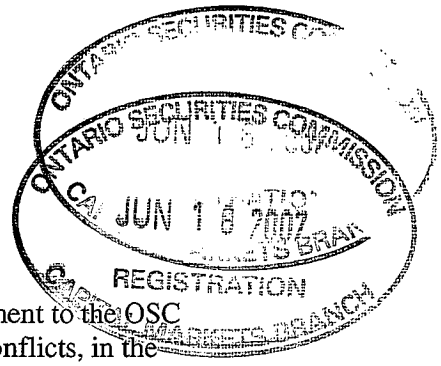
PUR
INVESTING INC.

Comments
NI 31-103

June 14, 2007

Ms. Donna Leitch
Assistant Manager
Registrant Regulation
Capital Markets Branch
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8



Dear Ms. Leitch;

As a point of clarification pursuant to our meeting yesterday, in the Supplement to the OSC Bulletin, dated February 23, 2007, page 14, there is a reference to Part 6: Conflicts, in the proposed National Instrument 31-103. The heading is "Adviser fees no longer restricted".

This is the section about which I expressed some concern.

"CSA jurisdictions currently prohibit an adviser from charging transaction-based fees. We believe this prohibition was originally intended to prevent excessive transactions being done within a client's account to generate fees. Consistent with most foreign jurisdictions, we proposed to remove the prohibition which will mean that advisers will be free to decide how they want to charge their clients. The risk that the original prohibition was intended to address will now be addressed through expanded disclosure of conflict of interest requirements in the Rule and the relationship disclosure requirements. For example, advisers will be able to move to a transaction-based fee structure (and be on an equal footing with dealers), but their clients must receive disclosure about the basis upon which advisers are charging fees."

This paragraph raises three issues for me;

1. The use of the term "adviser" is confusing. In my experience, clients do not know the difference between a financial adviser (financial planner/mutual fund salesperson), investment dealer (often referred to as an investment adviser), and investment counsellor. Eliminating the categories "securities adviser" and "investment counsel" does little to clarify the matter. In broad terms, there are just two types of registrants;

    a. those who have a **fiduciary** responsibility to clients (investment counsellors) with compensation aligned with their client's interests (how well or badly their client accounts are performing; fees based on assets under management);
    b. those with a **commercial** responsibility to clients (securities and mutual fund salespeople) with compensation based on product sales whose responsibility to clients seems to end when they push a prospectus across the table to them after some "suitability" test.

    Question: Is it possible to make the roles, responsibilities, capabilities and qualifications of registrants more clear to the investing public than is now the case?

309-1179 KING STREET WEST, TORONTO ON. M6K 3C5 CANADA | www.purinvesting.com
P 416.637.3580 T 1.866.417.0082 F 416.637.3575 E info@purinvesting.com

2. Transaction-based fees are commissions. In my view, someone with discretion over client accounts who profits from the frequency of transactions is not a financial fiduciary; they are a broker/salesperson.

   Question: How does consistency "with most foreign jurisdictions" protect Canadian retail investors? Nursing home owners are prohibited from owning funeral parlours for a very good reason.

   Question: Is disclosure a sufficient remedy? A principles based approach may suggest so, but investors rarely read prospectuses or other related documents currently available.

3. "...on an equal footing with dealers". Moving "to a transaction-based fee structure".

   Question: Are these things that independent investment counsellors have requested?

   Question: Are these things that are in the investing public's best interests? The proliferation and popularity of so-called "wrap" accounts by dealers (stockbrokers) and MFDA member firms that charge fees rather than commissions, would suggest that the trend is moving in the opposite direction.

Conclusion: The blurring of the distinction between the two major market participants, those acting with fiduciary responsibility to clients and those acting with a commercial responsibility to clients, has the potential to further confuse Canadian retail investors.

Better disclosure is always good. Allowing a previously prohibited activity that may be against an investor's best interests (transaction-based fees) seems like allowing that nursing home owner to control a funeral parlour as long as the conflict is disclosed. It seems to me that keeping nursing and funeral business ownership separate avoids the possibility that "grandma's" care is compromised in any way. The trip to the funeral parlour may be inevitable, but because we will all be "grandma" one day, we would like to believe that the voyage is put off for as long as possible!

I hope this clarifies the point I was trying to make.

Thank you for your time and indulgence in this matter.

Regards,

Mark S. Yamada
President & CEO