the investor could be advised that in a DSC fund there is no fee yearly withdrawal of 10%.
- that the MF choice is locked in for 7 years
- the advisor would have to explain all the fee classes available
- the investor would be allowed to choose the fee choice best for him

MFDA audits suggest that investors are not allowed to choose from many available fee structures, but are led to the DSC fee MFs.

On-line investment accounts are advertised as trading only with no advice given. (OEO) MF MER fees have a built in 1% fee for advisors advice. So obviously, an advice based DSC fund will not be suitable in on on-line account where no advice is possible.

DSC MF do not belong in an on-line trading only account. (OEO) The IFIC, the Trade Association for The Fund Industry, agrees with this conclusion.

There have been court CLASS ACTION cases against the banks, where Funds with a high MER were recommended for fee based accounts. This is called double dipping. Here it was the Banks and advisors responsibility to make sure that the MF class was the correct one to be bought for a fee based account. Clearly, the self interests of advisors play heavily in advising investments and the MF class types.

So, it will take a solid defined and focused legislation to make sure that investors best interests are always protected.

DSC MF do not belong in an on-line computerized trading only account (OEO)where no human present.

Thanking you again

Regards Yegal Rosen, BENG.
Retired IA
Lead plaintiff in the BMO- NB Overtime Case.