

BY EMAIL: comments@osc.gov.on.ca;
consultation-en-cours@lautorite.qc.ca

October 19, 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

Attention: The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal, Québec
H4Z 1G3

Dear Sirs/Mesdames:

RE: Client Focused Reforms – Proposed Amendments to National Instrument 31-103 and Companion Policy 31-103CP

Highstreet Asset Management Inc. (“**Highstreet**”) is writing to provide comments in respect of the Canadian Securities Administrators’ (“**CSA**”) Client Focused Reforms: *Proposed Amendments to National Instrument 31-103 and Companion Policy 31-103CP*, as published on June 21, 2018 (referred to herein as the “**Proposed Amendments**”).

Highstreet is an investment management firm based in London, Ontario. We provide discretionary money management services to individual investors and their families,

foundations, pension plans, and institutional investors. Highstreet offers portfolio management services using a segregated investment account and also manages its own pooled funds. Highstreet is registered with the securities regulators in all provinces and territories as a portfolio manager and exempt market dealer. Highstreet is also registered as an investment fund manager in Ontario and Quebec, and a commodity trading manager in Ontario. Highstreet is a wholly owned subsidiary of AGF Investments Inc. (“**AGF**”).

We appreciate the opportunity to provide feedback to the CSA on the Proposed Amendments. This response is focused strictly on the topic of referral fees. We align with AGF’s comment letter as it pertains to the remaining Proposed Amendments.

Referral Fees

Unlike the other client focused reforms that have been subject to much industry consultation to-date, the Proposed Amendments mark the first time that the CSA has asked for public comments on potential referral fee reforms (“**Referral Fee Reforms**”). As such, we submit that the Referral Fee Reforms warrant additional time and consideration, and should follow a separate work stream to allow for further data collection and public consultation. Our proposal would be akin to the approach that the CSA is taking with regard to proficiency requirements and title reforms.

Further, while we are strongly in favour of enhanced disclosure to ensure client transparency, we encourage the CSA to remove the proposed limitations on the terms of referral arrangements. A wide variety of referral arrangements are in existence today and each agreement may be different in respect of the parties’ roles and responsibilities, and therefore, the terms of the referral arrangements should continue to be negotiable between the parties. In order to ensure clients are not negatively affected, Highstreet supports the Referral Fee Reforms proposal that referral fees must not “increase the amount of fees or commissions that would otherwise be paid by a client”. These types of referral arrangements are beneficial to investors and in their best interests, as an investor may not otherwise have access to certain services due to the cost. Highstreet submits that referral arrangements, when properly disclosed and include the provision of equal pricing, are in the best interest of the investor and any limitations proposed in the Referral Fee Reforms under the Proposed Amendments could negatively impact an investor’s choice and access to advice.

We thank the CSA for the opportunity to raise the above issues in relation to the Proposed Amendments.

Sincerely,



Michael Hodgson
Managing Director, Private Client
Highstreet Asset Management Inc.