



OMBUDSMAN
for Banking Services
and Investments

OMBUDSMAN
des services bancaires
et d'investissement

October 15, 2007

Mr. Neil Mohindra
Acting Policy Manger
Joint Forum Project Office
5160 Yonge Street
Box 85, 17th floor
North York, ON
M2N 6L9

Dear Mr. Mohindra

Re: Proposed Framework 81-406 Request for Comments

We appreciate the opportunity to comment on the above-captioned proposal on Point of Sale disclosure for mutual funds and segregated funds.

The Ombudsman for Banking Services and Investments (www.obsi.ca) is a national independent dispute resolution service available to customers of more than 650 banking services and investment firms who have been unable to resolve a complaint with their firm.

Each year we see many complaints about the sales process for wealth management products, including mutual funds and segregated funds. In that context, we offer our brief comments on the proposal.

1. We strongly support a transparent sales process that would provide greater disclosure and product clarity to consumers.

If there was one thread that runs through the majority of the complaints we see in our office, it is the poor quality and incomplete nature of the disclosure of vital information to investors. Far too often we hear that investors did not have important facts about their investments. Delivery of the document before the purchase will improve the possibility that the investor will be in a position to make an informed investment decision.

We find the proposed Fund Facts far superior to the status quo for either mutual funds or segregated funds.

2. Disclosures must be in plain language and targeted at unsophisticated investors.

Plain language is essential. The vast majority of our clients are not sophisticated investors and they cannot comprehend the current prospectuses. Our clients tell us that they want clear upfront disclosure of risk and sales charges. A truly simplified “key facts” style document such as Fund Facts will help to meet these needs.

3. The disclosure must be made on a timely basis.

We believe timely disclosure of the Fund Facts is before a purchase. While reasonable allowance should be made in the case of repeat purchases of the same fund, timely disclosure is the key opportunity to inform clients prior to important decisions about their retirement or investment assets. With proper planning on the part of the advisor, there are very few occasions where the Fund Facts could not be delivered before or simultaneously with a call or meeting between advisor and client.

4. The disclosure must be active, not passive.

We note that in the delivery requirements that the Fund Facts are to be brought to the attention of the investor. We believe that advisors should review the document with the investor to provide appropriate opportunities to ask questions and clarify understandings. Based on our experience, we do not believe passive delivery is effective.

We hope these comments are helpful in your consultation, and please do not hesitate to contact me if you have any questions or concerns.

Yours sincerely,



David Agnew
Ombudsman