March 20, 2020

The Secretary
Ontario Securities Commission
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Dear Sir or Madam,

I am a retired investment advisor from a 21-year career with one of Canada's largest bank-owned investment firms. Having left the advisory side of the industry, I never lost the desire to continue to work for the best interests of investors, and have founded a financial literacy platform, called Local Wealth Professionals. I continue to work tirelessly, to offer solid education to investors through a website, a podcast and numerous articles and videos.

One of the things that is most important to the success of investors is fair fees. One of the best ways to keep fees fair is for them to be *transparent.* In light of this, I have been vocal before with the OSC, and in other public forums, in regard to fees charged to administer mutual funds:

Of course, fund management companies need to be rewarded for producing and maintaining mutual funds – and equally well, custodians of those funds also need to be compensated appropriately.

The issue here is what appropriate compensation entails: **appropriate compensation should be *transparent* first and foremost**. For this reason, Deferred Sales Charges should be eliminated.

My main objection to this form of payment for services, is that its true cost is masked from all but the most well-informed investor:

It is a flimsy premise, and disingenuous at best, to suggest that hefty deferred sales charges are a "necessary discipline", to help people build up their retirement accounts, by discouraging them from withdrawing their funds early, and are there, "for the investor's own good". This implies somehow, that an advisor, who receives a 5% commission on purchase, does this "for the good of the client", and not of because that is the highest fee the advisor can receive for selling one of these products. That generous compensation would look like a conflict of interest under any other circumstances.

And now, we find ourselves faced with a pandemic. Some bank branches have closed to the public. Many businesses have been ordered to close by local or provincial government. So, suddenly, many people are struggling for cash to meet their daily needs.

How fair can it be then, that some advisor had locked a person's money up "for their own good", so that when they needed it to survive, they might have to pay even more than the original commission received by the seller of the fund, to regain access to their own money? How can that be you might ask? If the advisor firm gets 5% up front for a DSC sale, the cost to the client to sell the fund the next day would be 6% and in same cases, more.

Granted, it appears that the government has mandated some sort of relief for people in this position today… I hope that will include waiving DSC fees – *but also switching fees*. **Would this not be a suitable time to reopen the decision to retain this onerous, underhanded sales practice and eliminate it, once and for all time?**

While asking this question, I have to bring up another issue, in regard to fee transparency – or the lack of it. The insurance industry is the master of fee obfuscation: fee discovery with Insurance products is near impossible. Hidden DSC fees are normal practice with segregated funds – and for whatever reason that is not being addressed at all. Maybe it's time for the whole investment industry to be more open about fees and fair practice. Perhaps a time of crisis is the best time to ask these questions.

Unfortunately, that is not the jurisdiction of the OSC, but governing Mutual fund sales practice is. Please take this opportunity *to eliminate DSC permanently,* and not only as a temporary measure.

Respectfully,

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