

The Secretary
Ontario Securities Commission
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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Dear Secretary,

**Re: PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 31-103 AND COMPANION POLICY
31-103CP**

Please accept my comments on the proposed amendments, as follows:

OVERVIEW

IRONSHIELD Financial Planning Inc. (IRONSHIELD) and CANi Financial Planning Syndicate Inc. (CANi) are two companies that represent the interests of Canadian professional financial planners.

As well as providing a technology platform, best practices training and a “community” dedicated to the financial planning professional, IRONSHIELD and CANi also provide their members with client implementation solutions through properly structured referral arrangements with registered portfolio managers across Canada.

Our carefully selected financial planner members work collaboratively with portfolio managers, endeavouring to find the most appropriate investment implementation solution(s) that will support their clients’ financial planning needs. This currently represents 1,000+ Canadian families and businesses who rely on their relationships with our financial planners for their financial confidence and peace of mind.

On behalf of all of the financial planners who are members of IRONSHIELD and CANi, I would like to provide my comments to the proposed amendments to NI 31-103.

My comments relate specifically to the following section(s):

- 13.8 - Permitted Referral Arrangements
- 13.8.1 - Limitation on referral fees
- 13.9 - Verifying the qualifications of the person or company receiving the referral

OUR CONCERN

- Limiting the timeframe for the payment of fees, not to mention the amount of fees that can be paid, ultimately does a disservice to the Canadian families and businesses who benefit from these agreements. The collaboration that exists with a Referral Arrangement recognizes the specialty that the portfolio manager and the financial planner each bring to the table. Without ongoing compensation, the financial planners will be unable to continue to provide the financial planning services that are integral to the client's successful attainment of their short, medium and, in particular, long-term goals. Studies show that investors earn higher returns on their investments when they work with a financial planner.

To date, we have established a variety of referral arrangements with portfolio managers from across Canada adhering to the guidelines set out in the current NI 31-103. These arrangements were put in place to address the needs of clients who wish direct access to specific investment mandates through our member firms. Our financial planners then work with the portfolio managers to ensure that the investment plan being developed is in line with the needs of the client. Our financial planners incorporate the portfolio managers' investment results into their clients' financial plan at each plan review.

Being able to offer these more robust investment solutions to our clients through an existing mutual fund dealer channel proved to be impossible. Referral arrangements were not supported by the business model of the existing dealer.

It was for this reason that IRONSHIELD and CANi were formed, formally establishing two business platforms that support the financial planner and the desire of Canadian investors to implement their investment management directly with portfolio managers (as opposed to implementation through a mutual fund structure) and have the financial planner oversee the overall financial plan. We followed the guidelines in NI 31-103 and put these arrangements in place to support this need.

We do not receive any compensation from the portfolio managers' fees. The compensation generated through the agreement is for financial planning and oversight and is charged as an entirely separate fee. Following the

guidelines outlined in NI 31-103 and having this fee collected by the portfolio manager has allowed the reporting of the investment performance to accurately reflect all of the fees incurred by the client.

We would support the requirement that a portfolio manager not pay any portion of their fee to an outside party. However, in order to sustain our ability to continue to work with our clients and oversee their financial planning needs, financial planners must be able to (with signed client authorization) charge their own fee in addition to the portfolio manager's fee and have that fee collected from the client portfolio.

If the proposed amendment 13.8.1 (Limitation on referral fees) was approved, it would preclude the financial planner from providing a client with ongoing financial planning services. There has never been a time when financial planning advice has been needed more. Removing the ability for a qualified financial planner to earn revenue from working with their clients is a step in the wrong direction. We need to continue to encourage long term financial planning relationships and can only do so when a viable business model exists for financial planners to be compensated for the important work they do.

SOLUTION

We believe that a solution exists through the creation of a new category of registrant. One for qualified financial planners whereby they are permitted, by client authorization, to charge a financial planning fee. That fee is collected from the client's investment portfolio which is managed by a portfolio manager whose business model encourages financial planners to utilize their services for their clients.

This proposed new category of registrant would be held to a higher standard and include a fee structure based on services as opposed to products, thus eliminating any incentives from the solution as all solutions would be equally compensated.

We support section 13.9 (Verifying the qualifications of the person or company receiving the referral) and this proposed new category of registrant would still require the portfolio managers to ensure that the new registrant is properly qualified to deliver the services they are being compensated for through the agreement. Having financial planners register through this new financial planning dealer would help to facilitate this.

We would also suggest that the agreement's name change from a "Referral Arrangement" to a "Financial Planning Services Arrangement" to distinguish the services that are being received under the agreement.

ENDNOTES

In summary, the creation of a Financial Planning Dealer category of registrant will provide the appropriate compliance oversight to properly protect the public but also provide clarity around the services being delivered by each party.

The marketplace is becoming more and more specialized and collaboration of professionals is becoming more and more necessary. The current regulations outlined in NI 31-103 have supported this category of

professional collaboration well and in turn the Canadian investing public has been well-served by this collaboration. Restricting the compensation protocols will negatively affect the industry, and by default, the Canadian investing public.

Natural market forces have already created this business model. Prohibiting the model will reduce the financial planning services available to the Canadian market.

We would welcome the opportunity to work with the regulators in developing this new and exciting Financial Planner Dealer model further as it seems to support all of the immediate and future initiatives outlined by the CSA proposals.

Regards,



Scott Plaskett, CFP
President
IRONSHIELD Financial Planning Inc.
CANi Financial Planning Syndicate Inc.