

July 6, 2025

The Secretary,  
Ontario Securities Commission  
20 Queen Street West, 22nd Floor  
Toronto, Ontario M5H 3S8  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
Place de la Cité, tour PwC  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
Email: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**CSA Notice and Request for Prohibition on the Use of Chargebacks in the Distribution of Investment Fund Securities** <https://www.securities-administrators.ca/news/canadian-securities-regulators-propose-prohibiting-the-use-of-chargebacks-in-the-distribution-of-investment-funds/> June 26, 2025

Advisor chargebacks place the interest of the advisor and the investor in direct conflict during the chargeback interval. For any number of valid reasons, an investor may need to or want to redeem a mutual fund during the chargeback period. When this occurs, the interests of the investor (who needs to or wants to redeem the fund) and the advisor (who does not want to repay the commission to the Dealer) are diametrically opposed. This serious conflict-of-interests risks skewing the advisor's advice and harming unsuspecting clients. The idea of repaying commissions received (for advice!) can reasonably lead the advisor to (1) not recommend redemption or (2) actively discourage a client from selling early, even if redemption would be in the best interests of the investor.

The chargeback method is so outrageously harmful to advisors and clients, there is no need for a consultation. All sales of funds involving chargebacks should be ceased in all financial sectors including insurance.

I encourage the CSA to focus precious human resources on enhanced enforcement, higher monetary penalties for lawbreakers, cessation of work on OLTF, enhanced Dealer complaint handling rules and a binding decision mandate for OBSI. More work on restricted product shelves would be appreciated.

David Fieldstone

cc:  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission

Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission of New Brunswick  
Superintendent of Securities, Department of Justice and Public Safety, Prince  
Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Nunavut

**REFERENCE** *CSA faces scrutiny as investor advocates demand end to chargebacks and exclusive fund sales* <https://www.wealthprofessional.ca/news/industry-news/csa-faces-scrutiny-as-investor-advocates-demand-end-to-chargebacks-and-exclusive-fund-sales/388859>

PS I note that if an investor redeems a fund say within 90 days, the investor would be subject to a short term trading penalty (e.g. 2%) payable to the fund (not the Dealer)