

From: [Stephen MacDonald](#)
To: [comments](#)
Subject: Re: Canadian Securities Administrators Notice and Request for Comment: Proposed Amendments to National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations. Reforms to Enhance the Client-Registrant Relationship
Date: October-16-18 2:09:20 PM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Dear Sir/Madam,

In over 15 years in this business I have never been compelled to take the time to write to a regulatory body. For the most part, I have been pleased with the industry's effort to protect the consumer and make financial services more accountable. Our work is not done in that regard, but the recent proposed amendments to National Instrument 31-103, do little to further this cause. In fact, for the reason stated below I believe it sets us back.

Firstly, it is obvious the CSA does not fully appreciate how "referral arrangements" are being used in the market place. Many of us, perhaps the majority, use Portfolio Managers as a replacement for mutual funds, segregated fund, etc ... As financial planners we focus on the goal setting and cash flow needs of our clients before and after retirement. We also coordinate these needs with any risk management and estate issues that may evolve. Many of us have the ability to take a more investment management focus with our clients; but choose not to so we can focus on where we can add the most value. The limitation to 25% of the total fee collected and 36 months completely negates the ongoing nature of our relationship. Certainly, the CSA should recognize the fluid nature of ones' financial planning needs. We update our clients' financial plans every year or more frequently if their situation warrants. We work in concert with the PM referral firms and because of this, our dual skill sets provide a much more robust client experience.

By utilizing this unique team approach where the investment management is left to the PM, we are able to accomplish the following:

- Spend more time up-dating financial plans
- Coordinate clients' tax and estate planning with their accountant and lawyer. Ensure these plans are incorporated into their financial plans
- Educate clients comparing their portfolio performance to their financial plan.
- Provide assistance with the financial education of heirs and beneficiaries to enhance succession planning
- Become a trusted adviser for business and succession planning purposes
- Act as trusted 3rd party and provide rational behavioural guidance.
- Allow the Portfolio Manager to better focus on what they do best; managing money.

Under these proposed amendments, some of us will be forced to devolve back into mutual fund salespeople. In fact, it appears even offering Deferred Sales Charge products! Does the industry need more pooled products where the investment manager doesn't have a fiduciary duty to the client? Our chosen business model allows the client to experience the following advantages over these inferior platforms.

- Sensitivity to clients' individual tax needs by washing gains and losses
- On average lower cost and the ability to negotiate the cost with the PM

- A fiduciary duty to the client
- A more robust holistic financial planning approach.

Please allow us to continue to serve our clients and the Canadian public in this more fair, open and accountable manner.

Kindest Regards,



Plan. Coordinate. Communicate.



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