

June 3, 2024

Fundserv
e-mail: comments@fundserv.com

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
e-mail: marketregulation@osc.gov.on.ca

Dear Fundserv,

RE: Fundserv Proposed Fee Changes consultation

Established in 1996, the Federation of Independent Dealers (FID) serves as the premier collective voice for independent dealer firms in Canada. The Federation advocates on behalf of dealer firms overseeing assets under administration in excess of \$125 billion. These dealers represent a substantial network of over thirty thousand licensed registrants, offering a comprehensive range of financial services and planning to more than 3.8 million Canadians.

Our organization is deeply invested in matters that affect the interests of the independent dealer community.

We thank Fundserv for the opportunity to provide comments.

General comments

The Federation of Independent Dealers acknowledges and generally supports the proposed modifications to Fundserv fees. We appreciate the need for continual investment in infrastructure to ensure data security, keep up with regulatory expectations, and maintain the reliable availability of support and industry-critical services.

We commend Fundserv for its efforts in introducing value-added services. In particular, we are interested in the Transferserv initiative and request that the additional member investment represented by these fee changes restarts this important project for dealers. We believe that Transferserv can bring significant benefits to all of our operations and the industry as a whole. In addition, an electronic transfer solution will aid in lowering costs and serve to realize the significant investor benefit of timely asset movements.

The Federation has a few remarks upon the proposed changes for your consideration.

1. The Minimum fee of \$100 is marked as "\$200/month". Our understanding is this will continue to function as a minimum fee, and not as a baseline fee on top of which all transaction fees will be added. We would appreciate confirmation on this point, and accept an increase, but are against the change of kind from minimum to base fee, as this would most impact the smallest firms and lightest users.

2. The historical cost split between dealers and manufacturers has been about 25%/75%. Due to the significant manufacturer cost savings that Fundserv represents, our expectation is for this ratio to be approximately maintained. Significant discounting is proposed at the top end of transaction fees (greater than one million ~50%, and greater than two million ~90%) and we request dealers not be downloaded the cost of those discounts.

3. We request an enhancement of A\$M. Currently non-N\$M members can be sporadically be sent funds from mutual fund companies. A dealer failing to log in and 'accept' funds results in a \$500 fine, which can be larger than the transfer amount. Sporadic users are required to log in daily and check this, with no transfers being received on most days in a year. An optional email notification with an acceptable time window to receive the transfer would represent a significant time saving mechanism.

In conclusion, we continue to respect and value the important work that Fundserv does to service the mutual fund industry and understand that fee increases need to occur. To better understand the impact of these changes and to have a clear understanding of the proposed dealer benefits, we request any information that can be provided on planned value-added development projects and the opportunity to provide input as they are being contemplated.

We value Fundserv's transparency and partnership and look forward to continuing our constructive and productive relationship, together serving the industry for another 25+ years.

Respectfully,

Matthew T. Latimer

Executive Director,
Federation of Independent Dealers
