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November 9, 2012

Mr. Robert Keller
Policy Counsel
Investment Industry Regulatory Organization of Canada
Suite 2000
121 King St. West
Toronto, ON M5H 3T9

Dear Mr. Keller:

Re: Draft Guidance Regarding Compensation Structures for Retail Investment Accounts

We welcome the opportunity to provide comments with respect to IIROC Notice 12-0253 – *Draft Guidance Regarding Compensation Structures for Retail Investment Accounts*.

By way of background Edward Jones is a full-service investment dealer with more than 620 financial advisors located across Canada. We provide a suite of investment strategies and solutions to retail clients.

We appreciate the guidance contained in the IIROC Notice and especially welcome the suitability considerations regarding fee-based accounts.

We have one concern and a related suggestion pertaining to the section titled 'Double Charging'. In this section, the guidance states "It would, for instance, be inappropriate – and possibly a violation of IIROC Dealer Member Rule 29.1 – to charge a client a commission on the purchase of a security and subsequently earn an additional fee by transferring that security into a fee-based account". We agree that it would be improper for a financial advisor to purchase a security in a commission-based account, receive a commission, and immediately, or shortly thereafter, transfer the security to a fee-based account and later receive a fee from the security. We are concerned that the statement does not take into consideration when a security was bought. As the guidance is currently written, clients could never transfer securities bought in a commission-based account into a fee-based account regardless of how long the security has been held in a commission-based account. This could result in securities being sold in a commission-based account and re-purchased in a fee-based account if a client wished to switch to a fee-based account and maintain the same holdings.

We suggest allowing securities to be transferred from a commission-based account to a fee-based account after the security has been held for a reasonable period of time. We further suggest allowing each member firm to determine what that reasonable period of time is and that the established period of time is disclosed to the fee-based clients. The member firms would be required to have policies and procedures designed to detect and address inappropriate transactions and/or strategies. That is, financial advisors looking for opportunities to double charge.

With respect to the current wording in the Notice, we suggest the following revision:
"It would, for instance, be inappropriate – and possibly a violation of IROC Dealer Member Rule 29.1 – to charge a client a commission on the purchase of a security and subsequently earn an additional fee by immediately, or shortly thereafter, transferring that security into a fee-based account".

We would be pleased to discuss and elaborate if requested.

Yours truly,



Wayne Bolton
Chief Compliance Officer

- c. David Lane, UDP, Edward Jones
Donald Burwell, General Counsel, Edward Jones