

Gail Bebee, *Canada's independent voice on personal finance*

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To:

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

c/o Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3

Dear Madam;

Re: CSA Consultation Paper 33-403 – The Standard of Conduct for Advisers and
Dealers: Exploring the Appropriateness of Introducing a Statutory Best Interest
Duty When Advice is Provided to Retail Clients

This letter is in response to the request for comments regarding the subject Canadian Securities Administrator's consultation paper.

I am an independent personal finance writer, speaker and teacher. My audience is Canadian consumers including the clients of financial advisors. The following comments are offered from the perspective of someone who is well-acquainted with examples of retail clients being poorly served by their financial advisors.

It is my belief that the many valid investor protection issues identified in this paper can largely be addressed by implementing laws/regulations across Canada which establish:

1. A statutory definition of financial advisor.
2. A duty for financial advisors to clearly disclose to clients the costs of their services. The false idea that financial advice is free, must be banished from the minds of retail investors. The best way to do this is to require advisors to inform their clients in writing of the total fees/commissions they pay for financial advice. This amount should either be billed separately on an annual basis, or clearly indicated as a line item on client account statements.
3. A duty for financial advisors to act in the client's best interest. Call it a statutory fiduciary duty or whatever you want, but why would a client bother to hire an advisor unless she thought the advisor was acting in her best interest? Australia, the US, the EU and the UK are already moving or have implemented a statutory best interest duty when financial advice is provided to retail clients, so such a regulatory regime is realizable. Furthermore, Canada can draw on their experience to assist with implementation.
4. A duty for financial advisors to provide advice that suits the client's needs. This is much more than filling out a know-your-client form. Real advice includes at least a review of a client's financial situation, goals and requirements; development of an Investment Policy Statement; implementation, ongoing monitoring and periodic updating of the portfolio; regular reporting on portfolio performance; and ongoing client education and communication.

I sincerely hope that regulatory changes flowing from this consultation will result in a Canadian investor protection regime that rivals the protection afforded investors in Australia, the UK and EU.

If you wish to discuss my comments further, please do not hesitate to contact me.

Sincerely,

Gail Bebee