



CIBC
Wood Gundy

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Mr. William S. Rice
Chair and Chief Executive Officer
Alberta Securities Commission

Mr. Louis Arki
Superintendent of Securities
Government of Nunavut

Ms. Brenda Leong
Chair and Chief Executive Officer
British Columbia Securities Commission

Honourable Howard I. Weston
Chair
Ontario Securities Commission

Mr. Don Murray
Chair
Manitoba Securities Commission

Ms. Katherine Tummon
Superintendent of Securities
Consumer, Corporate and Insurance Services
Office of the Attorney General

Mr. David G. Barry
Chair and Executive Officer
New Brunswick Securities Commission

Mr. Mario Albert
President and Chief Executive Officer
Autorité des marchés financiers

Mr. Douglas J. Connolly
Superintendent of Securities
Service Newfoundland and Labrador

Mr. Dave Wild
Chair
Financial and Consumer Affairs Authority

Ms. Sarah P. Bradley
Chair
Nova Scotia Securities Commission

Mr. Fred Pretorius
Superintendent of Securities
Yukon

Mr. Gary MacDougall
Superintendent of Securities
Government of Northwest Territories

Dear Sirs and Madams:

Re: Request to Permit Time-Weighted Performance Reporting under National Instrument 31-103

I am the Head of CIBC Wood Gundy, the retail brokerage division of CIBC World Markets Inc. I write on behalf of CIBC Wood Gundy to express our views regarding the money-weighted rate of return ("MWRR") calculation mandated by the recent amendments to National Instrument 31-103 (the Cost Disclosure, Performance Reporting and Client Statements amendments, referred to as the "Amendments"). We also write to support IIAC's request, made in its letter dated May 30th, for a meeting to discuss the Amendments.

CIBC Wood Gundy supports the CSA's goal of providing investors with robust and meaningful information about the performance of their investments. However, we have concerns with moving the industry from a time-weighted rate of return ("TWRR") calculation to a MWRR calculation. We are concerned that there is no significant benefit to investors by mandating a MWRR, while the impact on investors and the industry will be substantial.

The research done by the CSA prior to enacting the Amendments does not reflect a strong preference by investors to see MWRR over TWRR. What it does show is that investors prefer clear and intuitive performance reporting, particularly those investors with less experience or investment knowledge. Performance information can be provided to clients in a format useful to them without requiring a change from TWRR to MWRR. We understand the CSA's interest in ensuring investors realize the impact of their own actions in withdrawing funds on the success of their investments. However, this can be explained to investors by their advisers without the need for an additional performance report calculation.

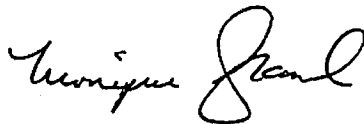
In contrast, requiring all account performance reporting to now be given in MWRR when investors will have become accustomed to TWRR could cause significant confusion. The CSA's research notes that investor literacy is not as high as perhaps it could be, and indeed investor education is an issue at the forefront of the CSA's agenda. If an investor's ability to understand his or her investments is unclear, providing a new and only moderately different performance reporting metric will not enhance understanding. The potential for investor confusion is compounded by the fact that TWRR performance reporting will continue to be provided by fund issuers. Investors will therefore receive inconsistent information about the value of specific investments as compared to the value of their account as a whole. In addition, the TWRR calculation is the better methodology for assessing adviser performance because external cash flows, which are usually out of the advisor's control, are not factored into the portfolio returns. The TWRR thus allows investors to measure the performance of their advisor against that of other advisors and industry benchmarks and to select his or her adviser accordingly.

The benefit many investors have today of historic TWRR performance information about their accounts over time will also likely be lost by mandating a change to MWRR, giving investors less information about their accounts, rather than more. Presenting investors with a completely new performance calculation which may conflict with historic TWRR information and will conflict with TWRR fund performance reporting can only add to investor confusion about account performance.

Not only might investors be harmed by a uniform switch to MWRR, but the cost to the industry to make this change will be significant. At present CIBC Wood Gundy and other CIBC wealth entities that provide performance reporting use third party technology to prepare and provide TWRR calculations. CIBC Wood Gundy will have to purchase an entirely new performance reporting system, test and refine it for its own needs, and migrate all of its existing and historic account information over to this new system. Assessing cost at this early stage is difficult, but based on past experience, our preliminary expectation is that it could cost CIBC Wood Gundy millions of dollars to make this change.

In the face of the limited benefit even potentially afforded by moving to MWRR and the substantial impact on investors, we welcome the opportunity to discuss the use of MWRR as currently mandated in the Amendments.

Sincerely,
CIBC Wood Gundy

A handwritten signature in cursive script, appearing to read "Monique Gravel".

Monique Gravel, CFA, F.C.S.I.
Head of CIBC Wood Gundy