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Excellent points.

It seems to me that what the CSA and others overlook is proper compensation for independent advisers. And if they were to be paid typical levels of benefits most Canadians automatically qualify for, including minimum wage especially in the early years of an advisers development, the benefit value of at least 25% increase would be added to consumers costs.

That 25% benefit annually compounded up to the YMPE, increasing each year would be far more expensive than the 2% fee for service model applied to small accounts. Let alone the 1% fee for service for large accounts. Yes, these fee's will drop with market pressures just like the CSA proposes creating an even larger gap in proper compensation.

Of course the embedded commission and trailer model if FEL zero is the cheapest consumer choice. Small accounts would attract Low Load or Back End Load which over a 8 year period is typically the same cost as FEL zero. Considering investments should be a 10 year cycle a properly managed account is an excellent choice which saves considerable costs to the investor over the Benefits costs that a regular working Canadian enjoys.

CSA's proposals for banning commissions show an impressive lack of knowledge and understanding of even basic economic principles. Either that or its a masked attempt to eliminate the independent adviser market simply to enrich share holder value and management compensation of the Big Banks. I suspect pick one or the other depending upon who you talk to at the CSA and who will give an honest answer.

Obviously a strong case for a successful litigation within a Class Action lawsuit. There would be a long list of lawyers lining up as this would be a massive windfall for them.

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