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Me Anne-Marie Beaudoin

Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, QB H4Z 1G3
consultation-en-cours@lautorite.qc.ca

John Stevenson

Secretary of the Commission
Ontario Securities Commission
20 Queen Street West
Toronto, ON M5H 3S8
jstevenson@osc.gov.on.ca

Re: Scholarship Plan Prospectus Form

The Canadian Advocacy Council¹ for Canadian CFA Institute² Societies (the CAC) appreciates the opportunity to comment on the Canadian Securities Administrator's request for feedback on the proposed amendments to the Scholarship Plan Prospectus Form as stated in an open letter dated November 25, 2011.

The CAC applauds the CSA for attempting to improve the disclosure provided to scholarship plan investors. However, we question whether improved disclosure standards for scholarship plans are enough

¹ The CAC represents the 12,000 Canadian members of 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.cfaadvocacy.ca/> 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 for investment professionals. It administers the CFA and CIPM curriculum and exam programs worldwide; publishes research; conducts professional development programs; and sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has more than 110,000 members, who include the world's 90,000 CFA charterholders, in 135 countries and territories, as well as 135 affiliated professional societies in 58 countries and territories. More information may be found at www.cfainstitute.org.

to protect investors, particularly since sales representatives for these plans are not held to a fiduciary standard and are required to meet only the lowest standard of investment industry licensing in the country.

The introduction of Registered Education Savings Plans by the federal government several years ago means that education savings is now something that can be done easily by customers of banks, trust companies, credit unions, caisses populaires, Alberta Treasury Branches, mutual fund dealers and investment dealers. The advantages to the public of specific scholarship investment funds sold by commissioned sales representatives to retail investors do not appear obvious to us.

While we are not aware of any specific instances of predatory sales practices by members of the scholarship plan industry, we question the fairness of an investment product where, if an investor discontinues paying his subscriptions, the net asset value of his investment is contractually reduced.

Our current environment, and consistent with our commitment to the CFA Code of Ethics, dictates a strengthened focus on investor protection - particularly with respect to those who are most vulnerable. One might question whether scholarship plans, something deemed suitable for retail investors but sold by commissioned sales agents with minimal licensing standards, fits within an enhanced investor protection model and would be permitted by the CSA if it was a new product. If not, then perhaps the time has come to phase them out.

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) Keith Summers

Keith Summers, CFA
Chair, Canadian Advocacy Council