



PHYSICIAN
SERVICES INC.
A CMA COMPANY

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April 12, 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

We are writing to provide you with our comments with respect to the Canadians Securities Administrators' ("CSA") *Discussion Paper 81-407 – Mutual Fund Fees* (the "Discussion Paper"), published on December 13, 2012.

Our Comments on Regulatory Changes included in Discussion Paper

i) Advisor services to be specified and provided in exchange for trailing commissions

We are supportive of disclosure that would help investors understand what is being paid in the form of trailing commissions, and what services they should be expected in return. We have appreciated the efforts made by the CSA in recent years to increase transparency for investors, including initiatives taken to rework rules relating to POS disclosure and the CRM.

We do not agree, however, that consideration should be given to the establishment of a minimum level of ongoing services or a requirement for advisors and their dealer firms to record and monitor the nature, extent and frequency of the services provided.

This type of an approach is restrictive and could in fact reduce the type of service investors receive today. The minimum could become the maximum and as a result reduce serving of investors. Such measures would create a huge administrative burden for a firm such as ours, We already provide our clients with a letter of commitment based on the CFP standards and feel that these customized servicing agreements are an more appropriate servicing arrangement.

iii) *Trailing commission component of management fees to be unbundled and charged/disclosed as a separate asset-based fee*

We are concerned that unbundling trailing commissions from the management fee may create adverse tax effects for investors. The tax implications of this option need to be studied further. We would not be supportive of a measure that result in our clients paying higher taxes on their investments.

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.

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