

**Via email**

October 3, 2018

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22nd Floor  
Toronto, Ontario M5H 3S8  
Fax: (416) 593-2318  
E-mail: [comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

Me Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, rue du Square-Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Fax: 514-864-6381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

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

**CSA Notice and Request for Comment  
Proposed Amendments to National Instrument 81-105 Mutual Fund Sales  
Practices and Related Consequential Amendments**

[http://www.osc.gov.on.ca/documents/en/Securities-Category8/csa\\_20180913\\_81-105\\_mutual-fund-sales.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category8/csa_20180913_81-105_mutual-fund-sales.pdf)

I am taking the time to make a comment because I believe firmly that the back-end load DSC mutual fund should be banned. It is an unnecessary risk for a senior or retiree (like myself) or anyone that might need access to money for an emergency. Savings should always be accessible.

Empirical CSA research suggests that compensation bias arising from embedded commissions can incent dealers and representatives to promote the use of a

particular purchase option, such as the deferred sales charge (**DSC**) option, that pays higher upfront embedded commissions, regardless of the availability of other purchase options that may better suit the investor's needs and objectives; Source: <file:///C:/Users/OwneHome/Desktop/Cumming%20.pdf> in other words, while embedded commissions are a serious conflict of interest, the DSC option is a conflict-of-interest on steroids. This option is designed to get sales Reps quickly established and the more their hunger, the more concerning the DSC becomes.

Why should individuals and families ever be put in a position of being tied to the product or salesman when other better choices are readily available? The only beneficiary of a DSC Mutual fund is the dealer who collects 5% upfront for services (hopefully) to be delivered later. If that salesperson quits or retires, who will want to provide ongoing advice at a reduced trailing commission rate?

As regards choice, I really do not know why a DSC provides choice to the investor, since the investor pays whatever the fund salesperson decides. A financially literate investor would NEVER choose the DSC option. This is not investor choice, in fact real choice would be between real advisors who are accountable to a fiduciary duty and accept no conflict-based remuneration and the current conflict-filled situation. This is all about salesperson choice and industry choice and not about the best interests of clients.

I don't know much about the trailer commission issue with online brokers but it seems to me that the CSA should just tell the brokerages to stop cheating clients and offer full refunds for overcharging clients. The CSA should also be asking mutual fund companies why they are paying the brokers for doing nothing. It is a crying shame that Class action lawsuits are required when regulators see the investor abuse right in front of their eyes,

With respect,

Millie Jagdeo