



VIA E-MAIL: jstevenson@osc.gov.on.ca, consultation-en-cours@lautorite.qc.ca

September 23, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

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

Re: Proposed Amendments to National Instrument 31-103: Cost Disclosure and Performance Reporting

Primerica Financial Services (Canada) Ltd. (“Primerica”) is pleased to submit comments with respect to the Canadian Securities Administrator’s (“CSA”) National Instrument 31-103 Registration Requirements and Exemptions: Cost Disclosure and Performance Reporting (the “Proposals”). It is our belief that open consultations among policy makers, regulators and industry participants is the cornerstone of a well functioning financial services industry and we are pleased that the CSA continues to consider external concerns and recommendations in the development of key regulatory initiatives.

We have read and are in agreement with the letter put forward by The Investment Funds Institute of Canada (“IFIC”) on September 7, 2011.

Primerica dedicates its efforts to providing middle-income families with access to simple, yet essential financial products and services through one of the nation’s largest mutual fund-licensed sale forces. We consider our dedication to this segment of the Canadian population one of our most distinguishing features since they are typically overlooked by other financial service providers. However, servicing modest investors with smaller accounts is becoming less and less economical as a result of increasing regulatory obligations and their related costs in addition to more costly operational expenses. Therefore, it is with a perspective that has been enriched by our experience servicing middle-income investors and a focus on preserving their access to affordable financial products and services that we submit our response.

We support the general principles of the Proposals to provide clients with clear and transparent reporting on performance and costs. The basic intent of the Proposals is to add layers of comfort and safety for the client and address a perceived lack of transparency and systemic risk. The development, implementation, and oversight of the proposed new framework will increase the costs of compliance for investment funds by requiring them to create new systems and statement redesigns.

That is why we agree with the IFIC letter that the Proposals raise two significant concerns for the industry which need to be taken into consideration before any further work is done on these regulations. Our principal concerns relate to:

- The disregard for the CRM consultative process under the Registration Reform project where performance reporting and cost disclosure were first delegated to IIROC and MFDA for rule development and then readdressed in the current Proposals – a practice which ultimately draws into question the integrity of the consultative process;
- The overemphasis on disclosure of fees and compensation that are already paid by the MER and included in net return reporting – an overemphasis which will confuse investors and promote misleading cost comparisons with products that do not require similar disclosures.

Regulatory Coordination:

The Proposals conflicts with MFDA rule 5.3.5 that was established through extensive consultations. Those conclusions were reached following lengthy public discussions by the MFDA at the direction of the CSA, and were balanced in their application, and we believe that they should not be set aside. To do so, in our view would undermine the valuable work accomplished over the last seven years and put at risk the credibility of the public consultation process.

If dealers are required to make statement reporting changes to meet the MFDA requirement, and than make similar changes to implement the Proposals, then investors will experience two significant statement and reporting changes over a relatively short

time. Such instability cannot be in the best interests of the investor. Additionally, to ensure clients have the understanding needed advisors will have to be trained to address questions related to disclose which will take time away from client care. That is why we believe it is in the best interest of investors to have one clear and consistent rule for performance reporting and cost disclosure that is developed through accepted practices and public consultation. Furthermore account opening documents, prospectuses, offering memorandums, information folders and other disclosure documents provide similar information as set out in the Proposals. At the end of the day the investors should have some responsibility to review these materials.

We ask that the CSA allow the SROs to develop rules for the regulation of performance reporting and cost disclosure of their members, and exempt SRO members from compliance with the Proposals.

Overlap with Point of Sale NI 81-101 Changes

There is significant overlap with the Point of Sale (POS) disclosure requirements. It is our view that disclosure of mutual fund information should be mandated through changes to NI 81-101, and should not also be mandated in advance of Phase 3 of POS through changes to NI 31-103.

Annual Cost Disclosure:

The cost disclosures found in the Proposals are complex and could confuse investors and may lead them to draw misleading cost comparisons. The new requirements deceive consumers by emphasizing aggregating charges and disclosing fees such as trailer fees. This could cause investors to double count charges that have already been charged to their investments and are disclosed elsewhere. This confusion could make investors believe their mutual fund investments are being overcharged relative to other products, and lead them away from suitable mutual fund investments to less suitable and less transparent investment options in the banking and insurance sectors where such detailed requirements are not required.

Annual Performance Reporting:

The MFDA has approved rules in place for performance reporting which is in line with the principles of the CRM and represents the balance of interests reflected in their extensive public consultations. We believe that the MFDA Rule 5.3.5 which mandates a simple measure with flexibility to provide annual gain/loss information or percentage return aligns well with the expressed needs of investors and their unwillingness to pay additional for more detailed performance information.

With the implementation of the Proposals, the industry is now faced with the implementing MFDA rules, and then retooling to meet the new requirements in the Proposals. In effect the industry will have to do back-to-back systems builds and statement redesigns.

Primerica appreciates the opportunity to provide comments to the CSA regarding National Instrument 31-103 Registration Requirements and Exemptions: Cost Disclosure

and Performance Reporting. We look forward to being part of a meaningful dialogue between the CSA and industry to ensure that the interests of Canada's middle market and small individual investors are protected.

Please do not hesitate to contact our office with any questions or comments.

Sincerely

John A. Adams, CA
Chief Executive Officer
Primerica Financial Services (Canada) Ltd.