

**BY ELECTRONIC MAIL:** [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca), [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

April 3, 2013

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

**Attention:**

John Stevenson  
Secretary  
Ontario Securities Commission  
20 Queen Street West, Suite 1900, 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 / Madames:

**Re: CSA Discussion Paper 81-407: Mutual Fund Fees**

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We are writing to provide you with comments with respect to the Canadian Securities Administrators' ("CSA") Discussion Paper 81-407 – Mutual Fund Fees (the "Discussion Paper"), published on December 13, 2012. We appreciate the opportunity to participate in this discussion.

**Corporate Overview**

Independent Planning Group Inc. is an independently owned Canadian level four mutual fund dealer. We sponsor mutual fund licenses for approximately two hundred financial advisors and manage \$2.5 Billion of assets. Our firm has representation on the Federation of Mutual Fund Dealers, the Association of Compliance Professionals and we are a member of IFIC and Advocis.

Our affiliated company, IPG Insurance Inc., is a managing general agency (MGA) for life insurance and living benefit products such as disability insurance. The majority of our 200 financial advisors are dually licensed for mutual funds and life insurance. They are permitted to place their insurance business through several MGA's.

### **Support for Comments Provided by the Investment Funds Institute of Canada**

We have had the opportunity to review a draft of the submission being contemplated by the Investment Funds Institute of Canada (IFIC). At this time we wish to lend our support to the response that will soon be submitted to you by the Investment Funds Institute of Canada (IFIC) in reply to this request for comments. We feel that the comments provided accurately reflect the industry and its participants.

At this time we also wish to make the following additional comments.

### **Our Recommendations and Concerns**

We believe that the Canadian regulatory industry should take the time to actively monitor the outcomes in the jurisdictions cited in the IFIC paper. This is necessary in order to be able to determine whether the reforms have truly worked to enhance investor protection and to ascertain if these have created any unintended negative consequences.

The Canadian Securities Administrators has announced that some additional amendments to NI 31-103 (Cost Disclosure, Performance Reporting and Client Statements - CRM2) will come into force on July 15, 2013 and be fully transitioned over a three year period. Dealers and manufacturers will have to invest a substantial amount of resources into systems, training and new processes to prepare and comply with new POS and CRM rules. We suggest that the OSC actively monitor the effects of the full implementation of and transition to such rules to help determine if these address some of the disclosure concerns cited in this comment paper.

We recommend that a full and complete cost-benefit analysis be performed. The analysis should include a full assessment of the tax implications for investors, as well as a competitive industry analysis of any major changes being contemplated. We believe that capping embedded fees may lead to a competitive imbalance within the Canadian financial services industry. Large financial institutions such as banks, trust companies and credit unions that have salaried employees recommending and selling mutual funds to the general public will have an advantage over variable compensation based dealers. Variable compensation based dealers will earn less but will still be expected to comply with SRO rules, provide systems, investor support services and investor reporting.

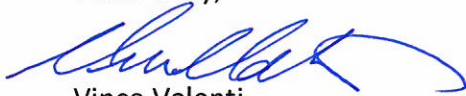
Furthermore, the elimination of embedded fees will create explosive growth for fee for service platforms. Smaller investors may find themselves excluded from participating in this environment as dealer back-office costs will be higher to maintain a nominee fee for service platform. In addition, we are concerned with the comments made by IFIC with regards to the U.S. and its experiences with their recent reforms in these areas.

## Conclusion

Thank you for providing us with an opportunity to comment on this important issue. We look forward to our continued participation in any further public consultation on this topic and would be pleased to discuss our input in greater detail with you. We strongly encourage the OSC to consider our recommendations and take the necessary time to develop a thorough analysis of the topics discussed.

Should you have any questions or wish to discuss these comments, please contact me directly by phone at (613) 738-3388 ext: 226 or [vvalenti@joinipg.com](mailto:vvalenti@joinipg.com)

Yours truly,



Vince Valenti  
President