

September 14, 2012

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Mr. John Stevenson, Secretary,
Ontario Securities Commission
E-mail: jstevenson@osc.gov.on.ca

Me Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Canadian Securities Administrators,

**Subject: June 14, 2012, Proposed amendments to National Instrument
31-103, Cost Disclosure and Performance Reporting**

Highstreet Asset Management Inc. (“Highstreet”) appreciates the opportunity to comment further on the proposed amendments. Highstreet is registered across Canada as a Portfolio Manager for 3rd party segregated accounts such as pension plans and sub-advisory relationships. We are registered across Canada as an Exempt Market Dealer and in Ontario as an Investment Fund Manager in order to distribute and manage the Highstreet Pooled Funds. Our comments below are in order of the topics as they are numbered in Part 14.

14.12 - Content and Delivery of Trade Confirmation

Section 14.12 (1)(b.1) requires, in the case of a fixed income security, the security's annual yield to be included in a trade confirmation. Our understanding, and this is certainly true for Highstreet's trade confirmations, is that the industry standard at this time does not include yield in a fixed income fund trade confirmation. Clarification of whether a 'fixed income security' excludes a money market or bond fund is needed to assess whether or not the rule's intent is to require this information to be included in a trade confirm.

14.15 (1) & 14.16 (1)

The regulations require a registered firm to provide a report on Charges and Other Compensation and an Investment Performance Report every 12 months.

Appendix A, Summary of Comments on the 2011 Proposal and Responses to Comments, Part 8 Delivery of reports and Part 10, Investment Performance Report both indicate annual reporting expectations. Clarification of whether reporting on a more frequent basis, for example quarterly, would be considered equally acceptable for these purposes, without the need to also issue an annual report.

14.16 (3) - Investment performance report

The regulations for the investment performance report require the performance report to be sent "with or in" a client statement. This requirement for Highstreet and we suspect other registrants, is tantamount to a major change in existing procedure.

Highstreet has engaged our pooled fund trustee to be recordkeeper for unitholders to maintain client account records and prepare and distribute certain reporting to clients (e.g. transactions and positions). As book of record for the funds and recordkeeper of client accounts, they process transactions and distributions, maintain the unitholders' account balances, deduct management and administration fees and report on transactions and deliver Highstreet's statements on an account basis. Typically the timing of delivery of their quarterly statement reporting is

contemporaneous with the delivery of performance reporting provided by the registrant.

Their relationship with our clients provides important controls of independence and oversight to Highstreet's duties as investment fund manager and exempt market dealer. The nature and outcome of their client related 'housekeeping' activities set the foundation of Highstreet's quarterly performance reporting but is independent and exclusive of the client reporting that Highstreet produces in-house.

Highstreet is of the view the requirements should expressly allow for such reporting arrangements, as clients benefit from reporting from independent sources that can be used to validation and monitor registrants, provided such reporting occurs at substantially the same time.

14.16 (2) - Investment performance report

The client relationship is not managed at the account level but at the aggregate client portfolio level. In our experience, accounts are defined by the relevant and applicable tax requirements (e.g. registered accounts, pension accounts, etc), which in turn govern how and when to report income. For example, a client may have a LIRA, an RSP account, a TFSA, a cash account and a Spousal RSP account and for tax efficiencies are diversified through different mandates in each account, ultimately providing clients with diversified aggregate portfolios that permit effective risk management and support the assessment of 'suitable' investments. In managing the client's overall performance and investment objectives, the overall performance of the asset mix of the portfolio is the conversation that we have with our clients across all accounts is most relevant and is typically where clients focus their main attention. Consequently reporting needs to coincide to support and facilitate the analysis and dialogue between the client and the registrant surrounding the suitability of investments. Highstreet, like many other registrants in the industry, has for many years provided clients with such 'aggregate' reporting to facilitate appropriate client discussions and to allow clients to effectively monitor their portfolios to meet their investment objectives.

Providing investment reporting, that may potentially differs across accounts for a single client, as currently required under the proposed regulation not only increases reporting costs to clients, which ultimately are passed down to clients, it may also create confusion and negatively impact the client decision making process and results by not easily and readily facilitating the consideration of the overall performance and tax efficiencies of the aggregate client portfolio. For these reasons Highstreet is of the opinion that aggregate reporting (ie client portfolio level) should be permitted to continue, where clients have always received such reporting, without the requirement for express consent or the need to provide additional individual reporting, unless expressly requested (and negotiated) by the client.

We thank the CSA for the opportunity to provide our comments.

Sincerely,



Ben Legge,
President & Chief Investment Officer