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MEMO

Date: December 23, 2008
FROM: J. G. (Gerry) Connor, F.C.S.I., D.T.M., President

TO: **Canadian Securities Administrators**
Tour de la Bourse, 800 Square Victoria, Suite 41330, Montreal, PQ H4Z 1J2
csa-acvm-secretariat@acvm-csa.ca

RE: **Framework 81-406 Point of Sale Disclosure & Delivery**

We have reviewed the **Framework 81-406 Point of Sale Disclosure for mutual funds and segregated funds**.

Due to lateness of the hour, 7:30pm here in BC, my comments will be brief and to the point. I have decided to adopt the "*plain language*" objectives of the new policy in my submission. I sincerely hope you will both appreciate and understand the points presented.

1. **Comment Period:**

This should be extended to properly consider the proposals which have abysmally failed to address, for example, the issue of delivery. Who decided to have the comment period end two days before Christmas? It seems to be designed to limit responses.

2. **Time & Methods of Delivery:**

- a) This area puts me in mind of the famous quote from Forest Gump "*Stupid is as Stupid does*". Without putting too fine a point on it, clearly the premise is completely backwards.
- b) The framework suggests that Investors who trade on their own, without advice, do not require the facts in advance while those dealing with Advisors must have advance delivery of disclosure and its delivery must be proved prior to trading and the Advisor must show proof. **This is stupid and wrong minded in every conceivable way.** The stupidity is further illustrated and compounds itself by saying that posting the fund fact sheets on a Website is not considered good delivery.
- c) The implication of this part of the rule is both insulting and inappropriate. It also creates an unlevel playing field with the advantage to the non-advice distribution channels. Surely if there was ever a time for clients to seek professional advice it would be now. Furthermore, by only addressing Mutual Funds and Seg Funds, it discriminates against them and does not address all the other securities which will operate outside these rules.
- d) The Advisor can inform the client that "*fund-facts*" are available and can be provided. **Any client who feels the need for "fund-facts" prior to okaying a trade may make the choice to wait until the document is received and then place their order. They should not be put at a disadvantage to the non-advice options where no such delay is mandated.**
- e) No consideration is given for the non-central Canada clients who are far more dispersed and less likely to have email and do not have fax machines at home. Thus transactions via phone are significantly hampered as snail mail is the only option available, thus putting most of our clients at an express disadvantage. Clearly the person's who created this lame-brained idea have no concept of the practical realities of dealing with the buying of securities in this century and the use of a telephone.

- f) I suggest a complete & detailed study of the percentage of the investing population by geographic location in all parts of Canada that have email. This study should extend at least to a radius of 1000 miles from the major urban centers where a phone is certainly available but NOT email. There is no need to study fax at home, we can inform you that it is less than 1% of clients.
- g) What is of real concern is that in the Framework 81-406 document input was quoted, was supposedly considered and was then summarily ignored. For example, **no commentary** was provided to fully address the concerns, as expressed above and how, for instance, "**mailing**" would address the substantial delay issue.

3. **Disclosure**

We have no objection whatsoever to the idea of plain disclosure.

4. **IFIC Submissions**

We heartily support the Submissions by IFIC and feel more thought must be put into this proposal. While the CSA's is laudable in it's intentions, it's execution is seriously flawed.

5. **MFDA**

Furthermore, I am disappointed that I could not find anything on the MFDA Website with respect to Framework 81-406. I would have expected our organization to have mounted the strongest and most vehement objections to the singling out and targeting of the mutual fund advisor. I am also disappointed that the BCSC, with its intimate knowledge of the distances we deal with in BC, would have signed on to such a flawed and impractical document.

Saliency,



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