

February 16, 2017

Good afternoon,

My name is Chris Dietz and I am a Certified Financial Planner based in Listowel Ontario for the last 27 years. I would like to pass on the following comments on your proposal to ban embedded commissions and DSC/LL.

I fully agree with the direction that you have taken in regards to CRM and full disclosure of fees which has just taken effect for 2017. Each client should be made well aware of what the dealer/advisor is getting paid to manage their account. Now clients will be able to open their statement and see exactly what they are paying for advice. I expect there will be many investors who will be surprised and will question the value they are receiving for those fees but in the end they will be better served.

Our business model here is a combination of fee based and embedded fee model and has been for the last 10 years. We fully disclose to clients exactly what we get paid in percentage and dollar amounts since making the switch from DSC/LL. The recent changes from CRM now fully discloses the fee paid to our dealer and is welcomed. My recommendation for CSA would be to keep embedded trailers as it provides another option of purchase for the Investor. The client is receiving full disclosure on the amount of fees they are paying now with CRM so why would you eliminate the embedded option? How does the embedded fee option differ now from the fee based option? The client is now seeing exactly what they pay in either account.

In regards to the banning of DSC and LL funds, this will not affect my business at all but I feel it may cause a barrier to entry for new advisors into our industry. I cannot see how a new advisor would be able to enter the industry and build a business from nothing like I did without this option of compensation. The only option a new advisor would have is to come in under a veteran advisor and gradually grow that way. As the average age of an advisor is rising, I am sure that as an industry we wouldn't want to limit entry.

In summary I feel strongly that you need to provide choices for the investor on how they compensate their advisor. Reporting of the actual dollar amount of fees to the client is a good first step, but, I would question why wouldn't CSA take some time to get feedback from Investors before eliminating embedded commissions. It might be prudent to wait a couple of years until you find out how the industry and investor is adjusting. I think CSA will find out pretty quick that small investors will not be served well by the decision of eliminating DSC/LL. Under the new fee model small investors will be charged more to deal with an investment professional to make their account size viable for the advisor's business plan. CRM has taken the steps to fully disclose advisor compensation which we applaud, but, take the time to fully analyze these changes before jumping to conclusions on what is best for investors.

Thank you for taking the time to read my letter and I hope it provides some insight into our client base and our thoughts on elimination of embedded commissions.

Thanks,  
Chris

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