

To whom it may concern. I have yet to see a coherent and well-articulated rationale for the outright banning of embedded commissions on mutual funds. The pervasive scrutiny applied to the financial services industry that has resulted in this ridiculous proposal seems entirely self-serving and biased.

The embedded commission is no different from the mark-up of any item for sale. For the advisor who sells mutual funds on a FEL basis, is a .00125%-.005% annual trailing commission on a \$100,000 investment so egregious when compared to the 2.5% a real estate agent may earn on the sale of a property? For that matter, is the advisor who sells mutual funds on a DSC basis and receives 2.5-4.0% up front any different? Why the scrutiny on one and not the other?

To adopt the *reductio ad absurdum*, do I, as a consumer, not have just as much right to know what the mark-up is on the suit I buy from my retailer as I do the embedded commission I'm being charged on my mutual funds? By the same token, can we justify the mark-up on the food we buy? Shouldn't we be focusing on reducing the "embedded fees" that increase the cost to consumers on the staples of life in addition to the embedded fees we pay on our mutual funds?

Without getting into a very long-winded digression, the solution to this issue is very simple. It comes down to choice and disclosure. A free market will provide choice. And an ethical advisor will present both choice and disclosure. But the CSA wants to limit my choices. They've adopted the self-serving moral position that ending embedded commissions is the better way, with no clear evidence that the consumer will be better served.

Yet, even if they were able to offer clear evidence, the decision on whether or not to buy should always be left to the consumer. At least in a free society, it should be. Give me a choice. Let me decide what I want to buy. Don't make that decision for me. If I wish to pay more for organic food, I should have a right to do so, even if the alternative might save me more money. If I wish to buy mutual funds which come with a trailer commission or DSC option, again that should be my right. If I have the choice to buy a fund with no embedded commissions, and I feel that it will ultimately be better for me, then I can make that choice for myself. I have that choice today.

In an era where we have a growing abundance of choices thanks to a free-market, legislating what legitimate products companies can and cannot offer smacks of fascism and anti-competition. The moral argument here for limiting choice is specious at best and utterly tenuous in the light of full examination. Let us be honest with both ourselves and the public. This is strictly a PR move and nothing else. Give the consumer choice.

In the interest of full disclosure, I sell mutual funds in my practice. I do not sell funds on a DSC basis. However, I support the right of advisors who wish to run their practice on the DSC model. And I support the right of clients to purchase funds from advisors who wish to run their practice on the DSC model. Who are we to take away those rights from others simply because we don't ascribe to that model or have a moral aversion to it?

Respectfully,

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