Sent Via email 4 May 2016

Ontario Securities Commission
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ATTENTION: Robert Day
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ONTARIO SECURITIES COMMISSION NOTICE 11-771 - STATEMENT OF PRIORITIES REQUEST FOR COMMENTS REGARDING THE STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2017
https://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20160310_11-774_rfc-sop-end-2017.htm

Dear Mr. Day:

Thank you for the opportunity to provide my recommendations to the Ontario Securities Commission regarding the proposed priorities for the fiscal year 2016-2017. I am pleased to note that there will be an emphasis on retail investor protection.

Here are my comments on the priorities:

Implement a Statutory Best interests duty for advice.
I absolutely agree with making this a priority. I had always thought that advisors were required to be honest with me. To my dismay, I have since learned that that is less than true and I appreciate that the OSC is taking a leadership role in Best interests as well as in a number of other investor protection issues.

Whistleblowing Initiative
I fully support the introduction of the proposed Whistleblowing program. This should lead to better enforcement and investor protection. The fines imposed must also actually be collected by the regulators and/or the government. Otherwise they are meaningless and of no help to the ordinary investor who has been wronged.

It's vitally important that the OSC make and enforce a rule that dealer complaint handling systems be fair to victims. Investment dealers should be required to conduct an unbiased investigation. Complaint handling should not be so adversarial.

Fix the NAAF/KYC system

The Know Your Client system entails a lot of game playing and misdirection. If the NAAF/KYC is filled out with the "help" and assistance of a salesperson, and if that salesperson is hiding their license and registration from the view and knowledge of the customer, then a fraud game is being played out right in the KYC details itself. The salesperson will "coach guide or goad" the unwitting and vulnerable client into asset mix, risk or other answers which predetermine the sales outcome desired by the disguised salesperson while the client is taking their "guidance" as if it is well and honourably intended. I've learned now that, when the client finds herself in OBSI or court, the KYC is referred to as the "holy grail" of source documents (by expert witnesses for the industry), and the result is that the coached document and everything in it is used a SECOND time against the client. The first time is when the client is duped into nodding her head in agreement with what the "expert" suggests, and the second time is later in court when it can used against her. I understand that it is never shown in court that the "expert" was acting in a salesperson capacity and concealing this fact from the client … and the court.

Make OBSI a trusted Ombudsman

Given the abusive approach used by dealers in resolving complaints, OBSI becomes the last point in the chain. Since it is far too expensive for an individual to pursue civil litigation, I urge the OSC to grant binding resolution powers to OBSI.

Hold Investment Dealers Accountable

IIROC should hold dealers accountable for the decisions of their registered "dealing representatives" including when they abuse clients by selling them expensive unsuitable investments, make misrepresentations or promote investments off the books of the dealer. The "advisors" are representatives of the dealers.

Establish a Seniors Protection Program

A study has been brought to my attention: *Old Age and the Decline in Financial Literacy*, authored by Department of Personal Financial Planning professors Michael Finke and Sandra Huston of Texas Tech University and John Howe of the University of Michigan. They found financial literacy declines at a consistent rate after retirement. The ability to answer basic financial questions decreases as respondents age, and this rate of decline almost exactly matches the gradual erosion of memory and problem-solving abilities later in life. This is worrisome, because households aged 60 years and older control about half of the wealth in Canada. Since fewer employers provide pensions than ever before, more people are dependent entirely on their retirement savings. What is even more concerning, however, is older respondents didn't report a loss of confidence in their ability to make financial decisions. Older consumers whose financial literacy skills have declined may be particularly vulnerable to the sale of unsuitable investments and other exploitation.

Source: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1948627

I strongly recommend that the OSC incorporate regulations that would require that advisors assigned to elderly/vulnerable investors have a fiduciary duty and the necessary training and qualifications /experience to advise on retirement accounts e.g. RRSP's and RRIF's. (The US Dept. of Labour has recently taken action in this regard).

I trust you will find this feedback useful. Permission is granted to post this letter on your website for public viewing.

I would like to thank the Small Investor Protection Association (SIPA), with whom I have had discussions, for helping me compose this letter.

Sincerely,

Lori Spring