



October 15, 2007
Mr. Neil Mohindra
Acting Policy Manager
Joint Forum Project Office
5160 Yonge St.
Box 85, 17th Floor
North York, ON
M2N 6L9

Dear Mr. Mohindra:

Re: Joint Forum Proposed Framework 81-406

Thank you for providing us the opportunity to comment on the Joint Forum of Financial Market Regulators ("Joint Forum") *Proposed framework 81-406, Point of sale disclosure for mutual funds and segregated funds* ("Proposed Framework") released for comment on June 15, 2007.

Our firm, GP Wealth Management Corporation, is an independent Mutual Fund Dealer with our head office in Ontario and registration in the provinces of Saskatchewan and British Columbia.

Overview

GP Wealth Management Corporation supports the objectives of the Proposed Framework to develop more meaningful disclosure documents for the sale of mutual funds and segregated funds.

As a general point, the Proposed Framework should consider the objective of promoting efficient, fair and competitive capital markets for Canada. In this connection, we would like to express some of our concerns with the proposals surrounding the Fund Facts documents content and its delivery, which are outlined below.

Content

We support the standardization of Fund Facts for ease of reading and fund comparisons including some of the section headings and language. We are concerned however that some of the prescribed language can mislead investors and in some cases important relevant information could be overlooked.

Compensation Disclosure

We agree that consumers need to know how much it will cost to buy and/or own a fund within a fund family, which might be defined as the group of funds currently issued under



the same Simplified Prospectus. The pricing and compensation structure of a fund are generally set at a fund family level, and not at an individual fund level. Therefore, the compensation information would be better explained at the fund family level. As an example, if a client were to purchase a fund using a deferred sales charge, the advisor can explain the various features such as, switching between funds will not trigger any redemption charge or the way in which a 10% free withdrawal applies to a family of funds.

Under the “How does my advisor get paid?” section of Page 2 of Fund Facts, a number of features relating to commissions and commission rates are listed. We are concerned that this list is incomplete given all the compensation arrangements that are available in the industry. Some advisors work under a fee-based arrangement whereas in the case of a bank branch, advisors are salaried with various bonus arrangements.

Prescribed Content

Having prescribed content apply to all funds in all cases may not convey the most relevant information for the investor. One example would be the industry mix pie-chart on Page 1 where the information would be useful in the context of an equity fund but less so in the case of a sector fund where a geographic breakdown would be more useful. This is one illustration where a prescribed approach does not provide the most useful and relevant information to an investor.

Delivery

We have several issues with the current proposal with respect to the method of delivery which is extremely limited and may not be practical for our advisors or investors. We would like to see delivery options that are more flexible in an effort to service investors

Subsequent Sales and Switches

We have established advisor-client relationships, in many cases 15 plus years of working with the same clients where trade interruptions based on the overly specific delivery requirements of the Proposed Framework will most certainly lead to dissatisfied clients. Many of these trades, which are often conducted over the phone using a limited trading authorization, may lead to clients looking for other investments with less pre-sale disclosure requirements.

The Proposed Framework does not consider clients who have a long standing relationship with an advisor and/or are experienced at purchasing mutual funds.

In these circumstances, we would encourage the Joint Forum to consider that investors have the ability to waive receipt of the Fund Facts for initial or subsequent purchases. If the client specifically asks not to receive it, then it should not be mandatory as many clients have experience with mutual funds and should have the right to choose whether or not they receive the Fund Facts.



Compliance

Delivery of the required disclosure at or before point of sales could present a major issue of non-compliance. The audit process for tracking compliance with delivery will be extremely difficult and may lead to significant operation risk of a dealer.

Summary

We have highlighted a number of challenges with the Proposed Framework. The rigid delivery requirements and potentially misleading content may have a negative impact with regard to arbitrage of product, compliance and audit issues, and fairness in the marketplace.

The prescriptive approach to delivery of the Fund Facts may not accommodate the many ways that investors prefer to inform themselves about the investments they buy.

It's important to note the regulated framework that presently exists for the sale of mutual funds where advisors and dealers are under a duty to sell a suitable product to the consumer; and dealers are required to review all trades for suitability.

In closing, we commend the Joint Forum for looking at ways to simplify disclosure for mutual fund and segregated fund investors. However, the Proposed Framework needs to accommodate the issues we have outlined.

Thank you in advance for your consideration.

Sincerely yours,

GP Wealth Management Corporation

George Aguiar, CFP