

June 9, 2017

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

BY EMAIL

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Dear Sirs/Mesdames:

**Re: Canadian Securities Administrators (CSA) Consultation Paper 81-408 –
Consultation on the Option of Discontinuing Embedded Commissions (the
“Consultation Paper”)**

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to provide the following comments on the Consultation Paper. We support the intent of the Consultation Paper on discontinuing embedded commissions to the extent that such measure reduces conflicts, improves disclosure of adviser fees and compensation and puts investor interests at the forefront of our capital markets.

¹ The CAC represents more than 15,000 Canadian members of the CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at <http://www.cfainstitute.org/cac>. Our Code of Ethics and Standards of Professional Conduct can be found at <http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx>.

² CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 135,000 members in 151 countries and territories, including 128,000 CFA charterholders, and 145 member societies. For more information, visit www.cfainstitute.org.

Part 1: Introduction

We generally support the proposals in the Consultation Paper which appear to be evidence-driven as a result of thoroughly studying embedded commissions and making appropriate recommendations based on the research data. It is important that the CSA set finite periods for determining next steps in implementation. In implementing these proposals, we believe that addressing conflicts of interest, improving disclosure of fees, and focusing on the end investor's interest at all times, are paramount. Going forward, further education of advisers relating to disclosure to clients of the total cost of investments, not solely adviser pay, may also be warranted.

In our view, an orderly and measured transition period is particularly significant to minimize product and fee arbitrage. Finally, it is important that enforcement measures for non-embedded commissions are effective and promote sound practices.

Part 2: Key Investor Protection and Market Efficiency Issues Raised by Mutual Fund Fees and Related Evidence

1. Do you agree with the issues described in this Part? Why or why not?

We are generally in agreement with the issues described in Part 2. As holders of the CFA designation, we commit ourselves to maintaining the highest standard of ethical judgement. Conflicts of interest, conflicts arising in an agency relationship and prioritizing the interests of the client ahead of oneself, are all ethical concepts specifically addressed within our code of ethics.

In a rational market, economic incentives drive behaviour. The financial industry would benefit from a structure of economic incentives that promotes transparent, simple fee structures, full attribution of all costs to the end investor related to their financial advice, and a structure that promotes competition in the distribution of investment fund products to investors.

2. Are there other significant issues or harms related to embedded commissions? Please provide data to support your argument where possible.

Based on the data cited in the Consultation Paper, fee structures are difficult for investors to understand. Asymmetries in knowledge between a financial representative and an investor may exacerbate this problem and can lead to agency conflicts (as found in the research conducted by Brondesbury Group).

Whenever possible at the point of sale, fees ought to be presented in dollar value rather than percentages (e.g. \$1,000 for every \$100,000 invested vs. 1%). The cumulative impact of compounded fee structures (e.g. DSC) should also be illustrated to the investor along with the difference between returns net of fees and returns gross of fees. When the cost of advice is embedded in, and deducted from, the value of the portfolio, the conversation about fees with the investor at the point of sale (including the impact of fees on returns

over time) is often not as encompassing as it ought to be. Research suggests that the size of embedded commission is not proportional to investor outcomes or the degree of advice provided, and often financial advice is only given at the point of sale (Stephen Foerster et al). In addition, products structured with deferred sales charge (DSC) may cause other unintended consequences in portfolio management such as holding DSC products longer than intended due to the avoidance of penalty fees on redemption. In the same vein, investors may also stay with underperforming managers longer than intended in order to avoid penalty charges at redemption (Douglas Cummings et al).

3. Are there significant benefits to embedded commissions such as access to advice, efficiency and cost effectiveness of business models, and heightened competition that may outweigh the issues or harms of embedded commissions in some or all circumstances? Please provide data to support your argument where possible.

Access to financial advice is important for investors in our capital markets. We believe that regulators should not attempt to set prices for the cost of this advice. Nevertheless, the advice given ought to prioritize and focus on the best interest of the client. In the current structure, the best interest of the client is often in direct conflict with the adviser's compensation structure. In fact, to the extent that embedded commissions make up a material fraction of an adviser's compensation, the current incentive structure can actually penalize the adviser for acting in their client's best interest. We think that better alignment of interests of the adviser and the client would facilitate more optimal outcomes for everyone in the industry. In instances where conflicts exist, the client's interest ought to be placed ahead of the adviser, without exception.

Furthermore, we think the argument raised by the mutual fund industry on access to advice has not been validated through research or empirical evidence to date. We think that any advice gap created by anticipated regulatory change is first and foremost a transitory issue that could effectively be dealt with through timelines on implementation of the proposed changes that allow new and existing business models to emerge and respond to a new compensation scheme for the industry.

There are some limited benefits to the current system, mostly surrounding the negotiation (relating to competitive knowledge of the fee marketplace), and operational aspects of collection and payment of client funds to investment intermediaries (salespeople, fund distributors etc.). However, we believe these benefits are small and are outweighed by the disadvantages to investors on embedded commissions. Generally, there is a systemic need to raise the standard of care for representatives, and to align their compensation with the pursuit of investor goals.

Part 3: Overview of the Proposed Option to Discontinue Embedded Compensation

4. For each of the following investment products, whether sold under a prospectus or in the exempt market under a prospectus exemption:

- **mutual fund**
- **non-redeemable investment fund**

- **structured note**

should the product be subject to the discontinuation of embedded commissions? If not:

- a. What would be the policy rationale for excluding it?**
- b. What would be the risk of regulatory arbitrage occurring in the exempt market if embedded commissions were discontinued for the product only when sold under prospectus?**

For each of these three products, we believe embedded commissions should be discontinued “across the board” to avoid regulatory arbitrage between those sold without embedded commissions vs. products sold with embedded commissions. To the extent possible and if enacted, we would encourage the CSA to work with their CCIR colleagues to harmonize regulation, disclosure and implementation timelines to minimize or eliminate the potential for regulatory arbitrage for products under the insurance regulatory regime (i.e. segregated funds).

Irrespective of whether the proposed investment product is subject to a prospectus or prospectus exemption, products with a similar investment purpose and similar investor target market ought to be subject to similar regulations and disclosure of fees and related sales commissions in order to prevent regulatory arbitrage. This ought to be the case despite any differences in terms of how the investment strategy of these products is ultimately offered and packaged to clients.

5. Are there specific types of mutual funds, non-redeemable investment funds or structured notes that should not be subject to the discontinuation of embedded commissions? Why?

To our knowledge, there are no types of mutual funds, non-redeemable investment funds or structured notes that should not be subject to the discontinuation of embedded commissions. Nevertheless, given that we are not a manufacturer or distributor of any of the listed products, we acknowledge that there may be scenarios or types of products which may warrant consideration for exceptions. If such exceptions are warranted, we would encourage that the bar to permit such exceptions be set very high, if at all permitted.

6. Are there other types of investment products that should be subject to the discontinuation of embedded commissions? Why?

As discussed in our response to question 4, we would encourage the CSA to work with their CCIR colleagues to ensure that regulatory arbitrage does not occur between those products covered by the securities regime and those covered by the insurance regime.

We would further encourage the CSA to examine the sale of investment fund-like products such as products offered by Mortgage Investment Corporations, private equity funds, venture capital funds, and other investment vehicles that fall outside the scope of products considered in this Consultation Paper, and consider whether the dealer and representative

compensation regime proposed in the Consultation Paper should be further extended to include the above-mentioned investment fund-like products.

7. Do you agree with the discontinuation of all payments made by persons or companies other than the investor in connection with the purchase or continued ownership of an investment fund security or structured note? Why or why not?

We generally agree with the CSA's proposed approach discontinuing all payments made by persons or companies other than those from the investor. However, among our membership it was highlighted with concern that the transition issues are complex in particular relating to existing multi-year compensation agreements. Accordingly, we would encourage flexibility as it relates to transition periods and mechanisms. A possible suggestion and effective transition mechanism would be proposing to investors for their consent an economically equivalent payment to their existing compensation scheme. We would also like to highlight that enhanced disclosure and fee transparency can be an effective tool in mitigating some existing conflicts during transition periods.

8. Are there other fees or payments that we should consider discontinuing in connection with the purchase or continued ownership of an investment fund security or structured note, including:

- a. the payment of money and the provision of non-monetary benefits by investment fund managers to dealers and representatives in connection with marketing and educational practices under Part 5 of NI 81-105;**
- b. referral fees; and**
- c. underwriting commissions.**

Why? What is the risk and magnitude of regulatory arbitrage through these types of fees and commissions?

We do not believe that such fees or payments should necessarily be discontinued, but improved disclosure and enforcement efforts should be used as tools to mitigate against any attempts at regulatory arbitrage in these areas. We would encourage the CSA to holistically review fees and payments in these areas at regular intervals for further regulatory action, should efforts at regulatory arbitrage proliferate.

9. If payments and non-monetary benefits to dealers and representatives for marketing and educational practices under Part 5 of NI 81-105 are maintained further to the discontinuation of embedded commissions, should we change the scope of those payments and benefits in any way? If so, why?

Instead of identifying particular types of payments and benefits, any cost to the fund (and therefore the investor) that is outside the scope of the direct investment decision-making process, or is not incurred in the course of direct management of the fund, should be disclosed to the investor ex-ante, prominently and in plain language. We favour a principles-based approach over a rules-based approach in this regard relating to specific

types of payments or non-monetary benefits. In our view, it is the intent of the payment or benefit that matters rather than their particular classification. We are generally not in favour of caps on these types of payments or benefits, but believe that improved transparency is helpful in understanding the total the cost of advice.

10. With respect to internal transfer payments:

- *How effective is NI 81-105 in regulating payments within integrated financial service providers such that there is a level playing field for proprietary funds and third party funds?*

We believe neither the current regime nor the proposed regime are entirely sufficient in this area. Internal transfers/payments that are similar in substance to non-investor paid ongoing compensation arrangements ought to be regulated in the same manner as any referral fee, requiring investor disclosure and consent.

To the extent that any payment is being made within an integrated financial service provider that is tied to an investor's purchase or continued ownership of the fund, the payment ought to be budgeted, disclosed up front, and consent must be received from the investor at the point of sale. Generally, any payment made by any means that is not directly attributed to the investment decision-making process ought to be fully disclosed and attributed up front such that the total cost of advice is transparent and better understood by the investor.

- *Should internal transfer payments to dealers within integrated financial service providers that are tied to an investor's purchase or continued ownership of an investment fund security or structured note be discontinued? Why or why not? To what extent do integrated financial service providers directly or indirectly provide internal transfer payments to their affiliated dealers and their representatives to incent the distribution of their products?*

While we cannot comment on the extent to which these payments occur beyond the data presented in Part 4 (see footnote 50 of the Consultation Paper) as we are neither a manufacturer nor a distributor of the considered products, we believe that payments that are substantively similar to those that are being discontinued in a non-integrated distributor-manufacturer arrangement should also be discontinued in an integrated context to ensure consistent and fair competitive dynamics and investor choice. To the extent a payment is substantively similar to a referral fee, it should be disclosed and consent must be received by the investor.

In sum, we believe that all payments or incentives inside integrated financial services complexes should be regulated in the same manner as substantially similar payments or incentives made between non-integrated manufacturers and distributors, and their representatives respectively. Given that so much of the market is served by integrated financial service providers (see market share data in Part 4), this should be given a high degree of consideration and transition issues related to it should be fully and thoughtfully explored. Irrespective of the type of

financial institution that an investor chooses to deal with, and irrespective of the channel that an investor deals through, the total cost of advice should be clear and consented to by the investor at the time the investment is made.

- *Are there types of internal transfer payments that are not tied to an investor's purchase or continued ownership of an investment fund security or structured note that should be discontinued?*

As we are neither a manufacturer nor a distributor of the covered investment products, we have no unique insight in response to this question.

11. If we were to discontinue embedded commissions, please comment on whether we should allow investment fund managers or structured note issuers to facilitate investors' payment of dealer compensation by collecting it from the investor's investment and remitting it to the dealer on the investor's behalf.

We are in favour of allowing investment fund managers to facilitate the collection of dealer compensation so long as it is clearly attributed, disclosed and agreed with the investor at the point of sale. We view this as a critical measure to ensure a successful transition to a new compensation regime in the industry. Nevertheless, we would also highlight that the transition to a new compensation regime does not come with insubstantial operational challenges for both investment fund managers and their service providers (i.e. custodians). Without this allowance, it may be impractical and overly burdensome to require all investors to pay all fees out of uninvested cash. Further, full transparency and attribution of all of the components of financial advice would facilitate better comparability across investment products and may lead to more competition, lower costs, and provide more efficient outcomes for investors.

Part 4: Regulatory Impact

12. Based on a consideration of the data and evidence provided in this Part, would a proposal to discontinue embedded commissions address the three key investor protection and market efficiency issues discussed in Part 2?

The magnitude of the remarkable evidence gathered in the Consultation Paper provides hard-to-ignore evidence that sheds light on clear challenges in the current regime of embedded commission, inherent conflicts and a lack of investor awareness. Similar to the evidence provided in Part 2 of the Consultation Paper, the recent global study conducted by the CFA Institute on trust and loyalty corroborates the importance of fee disclosure. In particular, this study indicated that retail investors identified disclosure of fees and costs as the biggest attribute to working with an investment firm. Accordingly, clear and transparent disclosure of fees is critical for investment managers to deepen the trust with investors and articulate their value proposition.

Considering the evidence gathered in the Consultation Paper, it is clear that the CSA is aware of the experiences and consequences from foreign jurisdictions relating to a ban on embedded commission. In our review, the biggest area of uncertainty surrounds the

Canadian retail investor with less than \$100,000 in financial assets. In our view, the propensity of this market segment to embrace a direct pay model should be surveyed and studied in advance of a complete ban on embedded commissions.

13. Are there other ways in which the CSA could address these issues that could be introduced in conjunction with, or separate from, the discontinuation of embedded commissions?

We see three potential alternatives to the ban on embedded commissions:

1. Simplify fund fee and series structure

We agree with the observation that the number of series and sales charges creates confusion for all industry participants. Currently mutual funds are sold under one of three types of sales charges: no-load, front-end load and back-end load. The front-end load and back-end load service charges could be banned leaving no-load service charges as the only option permitted. Similarly, the fund series structure should be simplified. In our view, only Series D (for DIY investor), Series F (for investors who prefer advice by a financial adviser) and Series A (for investors who rely on advice from banks, insurers and other large firms) could remain under such a change. For each of these series, the disclosures should clearly indicate all of the components of a management expense ratio (MER) including the management fee (both the investment management and trailing commission percentages), operating expenses and taxes.

2. Registrant Avenue

Another alternative to the ban on embedded commissions is to allow them to continue while aiming to avoid conflicts and improve fee disclosure by creating a more clear differentiation between advisers and salespeople. For example, commission-based individuals who do not provide ongoing advice will serve as 'salespeople' while 'advisers' who truly help investors can be registered as advisers. This would be another approach to helping investors understand that the advice they are receiving is impacted by conflicts.

3. Enhanced disclosure – CRM2

While CRM2 has taken a step in the right direction at informing investors on fees and costs associated with their investments, there are material elements of fee disclosure, i.e. MERs and TERs that are still missing from the investor's purview. This lack of transparency is a contributing factor to furthering conflicts. By requiring product manufacturers to comprehensively disclose all costs, for example, the amounts paid to dealers, regulators can enable investors to seek answers as to whether a riskier recommended fund has higher fees associated with it.

With all of the above options considered, we still believe that a combination of discontinuing embedded compensation in its current form alongside implementation of targeted market reforms considered in other ongoing CSA projects is the best regulatory response available.

14. Are there other conflicts of interest that could emerge following a transition to direct pay arrangements that would not be addressed in the current securities regulation framework?

As outlined in the Consultation Paper, the current embedded fees can raise conflicts of interest. At the same time, the fees generated are typically predictable and are aimed at portfolio management with less active trading. In a direct pay arrangement, there may be incentives for generating higher fees by way of higher account activity or portfolio turnover. However, the issue of excessive portfolio turnover may be addressed under the current suitability requirements under securities law. As mentioned previously, transfer payments inside integrated manufacturer-dealer arrangements should also be closely watched such that they do not resemble existing embedded compensation arrangements.

15. What effect do you think the removal of embedded commissions will have on investor experience and outcomes? In particular:

- *Will investors receive advice and financial services that are more aligned with the fees they pay?*

Yes. With the removal of embedded commissions, investors will become aware of their options and be able to define the experience they want to have with their advisers. In the current environment of embedded commissions, one of the problems is that some investors will never become aware of the type of service they receive, what is paid for that service, and the comparative costs of alternatives.

- *What effect will the proposal have on the growth of automated advice? Is this likely to be beneficial to investors?*

The market segment defined as having less than \$100,000 in financial assets is likely to see automated advice as a more attractive and cost effective option. It is certainly a new and viable option that was not available a few years ago. The choice of automated versus non-automated advice is certainly positive. However, the extent of this benefit is hard to quantify as the market segment is relatively small and developing at this time in comparison to traditional advice channels.

- *Is discretionary advice likely to increase in Canada as we have seen in the other markets that have transitioned away from embedded commissions and, if so, would this shift be positive or negative for investors?*

Similar to other jurisdictions, moving away from embedded commissions will lead to a shift towards discretionary advice in our view. At the bare minimum, this will help clarify the roles and responsibilities of professional advisers and ensure that consumers of financial services are better positioned to trust their financial service provider. As indicated in the 2016 CFA Institute Edelman Trust Barometer, consumers place less trust in the financial services industry when compared to the trust they place in the pharmaceutical and energy sectors.

- *What effect will the proposal have on the growth of the online/discount brokerage channel and cost of fund products offered in this channel? Is this likely to be beneficial to investors?*

Similar to the point raised above, the change will help clarify the true intention and need of investors. Investors who truly want advice will seek investment managers, and investors who wish to take more responsibility will gravitate towards discount brokerage channels. Today, clients have a choice to use discount brokerage and purchase Series D mutual funds. The fact that this form of fund distribution has not garnered great attention or assets is a testament to the reality that most clients rely on investment advice from their advisers and do not have the skills or time for do-it-yourself investing.

- *What effect will the proposal have on the cost and scope of advice provided to specific investor segments?*

In Canada, the embedded commission model has provided some consistency and uniformity to the marketplace, with the majority of trailing fees reported between 0.5% and 1.0%. It is not entirely evident how individual dealers will choose to charge clients in a regime post-ban. When reviewing the UK experience, it is clear that fees will increase, and more specifically increase for the less affluent investors whose costs of servicing are subsidized by embedded commissions. The following citation is taken from the “*Financial Advice Market Review, Final Report*” conducted by the Financial Conduct Authority published in March 2016:

“Respondents to the Call for Input also indicated that low levels of consumer demand for advice were contributing to the advice gap. The Review has concluded that such low demand is driven by several factors. These include high costs (especially relative to small amounts available to invest), limited confidence in engaging with financial issues, and a lack of trust following past instances of mis-selling”.

The proposed ban on embedded commissions is unlikely to materially affect costs for the investor segments with more than \$100,000 in financial assets. However, the investor segment with less than \$100,000 in financial assets may potentially face higher costs as they may not have sufficient assets to take advantage of ongoing advice under the assets under management fee model. As a result, consumers seeking support through guidance or limited forms of advice are either unable to or end up paying the cost of full advice even when their needs are comparatively simple. Additionally, the costs of supplying face-to-face advice are significant, meaning most firms are unable to provide advice at a price many consumers in this segment would consider reasonable. As a result, many consumers who want to receive this kind of support are left without it unless they are able and willing to pay for advice.

We encourage the CSA to allow sufficient transition time to assess the potential consequences of these changes on the less affluent segment of the market as the expectation for these participants to readily shift to discount brokerage or robo-advisory services may not be entirely prudent. Choices exist for the less affluent investor segments in the current competitive environment and mutual funds are currently the most widely accessible investment option for investors. We must ensure that advice remains accessible to those investors who choose to pursue it across wealth/investable asset segments.

16. What types of payment arrangements are likely to result if this proposal is adopted? In particular:

- *Would the payment arrangements offered by dealers to investors differ based on investor segment? If so, how and why?*

See comments below.

17. Do you think this proposal will lead to an advice gap? In particular:

- *Which segments of the market are likely to be affected? Please consider segmentation by wealth, geography (size and location of community e.g. remote, small, medium, large), age, technological sophistication, the level of fund ownership across households, etc.*

The concept of an advice gap is not unique to investment management; the economic reality that those with more means can access better services and products is unavoidable. As well, it is inherently difficult to predict the long-term impact of discontinuing embedded commissions on households and how specifically that will occur.

We do see a number of problems with the advice gap as a concept:

First, the argument that a ban on embedded commissions will give rise to an advice gap begins with the premise that if people became aware of what they were paying for advice then they would change their behaviour. If that is indeed the case, then one must consequentially take the view that the current levels of transparency must be woefully inadequate.

Second, the argument that a ban on embedded commissions will give rise to an advice gap further implies that if people were not prepared to pay for advice then they would be worse off. This raises an interesting question whether people can be relied upon to make good decisions when it comes to retaining advice. People deal with this trade-off in other financial aspects for example in the context of retaining lawyers and accountants who commonly charge for their services on an invoiced basis. Our suspicion is that the public is capable to handle this trade-off.

Finally, if we were to lose our confidence in the public and believe, for the sake of

argument, that people cannot be relied upon to make their own assessment on whether they need financial advice, that is the point where the advice gap argument falls apart. If the advice gap argument is used in the furtherance of an embedded commission advice regime, then one effectively holds the view that concealing information from people receiving advice is an appropriate means of compelling them to subscribe to the advisor's services. For this point and the foregoing, we find the advisory gap argument fundamentally flawed.

- *Do you agree with our definition of an advice gap?*

We found the following definition of an advice gap:

“For clarity, the advice gap refers to those individuals in the U.K. who are unable, or perhaps unwilling, to pay for financial advice...The advice gap represents a huge level of consumer disenfranchisement from access to finance advice”.

Pirker, Wall & Alte Group, “*Digital Wealth Management: Pursuit of the U.K.'s Advice Gap Heats Up*”(2017) at p. 10.

While we believe this definition to be useful, we would point out that there is a material difference between being unable and unwilling to pay for advice. We would suggest that regulators concern themselves with the segment of the market that is unable to pay for advice much more than the segment of the market that is unwilling to pay for advice.

- *Should we differentiate between an advice gap for face-to-face advice and an advice gap generally?*

While it is understood that multiple channels may be impacted differently, our view is that the advice gap should be considered across multiple channels for advice in the aggregate. This is the most flexible interpretation that will allow new lower-cost advice models to emerge for underserved segments under a new regime.

- *What types of advice or services currently provided today would be most affected by the proposal?*

The advice for retail and less-affluent investors will be affected most. There is a concern that those market segments will have less advice available under the new regime.

- *Are there any potential interactions between this proposal, existing reforms such as CRM2 and other potential reforms such as CSA CP 33-404 that may affect the size of any potential advice gap?*

The proposals in the Consultation Paper share a common intent to increase

transparency and allow better alignment between the advice fee and the scope and intent of that advice. Accordingly, the CAC is supportive of all three of the cited proposals.

We do feel that a discontinuation of embedded commissions complements well the transparency brought by CRM2 and the client expectations gap bridged by CSA Consultation Paper 33-404. The distinction drawn between “dealer” and “manufacturer” components of CRM2 appear to be causing some confusion in the market-place and some critics of the proposed best interest standard indicate that it may increase investors’ trust in advisors who may not have interests aligned to handle the conflicts when selling embedded commission products. In both of these specific cases, removing embedded commissions would be of great help.

- *How could a potential advice gap, face-to-face advice gap or financial service gap be mitigated?*

Our view is that an advice gap may emerge irrespective of payment mechanisms and certain clients will choose to self-serve to the extent that they can save on cost. There is a greater need to be open and transparent in the marketplace for financial services in order to ensure that clients determine for themselves whether they are receiving value from their advisors. In our view, conflicts in advice undermine the value of that advice. We anticipate that clients may place higher value in advice received in an advisory regime free of the conflicts that embedded commissions present.

If a ban on embedded commissions leads to an advice gap in Canada, this gap could be mitigated by allowing a transitionary period for the affected consumers of financial service gaps to identify best alternatives. Similarly, financial service providers could also seek to find innovative fee or business model solutions during such a transition period.

- *Do you think that online advice could mitigate an advice gap? If so, how?*

Online advice, and technology more broadly, could be a potential source of a lower cost alternative that meets clients’ needs. This alternative remains in its early stages and pressure on in-person advisors raises the importance of getting the regulatory framework that oversees these types of services right in ensuring desirable client outcomes.

Currently, there are some reduced trailer fee series of funds to lower-touch advisers, which may not provide investment recommendations or advice to clients, but provide other services including, online and phone access, transition capability, custody, account statements, tax reporting and access to investment research.

- *Do you think that the significant market share of deposit-taker owned and insurer-owned dealers in fund distribution in Canada will affect the size or likelihood of an*

advice gap to develop?

The concentration of market share by major financial institutions in Canada could affect the “advice gap” in different ways and it is difficult to predict whether these major financial institutions will use their scale to lower the cost of services and expand the client base they serve or whether a lack of competitive forces will contribute to an increasing advice gap. Our recommendation is to monitor the outcome of new regulations on trailer fees on an ongoing basis and consider adjustments as needed.

18. Given some of the changes we have seen in the industry over the past few years (fee reductions, introduction of DIY series, streamlining of fund series, automatic fee reductions increasing access to fee-based options etc.), what is the likelihood that the fund industry will transition away from embedded commissions without regulatory action? In particular:

In the absence of regulatory action, we believe it is unlikely that embedded commissions will be discontinued altogether. In fact, it may be that some recent movement away from embedded commission models may be reversed as regulatory inaction implies a go-forward position that these types of commissions are an acceptable form of compensation. The ability to pay fees bundled within a product may continue to appeal to certain investors who are not sufficiently educated to understand that these embedded fees represent a drag on performance and a conflict as it relates to the advice that the investor receives.

- *Will the industry continue to transition away from embedded commissions if the CSA does not move forward with the proposal?*

Likely not. Based on the data provided, the distribution channels and the fee models are quite established and hard to change without regulatory rule changes. While a growing number of cost sensitive options are available to investors, the majority of investors are still holding their financial assets with deposit-taker or insurer-owned firms who have not materially shifted their service offering. Further, as indicated in the 2012 *Ipsos Canadian Financial Monitor* study, deposit-taker and insurer-owned fund dealers dominate fund distribution in Canada. Specifically, of the 37% of households that owned investment funds, 87% purchased their funds through a deposit-taker or insurer-owned firm. In addition, the percentage of investment funds with trailing commissions has increased from 25% to 64% between the period of 1996 and 2011.

19. How accurate is Figure 8 regarding the purchase options available to fund investors by channel, account size and firm type? In particular:

- *Do you see payment options and business models evolving at present?*

As stated above, if the demand for alternatives exists, new technologies and business models will adapt to address potential gaps in the marketplace.

- *How are they likely to change over time if the CSA were to choose not to move*

forward with the proposal?

While the emergence of new technologies and lower-cost investment vehicles may change investor behaviour, investor advocates have highlighted the inherent conflicts of embedded commissions for more than two decades. In fact, front and back-end fee loads have increased 93% and 19% over the past five years. Clearly in the absence of regulatory action or its anticipation there is no incentive for increased transparency, simpler options, and lower fees.

20. We note that the distribution of fee-based series is still relatively limited in Canada versus other markets. Are there obstacles (structural, operational, regulatory, investor demand, etc.) specific to Canada limiting the use of fee-based series by dealers?

Similar to Australia, the main difference between Canada and other developed economies may be the strong presence and market share of Canadian deposit-taking and insurance owned dealers. These business models are quite established in Canada and a ban on embedded commissions may serve as a major disruption for this group. Further, we note that the fee-based purchase options have been limited for mid-market households in Canada although there are indications that access to these options is increasing, which would bring Canada closer to other markets in this respect.

21. Please describe how discontinuing embedded commissions will affect competition and market structure and whether you agree with the analysis set out in Part 4? In particular:

- *Do you think the proposal will have an impact on the level of industry consolidation or integration? What about with respect to the concentration of mass-market investor assets held in investment products managed by deposit-taker owned firms?*

The impact of a ban on embedded commissions will likely depend on the time allowed for transition. The likelihood for consolidation will also depend on the extent that deposit taking and insurance owned firms are willing to adapt and embrace the new proposal. Overall, as Canada is a fairly consolidated market already, we do not see a major reversal as being tied to the embedded commission question either way. However, we could see, with respect to consolidation of investor assets at certain types of firms, some incremental diversification as new fee models allow new business models to emerge.

We examined a number of other sources including the “*Financial Advice Market Review, Final Report*” conducted by the Financial Conduct Authority published in March 2016. The source noted that:

“Adviser numbers have declined over recent years, for a range of reasons. This includes the introduction of the RDR which the FSA expected would prompt some advisers to leave the industry”. In 2011 there were 40,000 advisers and

in 2013 there were only 30,000. “The majority of advisers exiting the market during this period were those employed by the banks and building societies. There are a number of reasons for these exits, including declining profitability of branch-based distribution models, a lesser role for branch-based activity, anticipation of the RDR and the consequences of episodes of mass mis-selling. Banks, insurers and other large firms have however, traditionally been more likely to serve mass market customers with lower level of wealth.” (p.18).

- *What are the likely impacts on investor outcomes and market efficiency of any potential consolidation?*

A ban on embedded commissions would likely enhance the efficiency of advisers in their role as “asset allocators” as client investment recommendations would be based primarily on fulfillment of investment goals and performance as opposed to being affected by the adviser’s economics (i.e. varying embedded commission rates). This most likely outcome would be beneficial to market structure. This dynamic would benefit investors in receiving better and fairer outcomes with fewer conflicts to navigate. It is difficult to predict or assess whether the foregoing will lead to a broader industry consolidation.

- *What opportunities and what challenges do you think the proposal would introduce for specific industry stakeholder groups? o Independent dealers? o Independent fund manufacturers? o Integrated financial service providers? o Mutual fund dealers?*

All dealers would be required to develop and implement a fee-based account platform as well as establish policies and mechanisms for collection of fees directly from client accounts. Currently, fee-based accounts are mainly offered by IIROC dealers. We believe this would be an expensive undertaking which could prove costly for some independent or smaller MFDA dealers. Accordingly, fee-based advisors may elevate the minimum account sizes required.

Based on the “*Financial Advice Market Review Final Report*” published in March 2016 by the Financial Conduct Authority in the U.K.:

“Over the last two years, the proportion of firms who ask for a minimum portfolio of more than GBP 100,000 has more than doubled from around 13% in 2013 to 32% in 2015. The FCA’s recent survey of advisers also support this, suggestion that 45% of firms very rarely advise customers on retirement income options, if those customers have small funds (i.e., less than GBP 30,000). This means that it may be less cost-effective for individuals with small pot sizes to obtain

advice. This will inevitably affect commercial decisions about whether to offer services to consumers with lower amounts to invest”. The costs of providing advice include: expenditure on marketing to attract customers, direct costs, such as staff training, the cost of technology, insurance costs, the direct costs of providing advice in line with regulation and regulatory fees and levies” (p.19).

- *Online/discount brokers?*

There is some concern that reducing the offerings to a direct fee-for-service model may create a disincentive for investors to choose the advice model, whether or not they have sufficient knowledge and experience to invest without advice, which could also lead to a reduction in saving rates over time. This would need to be monitored to ensure that the online/discount brokerage channel continues to serve client interests appropriately.

- *What is the likelihood and magnitude of regulatory arbitrage across similar financial products such as segregated funds and deposit-taker products?*

We are concerned about how investors and market participants respond to additional regulations for mutual funds that are not concurrently introduced for other financial products. We assume that it is not the CSA’s intention to create a disincentive for investors to invest in mutual funds or for advisors to recommend them, although this will be the result if certain changes identified in the Consultation Paper were implemented. We are similarly concerned that regulatory arbitrage may occur in the insurance realm. Whatever action is ultimately taken should be coordinated to ensure that insurance advisors are required to uphold the same standards. Please see our earlier comments also on potential coordination with CCIR.

- *What would be the impact on dually-licensed mutual fund dealers and insurance agents?*

As stated above, dually-licensed mutual fund dealers would face inherent conflicts exacerbating the low level of investor trust in the industry as found by CFA Institute’s research on trust in the financial services industry. We would encourage the CSA to work with their CCIR colleagues to minimize the incentives for existing mutual fund assets to move into insurance products (i.e. segregated funds) with embedded commissions. The most effective blunting of these incentives would be a coordinated ban on embedded commission in those products as well.

- *Will the proposal lead new, lower-cost entrants to the market? Why and how?*

As with any regulatory change, new market participants and business models will

be created to take advantage of opportunities. For example, this is most apparent when looking at the growth of IIROC dealers who advise clients on investing in ETFs. Similarly, this is evident by the level of capital raised in lower fee investment options.

- *Does the interaction between this proposal and the proposals set out in CSA CP 33- 404 change your responses to the questions above and, if so, how?*

Given that the regulatory objectives of the Consultation Paper are to “raise the bar on industry professionalism and bolster investor confidence”, consideration for adding further layers of regulation should take into account the actual benefits that investors may experience in practice. In our view, the two proposals are complementary in nature. The opponents of the proposed best interest standard cite that it is difficult to ensure investor expectations are met for a best interest standard given that the conflicts that exist are difficult to manage under the framework. We believe that discontinuing embedded commissions should assuage these concerns and allow advisors to reconcile the standard to which they are held, that is, the best interest standard, with the investments that they select, free of influence of disparate commissions.

- *Will a transition away from embedded commissions reduce fund series and fee complexity, as we have contemplated?*

Yes, it will likely reduce fund series and fee complexity. We believe that the increased fee transparency brought with the CRM2 rules has already started to reduce fund series complexity. We believe that banning deferred service charges and front load fees would also bring the industry closer towards this goal, but prefer the principles-based approach of banning embedded commission altogether rather than a prescriptive rules-based alternative.

- *Do integrated financial service providers have an advantage in terms of their ability to cross-sell and cross-subsidize across business lines? If so, how?*

Integrated financial service providers are distinctly advantaged in their multiple roles as product manufacturers and product dealers by the flexibility they have to shift fee economics between different areas of their business to optimize their overall profitability. In recent times, we have seen financial service providers that play these multiple roles being advantaged over independent competitors as they have greater latitude to adjust their fee economics to best position themselves under enhanced disclosures (CRM2). We believe this is a very important consideration.

- *What are the potential effects on competition of the rise in online advice? Are these effects likely to be large and positive?*

The rise in online advice remains in its infancy but could benefit from updating the framework within the industry to ensure that automated advisory services are

making recommendations based on the merit of products they select for clients. The emergence and acceptance of online advisory service providers indicates that investors can reap the benefits of financial advice without always having a face-to-face interaction with a professional.

22. What impact will the proposal have on back office service processes at the investment fund manager or at the fund dealer? In particular:

- *Is there any specific operational or technological impact that we should take into consideration?*

This is an area that will require particular consideration should the proposal proceed. Some contemplated direct-pay arrangements will require back-office coordination for fee payment and communications where none exist today. This means operational and technology enhancements would be required. The transition lead-times of key service providers (i.e. custodians) in this area can be long and they should be consulted and brought into the transition process to ensure successful transition for the industry.

23. The payment of embedded commissions requires the dealer and the investment fund manager to implement controls and oversight (with associated compliance costs) in order to mitigate the inherent conflicts of interest today.

- *Would the transition to direct pay arrangements alleviate the need for some of these controls and oversight?*

It is possible that the fund manager could reduce their compliance and oversight costs given the simpler structure that a single-class, non-embedded commission model would bring. It is difficult to anticipate the impact on dealers given that there is a broad spectrum of business models and compliance efforts underway in that channel.

- *To what extent, if any, does the use of direct pay arrangements by representatives today (e.g. when a representative provides services under a fee-based arrangement) alleviate the need for some of these controls and oversight?*

Even under the fee-based arrangement, not all conflict concerns can be eliminated. We think that some control and oversight measures will still be needed.

24. Embedded commissions, especially trailing commissions, provide a steady source of revenue for dealers and their representatives. If embedded commissions were discontinued, would dealers be able to compensate for the loss of this revenue with direct pay arrangements?

A number of professional services firms (fee-for-service financial planners, lawyers, accountants, etc.) operate under a direct pay arrangement and are able to ensure a steady stream of revenue to operate effectively for their clients and generate sufficient profits to

cover their own costs as business owners. Beyond the investment profession, many businesses operate successfully under a direct pay model.

25. Aside from commission grids and salaries, what other approaches to representative compensation might dealers use if we were to discontinue embedded commissions? How are these approaches likely to change over time?

As we are neither a manufacturer nor a distributor of mutual fund products, we have no unique insight to provide with respect to this question.

26. What impact will the proposal have on representatives in the industry? In particular, what impact will the proposal have on the:

- *career path;*

Judging by the experience in other jurisdictions that banned embedded commission such as in the U.K., the number of representatives in existing advice channels could initially drop. Elimination of some jobs, especially within deposit-taking and insurance-owned dealers is certainly possible. However, we would point to the myriad of differences in Canada's financial marketplace as reasons that our experience here could be meaningfully different.

- *attractiveness of the job;*

An industry of high ethical standards can only be considered more attractive by those who themselves uphold a high level of professional ethics.

- *typical profile of individuals attracted to the career;*

We aspire and look up to a number of other professions (legal, accounting, etc.) that have brought respect and trust on themselves by seeking to raise standards to minimize conflict. In this regard, we could look forward to the continued "professionalization" of investment advice in Canada.

- *recruitment; and*

Over time, the proposed transition could result in a shortage of knowledgeable individuals able to provide advice.

- *relative attractiveness of careers in competing financial service business lines.*

It could prompt financial services firms to recruit new talent to serve clients who are willing to pay for advice. We are concerned about the non-level playing field that may surface between financial institutions if additional regulations for mutual funds are not concurrently introduced for other financial products.

Part 5: Mitigation Measures

27. How practicable are the mitigation measures discussed and how effective would these measures be at assuring:

- *access to advice for investors*

Investors with few financial assets already have little access to advice so they will likely see minimal impact. Medium-sized investors might be the segment experiencing a bigger impact.

Technology is a potential problem-solver, which works effectively when mapping unambiguous processes in digital algorithms. It is likely that complex situations will face a lot more ambiguity and might be difficult to implement in algorithms in the short-term. Mitigation measures should cover the transition period which is absent in the current proposal. With respect to automatic deductions from investors' portfolios (i.e. periodic withdrawals), such measures run the risk of becoming opaque if the funds do not flow through the investors' hands in a transparent manner, but this could be addressed through guidance.

Developing and implementing new technologies may take more time for smaller firms who already have limited financial resources. In addition, the fixed costs of technology may increase for certain existing firms and become an increasing barrier to entry for new ones, thereby reducing competition in the industry.

- *choice of payment arrangements for all investor segments, and*

Although we believe that market forces will prompt innovation in fee structure, mitigation measures could include disclosure of previous embedded fees for comparison purposes. While some investors might be surprised at the amount of fees they were paying, others may use that information to put a price on the value of advice they were receiving.

Further, advisors may be tempted to move a client towards a form of payment arrangement that costs more to the client. For example, advisers may move a client to a fee-based account if the client trades rarely or to a commission-based model if the client trades frequently.

- *a level playing field amongst competing investment products?*

We think that sufficient co-operation with other regulatory bodies (specifically CCIR in insurance) could limit the risks of regulatory arbitrage as previously discussed.

The insurance industry must be subjected to equivalent regulations. Advisors are often dual registered as investment advisors and insurance brokers, and may be

tempted to avoid the new regulations by moving their clients to segregated funds.

28. What other measures should the CSA consider to mitigate the above unintended consequences?

We think the emphasis on transition mechanisms is key to absorb the shock of the new rule and regain a state of equilibrium for the industry and investors. Regulators should consider allowing exemptions to certain rules in order to facilitate transition. For example, permitting transfer of client assets from one series of funds to another through a process of opting-out. In addition, providing flexibility to close a series or create a new series of funds i.e. Series D.

29. Other than the potential impacts we have identified in Part 4, what other potential unintended consequences, including operational impacts and tax consequences, may arise for fund industry stakeholders and investors further to the discontinuation of embedded commissions? In particular:

- *Would there be a negative tax impact to investors associated with their payment of dealer compensation under direct pay arrangements? In particular, would the investor's payment of dealer compensation through periodic fund redemptions facilitated by the investment fund manager attract tax consequences? Please explain.*

It seems evident that in instances where investors have to sell units to pay for fees, there will be tax consequences. Moreover, these tax consequences may not be readily understood by investors or even potentially some advisors.

If the new process involves selling a part of every fund held in order to pay the dealer compensation, clients may be disadvantaged as it would be preferable to sell the funds with less capital gains [or with a loss] and defer the sale of those with large capital gains. Further, many investors invest small amounts monthly which may cause capital loss if an investor buys a fund within 30-days of sale.

Generally, this is an area in which additional transitional investigation should be undertaken by regulators.

- *To the extent a transition to direct pay arrangements results in the rationalization of fund series, could this rationalization attract negative tax consequences for investors?*

We do not see how this could attract negative tax consequences for investors as a transfer between series is normally not a taxable event/transaction. Regulators should seek confirmation from the tax authorities in order to be certain prior to forcing clients into a transaction that could generate a negative tax consequence for them. Families of funds generally mention in their prospectuses that a transfer between series is not a taxable event but they also mention that they do not take responsibility if such transfer incurs adverse tax consequences.

- *What, if any, measures, regulatory or otherwise, could assist in mitigating potential operational and tax impacts?*

As discussed above, regulators should seek an opinion from the tax authorities on this point and involve industry in solving for the transition issues presented.

30. With respect to the loss of a form of cross-subsidy from high net worth investors to lower wealth investors in a fund further to a transition to direct pay arrangements,

- *to what extent (please quantify where possible) would the loss of this cross-subsidy increase the cost of providing advice and services to lower-wealth fund investors under direct pay arrangements?;*

We do not believe that the loss of the so-called ‘cross-subsidies’ would drive up the cost of providing advice in the long-run or overall. Firms are already aggressively segmenting clients by investable assets and any cross-subsidy that once existed has been in decline due to a focus on the most profitable client segments. In our view, this transition will drive innovation to serve more client segments appropriate to their needs. Nevertheless, during the transition period, investors and industry participants could face temporary shocks, which amplifies the need for appropriate transition measures and management. Although we are skeptical that all of the extra burden will be absorbed by the industry as they find ways to monetize smaller accounts, it is unlikely that clients will ultimately be cut loose by existing advisors and have difficulty finding affordable advice because of the high administrative costs associated with transitioning clients off an existing advisory platform.

We take the view that high net worth clients will have more leverage in negotiating fees than less wealthy clients, similar to today under the existing regime. Nevertheless, it is not clear that less wealthy clients are necessarily going to pay more in a direct pay arrangements considering the transparency of this fee structure. Ultimately, the end result could be a temporary reduction in income for both manufacturers and dealers as business models adapt.

- *does the existence of this form of cross-subsidy suggest that high net worth fund investors may be indirectly paying fees that are not aligned with the services they are receiving (i.e. do the fees they pay exceed the actual cost of the services and advice they receive?); and*

It seems that cross-subsidization is an artifact of an industry cost structure based on the profitability of accounts, with increasing profitability on higher-value accounts. It would be logical to think that in a negotiated direct fee arrangement, a high net worth investor would pay less per assets under management than a less wealthy investor and/or has access to more sophisticated advice. There is a fixed and variable component to the cost of providing advice in all cases, which varies across

business models. The extent to which the costs perfectly align with services provided has to some degree been a business decision to this point, whereas in the future it could be more of a collaborative discussion between adviser and client in the transparent context of fees paid.

- *what measures may mitigate the potential effects on dealers, representatives and investors from the loss of the cross-subsidy?*

Some measures that could mitigate the potential effects on dealers, representatives and investors from the loss of the cross-subsidy include long and smooth transition periods and investor education, particularly relating to the costs of providing advice, both fixed and variable.

31. What measures could fund industry participants proactively take to mitigate the unintended consequences that may stem from the discontinuation of embedded commissions?

Some measures that participants in the fund industry could proactively take include working on development of alternative business models, increasing innovation and bringing value to their clients, and investor education about the costs of providing advice and existing fees paid. Regulators could ease specific regulations in order to facilitate transition. Another suggestion would be for dealers to immediately cease selling DSC funds and those other products with the most opaque fee structures in favor of other types/series of funds, to assist the investor education conversation about cost of advice and existing fee levels.

32. For each transition option, please tell us how your business (investment fund manager or dealer) would have to operationally change or restructure in terms of systems and processes and the related cost implications. Where possible, please provide data on the estimated costs.

- *Are there unique costs or challenges to specific businesses? What transition period would be appropriate?*

While we are neither a manufacturer nor dealer of the products in question, change in operations and technology takes time and resources. The transition period should be sufficient for an orderly transition and be decided with the involvement of key stakeholders like custodians who will bear much of the brunt of increased operational and technological requirements.

- *Should existing redemption schedules for DSC and low-load purchase options be maintained until the redemption schedule is completed, or discontinued at the Transition Date?*

Again, while not a manufacturer or dealer of the products in question, we think that existing redemption schedules for DSC and low-load purchase options could be

maintained and allowed to sunset according to their existing schedules. Manufacturers who have paid commissions would be hard-pressed to demand repayment from dealers and their representatives on products recently sold if there was a 'big bang' transition away from series like DSC and low-load. Were DSC and low-load purchase options discontinued as of the Transition Date, regulators would need to facilitate a transition mechanism by which prepayments could be recouped, which could be complex to administer. While we are no fans of DSC and low-load purchase options, we do not necessarily see this as feasible for the industry to absorb without such a mechanism and thoughtful planning for the transition issues associated.

33. Which transition option would you prefer? Why? Are there alternative transition options that we should consider?

For the reasons outlined above, we think that Option 1 should be the preferred option, and be implemented in phases. The first phase should involve closing DSC series to new purchases. This phase should take place at the Transition Date, which would mean a six-year transition towards the full elimination of these series. The next step would be to stop the purchase of fund series with trailing commissions. We think that Option 2 could bring some unfairness to the process as more profitable clients would be the last ones to transition to the new structure.

34. As discussed in Appendix B, the CSA did not retain the option of capping embedded commissions, either as a stand-alone solution to the key issues discussed in Part 2 or as an interim step toward an eventual discontinuation of embedded commissions. Should the CSA further consider using a fee cap as a transition measure? Why?

We do not think that the CSA should consider using a fee cap as a transition measure. Dictating fee amounts is a move towards more prescriptive rules-based regulation whereas we believe principles-based regulation is the best regulatory response for the underlying issues that require addressing. We think that elimination of embedded commissions and the associated conflicts they present is the goal, not control or reduction of these fees. Fee caps would likely create even more of a challenge to the industry, and could cause further industry distortions and create barriers to entry for new business models.

Part 6: Related Regulatory Initiatives and Existing Tools

35. Please explain whether you think each of the initiatives discussed above will, either alone or in combination:

- *address the three investor protection and market efficiency issues and their sub-issues identified in Part 2; and*

We think the initiatives discussed above will likely address the issues identified in

Part 2, but do so in an indirect way. It seems that results would not be certain and may not ultimately resolve all the issues fully. Firms may have different interpretations of conflicts of interest and different ways of addressing such conflicts, thereby making it difficult or impossible for regulators to enforce the rules. It may also lead to investor complaints and potential lawsuits, forcing the Courts to interpret the rules. We would encourage fulsome guidance alongside any regulation to ensure adherence to the standards that regulators implement.

- *address or not address any additional harms or issues that you have identified.*

We think a principles-based *Best Interest Standard* should be the cornerstone of the advisory relationship with any client (please see the CAC's comments on this topic previous letters).

36. Are there alternative options or measures, whether regulatory or market-led, that could successfully address the three investor protection and market efficiency issues and their sub-issues identified in Part 2. If so, please explain.

We cannot identify any other alternative options or measures than the ones already discussed above at this time. Should the decision to eliminate embedded commissions be taken, which we believe would be net-positive for the industry and investors, the focus of regulators should shift towards ensuring a smooth and orderly transition to such a model, where we believe there are material challenges that have not fully been addressed.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Michael Thom*

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