

To whom it may concern,

First, I struggled where to find a location to send comments back on your website, regarding embedded fees. All I could find was Contact Us: <https://www.securities-administrators.ca/aboutcsa.aspx?id=99> So hopefully this is correct.

Next, I have not used funds with DSC fees since 2005-2006, only FE funds at 1%, with NO upfront cost. This hurt a lot in 2008-2009, but it was not the clients fault.

Since about 2011-12, I added in funds that allowed me to charge a 1% commission paid by the client, where relevant, possible (most are possible now) and makes sense to the client financially, which is my next point. By the time these regulations come out, I expect to have as many clients in this type of investment as possible, except where it does not make sense.

I have several clients that are companies or holding companies. For these clients (and they are large), I have left their investments in embedded fee funds, as some of them have NO active income. Therefore, if I were to un-embed (not sure if this is a word) them, the fees would be expensed inside the corporation and there would be NO income to write off the fees against. Additionally, there could be capital gains (or losses) incurred for these corporate clients. Would this not negatively affect them? Is the CSA going to offer to pay the taxes on the gains?

I also have several clients (non-corporate) that have funds outside of an RSP or TFSA as those have already been used up. Some of these funds will have a large capital gain to them, if there is a fee sold. I usually give those clients the option of going "fee based" or embedded, depending on each clients' situations.

My costs (fees) to these clients are the same whether embedded or not, so that is not an issue to me.

I would suggest that if you are going ahead with this (I know you are), you may want to allow embedding inside corporate accounts, to alleviate this issue for those clients. These are NOT small clients... they have up to \$1M invested in them. So, you are trying to help small clients, but hurt big ones. I have no idea how you could help the bigger non-registered clients avoid capital gains taxes... that is your job.

Frankly, if you do get rid of embedded comp (which I fully expect), I will only need to know one code for that fund, instead of two, so it will make my life easier, but you will be hurting these particular clients.

If this does not make sense or is not correct, you have my contact information. If this needs to be sent to someone else, please let me know or forward it to the appropriate person.

I expect there are other comments about things like this that I have not even thought about.

If you have read this far, I thank you for your attention in this matter.

Good luck.

Thanks,

Gord Clark