

**ATT: The  
Secretary  
2020**

**April 1st,**

Ontario Securities Commission  
20 Queen Street West 22nd Floor  
Toronto, Ontario M5H 3S8

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**ONTARIO SECURITIES COMMISSION - NOTICE AND REQUEST FOR YOUR  
COMMENTS ON THE  
PROPOSED ONTARIO SECURITIES COMMISSION RULE 81-502  
.....REGARDING RESTRICTIONS  
ON THE USE OF THE DEFERRED SALES CHARGE OPTION FOR MUTUAL FUNDS**

I am surprised that the Commission must consult on a topic when all of the other jurisdictions in Canada and empirical research demonstrates.... the DSC is a toxic product for retail investors.

I challenge any Firm to show how no-liquidity is good for an investor, especially in a pandemic. As far as I can determine, there is not one investor advocacy group that supports the retention of the DSC. That should better inform you of the public concerns therein.

The DSC does assist to ensure: that the lineup of products can accommodate any fee arrangement which any dealer might want to put in place. However, why would any reputable dealer want a product riddled with a huge conflict-of-interest?

If approved, the proposals would prohibit the sale of mutual funds including the DSC option to clients who are over 60 years of age, or who have an investment time horizon that is shorter than the DSC schedule. I thus opine that is "simple suitability #101".

The proposed rule change would also prohibit sales to clients who intend to use borrowed money to finance their purchases. Why on earth would any professional adviser even consider such an arrangement? Thus, is a specific rule really required? Supervisors and Compliance should block such transactions under current rules!

Shortening the maximum term of the DSC schedule to 3 years compared to the current maximum term of 7 years - will reduce but never eliminate harm to retail investors. The proposal wherein potential clients would be able to redeem 10% of the value of their investment on a multi-year cumulative basis without redemption fees annually - may eliminate some pain, depending on the timely redemption penalty rate ratios that will be used - to bless the providers.

There certainly should be a penalty-free exception for investors during financial hardship circumstances, such as loss of full-time employment and-or critical illness permanent disability. This matter should be resolved with all due dispatch, if only because currently - all Canadians face tremendous financial and emotional stress as a result of the COVID-19 Pandemic.

All progressive dealers now have access to technologies which make the cost of client acquisition and service far lower than it once was. That significantly lowers the key asset level at which an adviser could be fairly compensated, without using advice-skewing DSC, also another reason to move away from this referenced toxic product which is not in the public interest in any way whatsoever. AND - all the Client Focused Reforms once implemented, will make DSC funds all but impossible to sell to the same extent as shall its proposed enhanced disclosure requirements.

Breaking out a unique series for DSC will increase the MER, further making a DSC more unjustifiable. That should be done as an absolute minimum. Other investors should not be subsidizing DSC Unit-holders.

I would expect dealer demand for DSCs to naturally dwindle as technologies - from digital on-boarding to e-signatures for KYC updates to virtual meeting tools, to allow dealers to cost-effectively service their smaller clients. In any event, those clients... are already serviced by the banks and many digital advice platforms. There comes a time when "enough is enough".

All of the proposed changes are really not much more than putting lipstick on a pig. I recommend that the OSC prohibit all DSC sales as fast as is practicable, with a view to the public interest therein. Every day this dinosaur product lives - maintains a black mark: on the OSC, CSA, and the Government of Ontario.

I agree to web posting of these Comments.

Thank you in advance for your attention and cooperation herein.

Sincerely,

David M. Fieldstone, BA, LLB

Retired Barrister – Ontario