

Attention:

M^e Philippe Lebel, Corporate Secretary and Executive Director, Legal Affairs, Autorité des marchés financiers
The Secretary, Ontario Securities Commission

CC:

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Ontario Securities Commission
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

Re: Comments on Total Cost Reporting for Investment Funds

Please accept the following comments on behalf of High Level Wealth Management Inc., an Alberta-based portfolio manager, regarding the proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* related to Total Cost Reporting for Investment Funds.

Thank you for the opportunity to submit our comments on this important subject. We would be happy to discuss any follow-up questions you might have related to our submission.

Sincerely,



Kent Akgungor, CFA
President and Chief Compliance Officer
High Level Wealth Management Inc.

Responses to specific questions regarding the Proposed Securities Amendments

1. Do you anticipate implementation issues related to the inclusion of any of the following in the Proposed Securities Amendments,
 - a. exchange-traded funds,
 - b. prospectus-exempt investment funds,
 - c. scholarship plans,
 - d. labour-sponsored funds,
 - e. foreign investment funds

We do not anticipate any implementation issues related to the inclusion of exchange-traded funds in the Proposed Securities Amendments. Our firm does not presently advise on, or invest in, the securities listed in subsections (b), (c), (d), or (e) so we cannot comment on the potential implementation issues related to those categories.

2. Would you consider it acceptable if, instead of information about each investment fund's fund expense ratio (MER + TER), the MER alone was disclosed in account statements and additional statements and used in the calculation of the fund expenses for the purposes of the annual report on charges and other compensation?

We would not consider it acceptable to disclose the MER alone. To the extent that the Proposed Securities Amendments are attempting to provide investors with information on the "Total" cost of investing, all related costs should be included in the disclosure. We therefore believe that the fund expense ratio (MER + TER) is the appropriate information to be included in account statements and additional statements and used in the calculation of the fund expenses for the purposes of the annual report on charges and other compensation.

3. For the purpose of subsection 14.14.1(2), is the use of net asset value appropriate, or would it be more appropriate to use market value or another input? Would it be better to use different inputs for different types of funds?

We do not have specific comments for this question as the provisions of subsection 14.14.1(2) are not currently applicable to our business. However, generally speaking we believe that market value is the preferred input and ideally the same input would be required across all types of funds to ensure consistency and comparability.

4. Do you anticipate any other implementation issues related to the Proposed Securities Amendments?

As additional context for the response to this question, please first consider the following:

High Level Wealth Management Inc. is currently registered as an adviser (portfolio manager) and has entered into a Portfolio Manager – Dealer Member Service Arrangement (PMDSA) with an IROC dealer member. Given that our firm does not presently hold any client investments directly – i.e. all client investments are held exclusively in accounts at the dealer member – and given that the dealer member issues monthly account statements, we do not currently issue our own account statements to clients. Instead, we follow the guidance in CSA Staff Notice 31-347 and take appropriate steps to verify that clients receive complete, accurate, and timely account reporting from the dealer member.

As currently written, the Proposed Securities Amendments, specifically those made to section 14.17 *Report on charges and other compensation*, would apply equally to both parties of a PMDSA, requiring the portfolio manager and the dealer member to each prepare and deliver a report to the same client. To the extent that the Proposed Securities Amendments are intended to provide investors with clear and transparent disclosures about their total cost of investing, we think there is an opportunity for the CSA to issue guidance along with the amendments allowing for the issuance of a single consolidated report on charges and other compensation, subject to certain requirements being met.

Assuming both the portfolio manager and dealer member remain responsible for ensuring that the report on charges and other compensation is complete, accurate, and timely – similar to the account statement-related guidance provided in CSA Staff Notice 31-347 – clients would receive the same level of enhanced cost disclosure but would benefit from having this information organized in a single report instead of two. Furthermore, to the extent that the new disclosure requirements related to total fund expenses allow for some flexibility regarding data sources for the expense calculation inputs, requiring separate reports from both a portfolio manager and a dealer member could actually lead to client confusion in cases where the reported total fund expense amounts are slightly different.

In terms of implementation, we suggest that a portfolio manager should be permitted to satisfy their obligations under section 14.17 in cases where all of the portfolio manager's fees and charges are incorporated into the report on charges and other compensation that is prepared and distributed by the dealer member and where the portfolio manager takes steps to ensure that the content of the dealer member report is complete, accurate, and delivered to clients in a timely manner. To the extent that a portfolio manager's fees and charges are already properly coded and debited from client accounts at the dealer member, the necessary data already exists within the dealer member's information system and could be easily incorporated into the dealer member's report.

5. Do you anticipate any issues specifically related to the proposed transition period?

We do not anticipate any issues specifically related to the proposed transition period. In fact, given the substantial benefits to investors from enhanced disclosures and total cost reporting, we would actually support a more accelerated transition period.