

Via email

The Secretary
Ontario Securities Commission
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ONTARIO SECURITIES COMMISSION NOTICE AND REQUEST FOR COMMENT : PROPOSED ONTARIO SECURITIES COMMISSION RULE 81-502 RESTRICTIONS ON THE USE OF THE DEFERRED SALES CHARGE OPTION FOR MUTUAL FUNDS

I appreciate the opportunity to provide an input to the Ontario Securities Commission consultation proposals to retain the Deferred Sales Charge (DSC) mutual fund.

My question is Why? The OSC has empirical research that demonstrates harm to retail investors. Other Canadian regulators have decided to ban the DSC sold mutual fund based on research and actual data. The conflict-of-interest is impossible to mitigate and leads to very skewed recommendations that leaves a mass-market client locked in for 7 years in an expensive mutual fund.

In fact, the proposals limit sales to investors with accounts less than \$50K; people who need low cost products, trustworthy advice and liquidity in case of an emergency expense. I cannot see a professional advisor even thinking of selling a DSC fund to such people with so many better choices readily available. Ontario investors should have a fair opportunity to see their nest eggs grow not be high-jacked by salespersons dependent on an outsized upfront sales commission payment.

As far as the proposal themselves, it seems the OSC Staff have done their very best to limit the potential harm of DSC mutual funds, short of an outright prohibition. I would expect most reputable fund companies to decide to eliminate the DSC series as it would create a lot of dissatisfied investors. In other words, the DSC will die a slow death but unfortunately it will take a few trusting retirement savers along with it.

I encourage the Ford government to eliminate its support for the DSC. Come election time, Ontarians will remember who had their back and who didn't.

It is acceptable to publicly post this on regulatory websites.

Isaac Glick