



September 22, 2011

Mr. John Stevenson, Secretary
Ontario Securities Commission
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Toronto, Ontario M5H 3S8
Email: jstevenson@osc.gov.on.ca

And

Ms. Anne-Marie Beaudoin, Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
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C.P. 246, 22 étage
Montreal, Quebec
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Email: consultation-en-cours@lautorite.gc.ca

Dear Sir and Madame,

Re: Canadian Securities Administrators Notice and Request for Comments on Proposed Amendments to NI 31-103 regarding Cost Disclosure and Performance Reporting

MD Physician Services Inc. (MDPSI) and MD Management Limited (MDM) are pleased to respond to the request for comments issued on June 22, 2011 by the Canadian Securities Administrators (CSA) on the proposals to implement cost disclosure and performance reporting requirements in NI 31-103.

MDPSI is a registered advisor and MDM is a securities dealer registered under IIROC.

MDPSI and MDM support the objective of providing clients with meaningful information regarding the performance of and costs associated with their accounts. We do, however, fully agree with the Investment Industry Association of Canada and the Portfolio Management Association of Canada positions of the necessity to balance this desire to enhance current disclosure provided to clients with the cost, operational impact and the client experience resulting from making the proposed changes.

In order to ensure effective implementation of the proposed changes, MDPSI and MDM offer the following recommendations:

- There should be an implementation period of at least three years from the effective date of the proposed amendments to NI 31-103.
- SRO's should be exempt as they are in the best position to regulate their own members.
- There should be harmonization of implementation guidelines that will apply to both the CSA rules and SRO rules.
- The proposals should apply to retail clients and not to institutional clients.
- We support the use of tax cost (book value), as opposed to original cost. This is due to client confusion and the significant cost of implementing original cost for each position in a client statement.
- Performance reporting should be at the portfolio level not the account level.
- The cost report must only include costs changed by the member firm and not include costs charged by a third party.
- Eliminate the proposal to provide information regarding the nature and amount of charges when advising on a trade, as this information is already disclosed in other documentation (e.g., prospectus, point of sale documentation, fee schedule already distributed to all clients).
- Disclosure of deferred sales charges and trailing commissions should be limited to the disclosure included in Point of Sale Documentation.
- The use of benchmarks should not be prescribed. For a benchmark to be meaningful to a client's individual account we would be required to group accounts into specific categories and to find a benchmark appropriate to reflect that category. This would make it difficult to account for a security that falls outside of the broad categories. Investors who are interested in benchmarks would already know how to access them and would be aware of their limitations.
- Registrants who charge a single fee for all services should be exempt from the requirement to provide a breakdown of operating costs. There is no need for the registrant to through the exercise of breaking down that fee into its individual components.
- Due to significant costs, performance reporting should be limited to portfolios with a market value in excess of \$250,000.

MDPSI and MDM support the principles behind the proposed cost disclosure and performance reporting rules. We do, however, believe that there can be improvements and clarifications in the rules, including allowances for the time and expense of implementing them. We are also seriously concerned with the lack of harmonization in the rules, including proposed implementation periods. Rules with a common regulatory focus need to be harmonized as much as possible to achieve efficiencies and control compliance costs.

Sincerely,



Robert Kirwin
Chief Compliance Officer
MD Physician Services Inc.



David Blanchard
Chief Compliance Officer
MD Management Limited