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Ontario Securities Commission  
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Dear Mr. Day,

I appreciate the opportunity to share some feedback prior to the finalizing and publishing of the 2013-2014 Statement of Priorities. I agree wholeheartedly with the Commission's insightful statement that "Investor confidence in the capital markets can be affected by many factors including the stability of the financial system, the degree investors feel protected and their perception of the effectiveness of market supervision and enforcement activities." It is exactly those four factors mentioned that give investors ample reasons to be skittish.

Prior to writing this, I decided to re-read my submission to your request for comments regarding the 2011 Statement of Priorities. [http://www.osc.gov.on.ca/documents/en/Securities-Category1-Comments/com\\_20110504\\_11-765\\_mcfaddend.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category1-Comments/com_20110504_11-765_mcfaddend.pdf) Sadly, I realized I could basically just resubmit those comments except my two year old complaint is now four years old (but whose counting)

There are some initiatives I am pleased to see the OSC has planned for 2013-2014. Its' outreach to investors; conducting a 'mystery shop' research sweep of advisors to gauge the suitability of advice currently being provided; the plan to provide investors with effective and meaningful disclosure by publishing a rule requiring advisers and dealers to provide cost disclosure and performance reporting.

Some of the proposed actions for meeting those goals need to be more specific in order for accountability to be assessed. For example, regarding the initiative of community outreach, specify how many meetings will take place, how many communities will be visited, explain what the outreach will entail (surveys, polls, telephone interviews) specify how feedback will be elicited. If the result is only to "publish a list of key findings from the consultations" what good is that? I hope this is not PR for the sake of PR. Investors don't need "warm fuzzies", they need their voice to be seriously listened to and for concrete actions to be taken.

Instead of "planning to work with SRO's and investors to better understand the impact of imposing a best interest duty on dealers and advisors", get on with it! The impact of not having one has provided ample evidence that things need to change. This is just another industry delay tactic and desire for the status quo. The nature of the client adviser relationship demands a client's best duty interest. Man-up and get the job done! Most Canadians already believe it exists.

The suitability standard, KYC and ability for the industry to self regulate do not provide protection to the consumer. Often time's consumers don't even have a say in the selection process of their agent, let alone the perks the agent is being incented with when giving them advice. Conflicts of interest need to be done away with! Investors need transparency, proper information for an informed consent to be given, and accountability in

the industry to be set to a high standard and for real enforcement to take place. Look honestly at the enforcement statistics posted on the websites of the FPSC, MFDA, FSCO, and IROC It was a real eye opener for me regarding how little real enforcing is being done. White collar shenanigans need to be taken seriously. Real people are victims and the impact on lives is devastating.

If the industry is selling products and has no mandated duty to act in my best interest then this needs to be disclosed as a simple fact plainly to me. It is dishonest and unfair to lead me to believe you are a professional offering me unbiased advice when in reality you are compensated directly by the sale of products and that different products not only pay different commissions but depending on how they are set up and structured for me, will pay you differently over time. Consumers need to be told their financial persons pay is not tied to the type, amount or quality of service; it is directly tied to what they sell, how much they sell you and how long you keep the product and adviser. The bait and switch game being played needs to be exposed. The sale and delivery of products and transactions on the one hand while leading the consumer to believe you are offering advice and wealth management is wrong. These two things are completely incompatible and no amount of rules regulation, education, accountability, transparency or competition can change that fact or will ever adequately protect the consumer.

I would like to see the OSC develop a coordinated crackdown on financial elder abuse. Advisers dealing with this vulnerable and sizeable population, where I might add a great deal of wealth exists; need to face additional and stringent monitoring. Since my complaint involves two older gentlemen in their eighties, I am going to give a specific example of abuse. Their “KYC” (and I use that term loosely) scored one point short of placing them in a moderate risk category, so the adviser scratched out their income level bracket and moved it up one , even though they were on fixed incomes and thereby changed the final score to meet “the adviser’s objective.” This was never initialed by the client; it was missed or ignored by the Branch Manager and overlooked by Compliance. There were many blatant inconsistencies in the account opening documents. Is this a real attempt to Know Your Client? On some forms if your assets are over \$300,000 you will score 10 points for just answering that one question. If you score more than 29 points on the measly ten questions asked, your risk tolerance is determined to be “Moderate”

How is a senior citizen supposed to answer this next question on this industry form? “How do you evaluate your financial situation? Choose the answer that best reflects your situation based on the examples. A) Precarious: I am starting my career. Therefore, I save little or I save nothing at all. B) Variable: I have contracted major loans (mortgage, car, etc.). Therefore I have little income available for savings. C) Stable: My income is stable. I have started to repay my loans and I am putting aside some for savings D) Defined: My financial situation is well defined. My loans are almost completely paid back and I am saving on a regular basis. E) Solid: My income exceeds my expenses. Therefore I save a large part of my income and I enjoy comfortable financial security.” How is this Investor Profile form fair to seniors?? We answered E and placed an explanation beside it saying “income does not exceed expenses but savings place him in comfortable financial security.” Guess what he scored another 10 points with that answer. With only two out of ten questions answered he had 20 points, well on his way to scoring over the 29 points required to place his life savings at moderate risk. All undisclosed to us. This is dishonest, unethical and I consider this to be financial assault on a senior citizen.

When I take my car in because it is making an odd noise I have to trust my mechanic. I do not have time to go home, search the internet or take a course on how cars work to make sure he knows what he is doing or to determine if he is ripping me off. The financial industry bombards us with ads, commercials, flyers, etc. that they are there to “help us meet our financial goals” (not theirs!). They hold themselves up to be experts to be trusted. They can’t have it both ways. The Financial Planning Standards Council likes to hold up the CFP as the mark of the true professional. I invite you to look at their website: <https://www.fpsc.ca/reports-disciplinary-actions>. One disciplinary action per year, really?

The idea that investors can protect themselves in this unbalanced asymmetrical relationship is as wildly imaginative and implausible as the mythical chimera! Regulators need to do more than recognize the problem. Call a spade a spade and revamp the way this industry does business. I feel like this is Hans Christian Anderson’s fairy tale about The Emperor and His New Clothes with all the Advisers, Dealers and SRO’s , busy reassuring the unsuspecting investor, “Don’t worry. We’ve got you covered.” when indeed the investor is vulnerable exposed and naked! The average Joe does not appear to count and I want to see that change.

As part of your proposed outreach I would be happy to provide further feedback. Permission for public posting is granted.

Respectfully submitted,

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