

December 22, 2024

Subject : CSA consultation on Principal distributors

OSC

Comments@osc.gov.on.ca

I am writing to you as someone who has had more than his fair share of issues with the mutual fund industry in Canada.

I had to read the document three times before I figured out that it was a Consultation concerning the issue of restricted product shelves. It was written by lawyers for lawyers, not Main Street commentaries.

I was shocked to find out that the DSC sold mutual fund apparently is still alive and needs now to be finally banned.

I read the required disclosure statement from the principal distributor and couldn't figure out what message it was trying to tell me. In the end, I concluded it probably was trying to warn me about conflict of interest between the principal distributor and myself as a client. It needs clarification .

It seems to me the powerful Big banks are the largest Principal distributors.

The proposed amendments aren't even released yet and the proposal discusses possible exemptions in the future in case the amendments don't fit with a dealers business model. This is very disturbing to a Main street investor like myself.

The amendments do not really provide any actions to counter principal distributors other than to prevent a principal distributor from doubling or tripling the number of proprietary fund families it will be able to carry. This consultation does not deal with the issues affecting Main Street related to the client focused reforms for the client and restricted mutual fund choice. Reduced competition and reduced returns for retirement savings are due to restricted product shelves.

And by the way, why has the OSC report on restricted product shelves been kept secret?

And finally, the shocking revelation that the CSA needs public comment on chargebacks , a compensation system obviously designed to ensure buy and hold is in place. It is incredible that the CSA allows chargebacks as the protector of retail investors.

In conclusion , the proposed amendments do not reflect any concrete recommendations from consumer groups, the Ontario Task force, to modernize, securities regulation, or CSA CFR designers on how to address the material conflict of interest that are at play here.

I sincerely hope and pray, that the CSA will in the end, make the tough decisions that will allow retail fund investors , especially seniors, to feel confident that their life savings for retirement are well protected.

It is acceptable to post this letter on regulator websites.

**Sincerely,
Peter Whitehouse
retail investor**