

**July 7-2025**

The Secretary, Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: (416) 593-2318  
Email: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

**CSA Notice and Request for Prohibition on the Use of Chargebacks in the Distribution of Investment Fund Securities**

Thank you for the opportunity to provide feedback on the consultation on chargebacks. At the outset I always struggle with the level of detail I should provide, or better stated how much time should I spend commenting on a proposal. However, this proposal is so outrageous a compensation method, that by the way, does nothing to protect investors, that it does not warrant any comments, except to **ban chargebacks**, which are analogous to **deferred sales charges**, that were recently banned for some types of investments, that by the way should be banned for all investments.

To ensure transparent consultation of all views I agree to the CSA sharing my “**unedited**” communication and posting on the CSA website on an “**as received basis**” to allow any other contributors the opportunity to review my input on the issues before they comment, if desired. Should the CSA decide not to make this communication “**public**” I respectfully request that no material or references to my communication be made in any public releases by the CSA.

Chargebacks involve the payment of a significant upfront sales commissions to a salesperson from the Dealer as compensation for selling an investment fund.

I can not help but wonder, why any investment salespersons would sell any investment funds associated with upfront sales commissions that could be impacted by potential chargebacks, acting in the best interests of their clients, especially recognizing that there are many reasons that clients may potentially redeem an investment fund, not in any order of priority, including, but not limited to:

- The investments fund’s expenses rise which negatively affect the investment funds performance.
- The investment fund’s performance is bottom decile and other better investments are available.
- Tax loss selling that all investors engage in on an annual basis.
- Low -cost actively managed ETF equivalent becomes available.
- Client needs funds for home renovations, due to loss of job, to help his children buy a house or vehicle, for elder care and in cases of marital breakup.
- Client switches account to discount brokerage and they may not have access to the investment fund.
- Client time horizon or risk tolerance changes.
- Some Dealers offer commission-free ETF sales.

My assessment is that the salespersons would **NEVER** sell the investment funds unless the redemption periods were very limited as they would sell investments that had no redemption periods associated

with them as why would any salespersons want to be involved with deferred compensation models which would be required.

The CSA proposal to effectively ban significant upfront sales commissions is a good idea as significant up-front sales commissions can potentially result in sub-optimal investment recommendations but charging back early redemptions commissions to the investment salespersons would most probably result in the underlying investment funds not being sold initially which also could be sub-optimal from investors perspectives as the investment funds may in fact be good investments suited to the clients.

I trust that you do recognize that none of the aforementioned investment funds exit reasons have anything to do with the quality of advice provided by the Investment fund salesperson as they are related to market / personal forces at play.

In my opinion, the CSA should be directing it's resources to the most important regulatory priorities being, bringing CSA complaint resolution standards up to the 21st century standards used in many other financial jurisdictions worldwide and also ensuring that the OBSI is equipped to fulfill its mandate as a financial ombudsman recognizing that the OBSI is effectively not a financial ombudsman as it lacks binding decision making authority and operates with many out of scope limitations that affect the OBSI's ability to protect financial consumers.

Thanks very much for your attention to this important matter.

Please feel free to contact me if there are any questions regarding this comment letter.

Sincerely,

Rick Price

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