

Via email

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ONTARIO SECURITIES COMMISSION NOTICE 11-771 – STATEMENT OF PRIORITIES
REQUEST FOR COMMENTS REGARDING THE STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO
END MARCH 31, 2016

http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20150402_11-771_rfc-sop-end-2016.htm

Comment Letter from Mr. A. Ross

On balance, the proposed priorities address prevailing key investor protection issues.

I am very pleased to have the opportunity to provide my views to the OSC regarding the proposed OSC priorities for the fiscal year 2015-2016. Here are my suggestions:

Number 1. Implement a Fiduciary standard for all advice givers as recommended by SIPA The application of the fiduciary standard of conduct will increase the retirement income security for Ontarions. The fiduciary standard of conduct issue is as much a socio-economic one as a regulatory issue.

Number 2 Deal with dealer compensation issues Most Canadians know that the sales people at banks are in a conflict of interest since they only sell the funds from their own bank. Other companies like Investors Group also place their salespersons in a conflict of interest and others bury sales commissions in the cost of the product. It's long been known by Ontarions that mutual funds are sold, not bought. What would help alleviate this situation are a series of simple investor protection measures:

- a. Cap the hidden commissions at say 0.50 %
- b. Ensure that if "educational seminars" are financially supported by the fund company that all notices and literature distributed allude to that fact OR ban such payments
- c. Ban back-end load funds
- d. Prohibit the payment of trailer commissions on products purchased with a loan or on margin
- e. Prohibit any direct payments from the product maker to the individual salesperson
- f. In Fund Facts, present the cost of ownership as the management fee + amounts paid to dealers to sell the product+ brokerage commissions + taxes in very plain easy to understand language .

g. Any person (" advisor") that is not a fiduciary should use only the title of their registration. Sales communications including business cards should not imply that they are fiduciaries.

Number 3. Focus on the Protection of Seniors and retirees Implement a series of senior-specific action that will protect this large and rapidly growing vulnerable segment of Ontario society.

Number 4 Rigorously enforce the suitability criteria until a fiduciary standard is implemented Make fees and expenses integral to suitability; ensure the dealer and IIROC complaint system is fair, prompt and responsive Focus enforcement priority on the brokerages rather than on individuals.

Number 5 Hold brokerage firms responsible for ALL actions , rule violations, errors , omissions and inactions of their representatives and any fines payable by them to regulators . No exceptions. Give IIROC the legal power to collect fines from individuals.

Number 6 Fix OBSI Give OBSI the mandate to (a) order binding redress and (b) investigate patterns of complaints for prompt and diligent regulator follow-up. The dollar amounts involved are miniscule in terms of the profits made by the financial services industry. This would also do away with the silliness of " Name and Shame".

I hope you find this feedback useful.

You may publicly post this Letter.

Sincerely,

Arthur Ross