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Ms. Kim Lachapelle  
General Secretary  
CSA  
Tour de la Bourse  
800 Square Victoria, Suite 2510  
Montreal, QC H4Z 1J2

Dear Madam:

I wish to share a short comment on CSA Consultation Paper 81-408 - Consultation on the Option of Discontinuing Embedded Commissions.

Please take note that these are my personal views and should not be attributed to my employer, National Bank of Canada, nor to IIROC, where I serve as a board member.

My views are based on 35 years in the investment industry as an Investment Advisor, a Branch Manager, Head of full service brokerage services, Head of Wealth Management at National Bank (including direct brokerage, mutual funds, NB Corresponding Network, NB Trust, Private Wealth). Furthermore, over the years, I've led the Investment Banking and Institutional Sales and Trading divisions. I have seen a lot and wish to share my opinion on the topic.

1. The trailers should be capped, thus eliminating temptation by a few to propose one product more than another.
2. I would let them be paid to advisors IF, AND ONLY IF, the IAs commit to meet with their clients at least once a year, and this should be tracked, that the KYC form be updated, the portfolio be reviewed and a plan made up with retirement as the goal.

Transparency should rule. Clients want financial, wealth and estate planning advice, but they do not want to pay directly for it. Unfortunately, they do not understand planning advice is more important than investment advice.

They expect to get free wealth advice through what they pay directly or indirectly to IAs.


The bigger picture issue here is: MOST CLIENTS REALLY NEED ADVICE.

By capping, but paying the trailers against forcing the IAs to revise the clients' position once a year, potential source of conflict would be eliminated and more positively IAs would provide advice on investments and, more importantly, on wealth in general.

If we do not take this opportunity to force the issue and simply cut the trailers, we will create orphan investors, with no advice at all, because they will just not pay for it.

IAs who are not willing to commit, don't get trailers.

Thank you,



Luc Paiement

LP/kat

Cc: Mr. Andrew Kriegler, IIROC  
Mr. Martin Gagnon, BNC  
Ms. Maureen Jensen, OSC  
Mr. Louis Morisset, AMF  
Mr. Ian Russell, IIAC  
Ms. Judith Menard, BNC