

October 13, 2018

British Columbia Securities Commission

Alberta Securities Commission

Financial and Consumer Affairs Authority of Saskatchewan

Manitoba Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

Financial and Consumer Services Commission of New Brunswick

Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Nova Scotia Securities Commission

Securities Commission of Newfoundland and Labrador

Registrar of Securities, Northwest Territories

Registrar of Securities, Yukon Territory

Superintendent of Securities, Nunavut

Dear Securities Administrators,

Just recently, I was advised that the CSA issued a press release with proposed amendments to National Instrument 31-103 wherein they are considering "the payment of referral fees to external referring parties be limited to 25% of total management fees charged with a maximum payment of 36 months."

I have been in the Banking, Insurance, and Investment industry for 30 years. During my financial planning career I have been exposed to all sectors (IIROC, MFDA, Insurance – Seg Funds) and am convinced that the current platform that I work within (ICPM) is the only option within the investment industry that truly works in the BEST INTEREST of the Client. In 2008 when the markets were in turmoil and the likes of Bernie Madoff in the US as well as others in Canada were stealing client funds in the millions, we were provided an option that offered complete transparency to clients in terms of holdings, rates of return, and fees lower than what was being offered by the major financial institutions. This alternative platform quickly proved to be far superior to any option clients had been provided in the past and to date is still dramatically better than what is currently available through financial institutions such as the banks, credit unions, mutual fund and insurance companies.

This referral arrangement ensures our clients receive the expertise of seasoned Portfolio Managers (those who specifically work with our clients and are regulated to the highest standard due to their fiduciary responsibility granted over separately managed accounts) to create and review their holdings and market conditions on an ongoing

basis. This approach has freed our time as planners to provide clients with extensive Financial, Tax and Estate Planning and where necessary introduce the services of qualified Accounting and Legal service professionals. Clients over the last decade say they wish this Independent Team approach had been offered to them long ago as all they ever had in the past from the traditional players in the industry was a constant turn around of staff who didn't understand their needs/objectives and were only trying to sell product to the benefit of themselves and their employers.

It is my opinion the CSA would be doing a great disservice to many Canadians if they proceed with these proposed amendments. While I agree that there are individuals in the investment industry that refer clients to Portfolio Management firms and do nothing and still get paid, they are few in number. Those of us that have built long term relationships with our clients, done the right thing and have always put their best interest first will now be forced to go to another platform or alternatively charge separate fees over and above Portfolio Management fees. The clients I have discussed this with are questioning the merit of the CSA proposed amendment and many have suggested this proposal is asking them to step backwards from a product and service level and some have even questioned if their recommendations are moving away from a level playing field and providing an advantage to certain large players in the industry. As their financial advisor I have to agree with them. This proposed amendment also makes me wonder if the Securities Commission gives the appropriate credit to Associations such as STEP and CFP that hold out to the Canadian public at a very high standard.

I would be more than pleased, as would many of my clients, to discuss this further with any individual from the CSA.

Bruce Foster

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