



BY ELECTRONIC MAIL: jstevenson@osc.gov.on.ca consultation-en-cours@lautorite.qc.ca

September 23, 2011

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Dear Sirs / Mesdames:

RE: Proposed Amendments to NI 31-103 Registration Requirements and Exemptions – Cost Disclosure and Performance Reporting

The Association of Canadian Compliance Professionals (“ACCP”) is an organization representing over 100 compliance professionals through its chapters operating across the country.

Sandra L. Kegie, Executive Director
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In keeping with the above, the ACCP is writing to provide comments with respect to the Proposed Amendments (“Proposed Amendments”) to National Instrument 31-103 Registration Requirements and Exemptions – Cost Disclosure and Performance Reporting (“NI 31-103”) and the proposed amendments to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registration Obligations (“Companion Policy 31-103CP”).

General

The ACCP and its members agree with the intent of the proposed amendments to provide investors with key information about their account(s) and product-related charges and the compensation received by registrants. We further agree that by providing clients with more accurate and meaningful account performance data clients will be able to evaluate how well their accounts/investments are doing and as a result, be in a better position to make more informed decisions regarding their investment goals and objectives with their financial advisor.

The ACCP also agrees that harmonization with the Self Regulatory Organizations (“SRO”) is conducive to ensuring the dealer community is not working to multiple standards which will only serve to confuse clients.

Disclosure of Charges

The proposed amendments include a requirement to disclose compensation received from third parties such as trailing commissions and referral fees. An important factor to consider is that information received by dealers from fund companies with respect to trailing commissions is not currently being provided at an account level. The dealer’s ability to comply with the requirement as proposed would not be possible unless and until fund companies provide trailing commission amounts at an account level. Furthermore, information received by dealers from firms to which clients have been referred is not received electronically and is typically not recorded in dealer back office systems at the account level; it will be both costly and time consuming for dealers to do so. We believe that Section 13.10 of NI 31-103 provides for adequate and sufficient disclosure of referral fees to clients and any further referral fee disclosures are not needed.



Performance Reporting

We support the proposed amendment to apply an industry standard i.e. proposing original cost from a performance reporting perspective, and believe this has the potential to reduce client confusion as clients relate more to original cost than book value.

Regarding the comments provided on the use of benchmarks, it is our understanding that dealers would be expected to select their own generic benchmark that is tied to the client's age/risk tolerance etc. There are numerous benchmarks in Canada and around the world. In the absence of industry standards, and no consensus as to appropriate benchmarks, the ACCP believes that more research should be completed prior to the use of optional benchmarks. As indicated in the proposed amendments, *"While some investors understood and wanted this information, the research report indicated that the use of these benchmarks was not well understood by most investors. Further many investors had difficulty comparing the benchmarks to their own account or determining whether the benchmarks were relevant for comparison purposes"*. Given this commentary, it is our view that the use of optional benchmarks has great potential for investor confusion and this would conflict with the overall objective of the Instrument and/or Proposed Amendments, in short, clear disclosure.

In Appendix 'C' specifically section 14.2 Relationship Disclosure Information, we believe that this section is misleading when it states *"We expect, as part of the delivery obligation in subsection 14.2 (3), that registered individuals spend sufficient time with clients as part of an in-person or telephone meeting to adequately explain the written documents that are delivered under subsection 14.2(2)"*. This suggests that registered individuals do not currently meet the general requirements that coincide with the initial and on-going know your client and point of sale obligations. Disclosure of material information such as this has been incorporated into the entire sales process, either at the time of opening the account or at the time of discussing and/initiating subsequent transactions. The time spent with an individual client will be influenced by many factors including the individual client's level of knowledge and investment experience, their objectives and extent of business requirements. To infer otherwise or include language such as "sufficient" time without defining 'sufficient', gives rise to further questions and debate when responding to client complaints and we would recommend it either be removed or defined.



Thank you for the opportunity to provide comments on the proposed amendments relating to the cost disclosure and performance reporting of investment funds. Please contact the undersigned at skegie@rogers.com directly with any questions concerning these comments.

Regards,

Association of Canadian Compliance Professionals

A handwritten signature in black ink, appearing to read 'Skegie', is written over a light blue circular background.

Sandra L. Kegie
Executive Director