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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

We are writing to provide the comments to the proposed amendments to *National Instrument 31-103 Registration Requirements and Exemptions: Cost Disclosure and Performance Reporting* (the "Proposals").

GP Wealth Management Corporation is registered as a mutual fund dealer in Ontario and is a member firm of the MFDA.

While we support the general principles of the Proposals to provide clients with clear and transparent reporting on performance and costs we are concerned that the Proposals raise several significant issues for our firm and we believe the entire industry which need to be taken into consideration before any further work is done on these regulations.

Our principal concerns relate to:

The Registration Reform project and CRM consultation process where performance reporting and cost disclosure were first delegated to the MFDA for rule development and then readdressed in the current Proposals have been ignored and calls to 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. The focus on mutual funds gives rise to an undue emphasis on the cost of investing in mutual funds over other investment products.

With this requirement being specific to mutual funds and not other investment products investors may be misled to believe that mutual funds are more costly with more fees than other types of investment products.

Regulatory Coordination:

MFDA Rule 5.3.5 was developed by the MFDA and approved by the CSA after extensive and valuable work contributed over the last seven years of public consultations, and would place at risk the credibility of the public consultation process itself.

The statement and system changes that are being made to meet the new MFDA Rule 5.3.5 have already begun. If dealers are required to make statement reporting changes to meet the MFDA requirement, and subsequently to make changes to implement the Proposals, then over a relatively short time investors will experience two significant statement and reporting changes. The instability in reporting and statement presentation cannot be in the best interests of the investor.

We believe it is in the best interests of investors to have one clear and consistent rule for performance reporting and cost disclosure as developed through accepted practices of public consultation.

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

We would agree with IFIC that 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 Proposal will serve to confuse investors and may lead them to draw misleading cost comparisons.

The new emphasis on aggregating charges and disclosing fees such as trailer fees may cause investors to double count charges that have already been charged to their investments and are disclosed elsewhere. This misleading practice may cause investors to 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 an approved rule in place for performance reporting which is in line with the principles of the CRM and represents the balance of interests reflected in the extensive public



consultations that preceded its adoption. 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 will provide investors with means to compare mutual funds with other products and aligns well with the expressed needs of investors and their unwillingness to pay additional for more detailed performance information.

We have read and are in agreement with the letter put forward by The Investment Funds Institute of Canada ("IFIC") on September 7, 2011 and believe that the IFIC recommendations meet the needs of all stakeholders and we recommend that you consider them seriously as you decide on next steps for this initiative.

Sincerely,
GP Wealth Management

George Aguiar, CFP
President & CEO