

Comment - Consultation Paper 33-404

I'm emailing this as I'm concerned with the current wording of the Know Your Product obligation.

"In order to comply with the KYP obligation, representatives must:

- understand the specific structure, features, product strategy, costs and risks of **each product their firm trades** or advises on, including an understanding of how the products compare to each other"

While I agree in principal, the current wording implies that all reps must have a good knowledge off all 20,000 ish fund codes on their **dealer's** product shelf. As this is unreasonable and impossible, it may be seen as an excuse to limit the product self at the dealer level. I know at least two dealers already heading in that direction reinforced but this.

A limited product shelf would favor the bigger funds and fund companies at the expense of the smaller firms/fund and homogenize client offerings.

A limited product shelf would also limit product innovation in the market as a whole.

Also, a limited product shelf could have the effect of making some funds so big as to make it impossible for them to maneuver in and out of securities reducing their chance to outperform the exchange.

I'm certain this is not what the regulators have in mind.

My practice focuses on Socially Responsible Investment solutions. I worry that a limited product shelf would force these type of mutual funds to be eliminated.

A better approach might be for each representative to select their own limited product shelf from the larger dealer shelf.

On a different note I'm concerned that the elimination of imbedded fees will be the death of the more affordable "client name" account in favour of the more expensive Nominee account.

On a similar topic, yet beyond the scope of the consultation paper, I'm an MFDA representative and am looking to move to IIROC. One of the impediments has been the lack of more affordable "client name" accounts on the IIROC side. The bulk of my clients would have to increase their overall fees in Nominee. What concerns me is why is "client name" considered ok, and "on-book" on the MFDA side, while it is not allowed and considered "off-book" on the IIROC side?

Thanks for opportunity to share my 2 cents.