

November 14, 2012

DELIVERED VIA EMAIL

Robert Keller  
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Dear Mr. Keller:

**RE: Request for comments on draft guidance regarding compensation structures for retail investment accounts (the Notice)**

Thank you for the opportunity to provide comments on the Notice.

Our firm is an independent advisor owned firm of 50 people in Vancouver. We provide financial planning for clients, not just trading recommendations. We have long term relationships with those clients, helping the clients and frequently other family members throughout their financial lives.

This letter is to provide some specific comments and to express our general support for the submission by Investment Industry Alliance of Canada ("IIAC") on behalf of the IIAC working group.

We have significant concerns with this proposed notice:

1. The Notice appears to assert that cost to the client is the primary determinant in selecting an advisory account, and does not give due consideration to investors' informed preferences on how and what they choose to pay their financial advisor, or to the added value of the financial planning and investment advice tailored to each client and the ongoing relationship with the client throughout their lives.
2. The Notice does not consider the costs to the dealers and advisors in offering their services to clients, or respect that advisors and firms have to make business decision about services and pricing available to their clients. The description of advisory accounts structures and services is overly simplistic and does not accurately reflect the diversity of business models of advisors and firms or the services that clients receive.

3. Rather than offering “guidance” to assist firms in CRM implementation related of relationship disclosure, the Notice appears to jump ahead of the rules and regulations and add “account type” to the requirements of enhanced suitability at account opening and on many other times during the relationship, and go further than the current rules provide.
4. The Notice seems to have a bias against certain products and a presumption that they are unsuitable for recommendations to clients even though the products are available in the marketplace under current rules, and may be best choice for some clients in some circumstances. For example, for a small client, or for a portion of a moderate sized client’s account, a DSC or LL mutual fund in an RSP account with no liquidity needs may be a highly appropriate way for clients to obtain the advice and services they want and need over a number of years. We point out this specific example as a matter of principle, even though less than 10% of the gross revenues of our firm are derived from these products.
5. The operational systems and information are not in place to be able to do the assessments and make the judgements that this Notice says are expected.
6. Implementation of these guidelines is likely to reduce the choices available to clients as the implementation costs for these prescriptive rules will cause firms to reduce the variety of client relationships available.
7. An apparent expectation is that the client should be requested to move back and forth between account types, maybe as often as annually, based on the factors listed in the notice. The emphasis on costs and transaction count is not the way most long-term client relationships are developed. Good long term relationships are based on advice and not pure trading activity function.

Continuing and upcoming implementation of Client Relationship Model conflicts of interest, relationship disclosure requirements, enhanced suitability, and the soon to be issued CSA performance reporting requirements will bring continuing evolution in the client relationship in the general direction sought in this notice. Let the CRM implementation continue. There will be greater disclosure relating to all fees both at the point of sale and through annual reports on charges and compensation. Most of IIROC’s concerns laid out in the Notice will be addressed by CRM implementation and coming CSA requirements. Any residual issues surrounding commission-based and fee-based accounts should be addressed at that time.

We strongly urge IIROC to delay any new release of a revised Notice, or additional new rules/regulations in the area of compensation until after the full CRM requirements are known and implementation is well underway.

We will be pleased to participate in any working groups IIROC might want to set up to discuss our concerns in greater detail.

Thank you for considering our comments. If there are any questions regarding our submission, please do not hesitate to contact the undersigned.

Yours sincerely,

ROGERS GROUP INVESTMENT ADVISORS

A handwritten signature in blue ink, appearing to read 'G Gillespie', written over the typed name below.

Clay Gillespie, BBA CFP CIM  
Managing Director