Global Securities Corporation

September 23, 2011

Canadian Securities Administrators

Attn: Mr. John Stevenson, Secretary – Ontario Securities Commission
Ms. Anne-Marie Beaudoin, Directrice du secretariat - Tour de la Bourse

Dear Sir/Madame,

RE: Public Comment 0 NI 31-103 – Performance Reporting Requirements

The following comments relate to the current proposals pursuant to National Instrument 31-103, specifically as they relate to long-term performance reporting requirements

It is our opinion that the proposed amendments may add value to the investor in a securities investment context. However, trading activities in commodity-based exchange contracts and options is a highly *speculative* endeavour, and reporting of long-term yield data does not provide relevant information to the investor.

Futures clients are defined either as "speculators" or "hedgers", and neither of these categories lend themselves well to the concept of long term yield or return on investment. For speculators, investment timeline is very short, as are the specific exchange contracts that are traded. Accordingly, actual dollar gains and losses are of far more importance to the client. For hedgers, returns and yields are largely irrelevant, as any gains or losses incurred in the futures market are offset by corresponding losses or gains in the cash marketplace.

We believe that the nature of the futures markets is unique, and in a way that renders these proposals for performance reporting in NI 31-103 both unnecessary and unwanted by the client. Moreover, they may actually be misleading and detrimental to the client in certain circumstances.

For example, it is quite common for clients to boast about successes in the markets – usually without disclosing the risks undertaken to obtain these gains. Based on the methodology of the calculations proposed in NI31-103, we have seen clients that made over 1000% returns in their accounts in recent years. If a client were to show-off these successes using an official statement from his brokerage firm, other individuals may be tempted into high risk activities for which they are not suitable, and with the unreasonable expectation of similar returns. Worse still, regulators have seen incidents in the past where unregistered individuals use such

11th Floor, Three Bentall Centre, 595 Burrard Street, P.O. Box 49049, Vancouver, B.C. V7X 1C4
Tel 604-443-5400 • Fax 604-443-5401

reported returns as the basis for soliciting investments to manage for a fee. A broker-issued statement could assist in these activities by adding legitimacy to their exaggerated claims.

We believe that the current documentation, disclosure, and account monitoring and Compliance procedures that focus on the Risk Capital is far more appropriate and protective to the client than a focus on returns on investment.

Further, given the short-term nature of the investment in the futures marketplace, most dealers already provide detailed information on both a monthly and on a year-to-date basis that provides a truer picture of a client's activities; information such as net cash flows, gross profit/loss, option premiums paid/received, a breakdown of all associated fees, and net profit/loss. Accordingly, additional reporting on theoretical yields over a one to ten year timeline adds no additional value to the client.

We do agree that some type of quantitative performance reporting is necessary and of value to clients. However, we believe that activities relating to futures and options on futures should be excluded from the performance reporting requirements as it relates to percentage yield or return on investment calculations. For futures accounts, we believe that the acceptance by the CSA and the SROs of actual dollar-based reporting of realized and unrealized gains and losses on an annual basis as a valid performance indicator to clients would be both beneficial to the industry, and in the best interest of the investing public.

Thank you very much for your time and attention to this matter.

Sincerely,
GLOBAL SECURITIES CORPORATION

Per: Duncan W. Boggs, CA
Chief Financial Officer