

July 27, 2022

Attention : comments@osc.gov.on.ca

I am pleased that the CSA is consulting on this socially important matter. On March 30, Morningstar published its Global Investor Experience report around fees and expenses. In this report, Canada received an overall grade of Below Average when compared with 26 other jurisdictions. This suggests our fees can be reduced with appropriate regulation and industry initiative.

According to SPIVA reports, most actively-managed mutual funds generally fail to meet benchmark returns (after fees) over the long term . With approximately \$2 Trillion in assets, these funds constitute a major proportion of Canadian savings. This makes investing costs, one of the most important determinants of retirement (or child education) savings. Investing costs include all product costs, account related costs and peripheral charges like early redemption penalties of DSC mutual funds or short term trading fees. Cumulatively, these costs eat away at savings due to decompounding over time.

The Client focussed reforms (CFR) are a positive step in the right direction, which otherwise would be a cause for concern given the vertically integrated nature of the Canadian financial-services industry. It remains to be seen if CFR will contain dealer malpractices. Better cost reporting will help level the playing field.

In Canada, fees for advice and distribution are predominantly bundled in with the overall commission charged on the majority of mutual fund assets, making it hard for Main Street investors to assess value for costs incurred. Advice providers are not fiduciaries and conflicts of interest are not prohibited. Investors must therefore be on alert for overcharges in addition to conflicted advice.

A number of leading Firms already provide quality reporting so care should be exercised if fixed formats are legislated.

Clients should have the option of receiving statements/reports per account or on a consolidated portfolio basis.

The key point concerning these reports is **that** they should be in a format that enables the average retail investor to ask the right questions and take corrective measures if needed.

The CSA Total cost reporting proposal, if implemented, would empower retail investors to make better decisions and achieve better financial outcomes. I urge the CSA to proceed with uncharacteristic high speed to implement these important proposals faster than the published dates. Industry opposition , which could be significant, should be met with regulatory resolve in the Public interest. In the end, we will end up with a competitive financial services industry and satisfied clients.

Regulators must treat failures of cost disclosure and suitability with meaningful sanctions and corrective actions to prevent recurrence. We don't need any more double billing scandals.

Permission is granted for public posting of this comment letter.

Respectfully,

Peter Whitehouse

Financial consumer Advocate