



July 9, 2012

publicaffairs@obsi.ca

Tyler Fleming
Director, Stakeholder Relations and Communications
OBSI
401 Bay Street, Suite 1505,
P.O. Box 5
Toronto, Ontario
M5H 2Y4

Dear Mr. Fleming:

Re: Proposed Changes to OBSI's Suitability and Loss Assessment Process

On behalf of PFSL Investments (Canada) Ltd. ("PSFL") I am writing to outline our general comments with regards to the proposed changes by OBSI to the suitability and loss assessment process currently utilized.

By way of background, PFSL is a mutual fund dealer, a part of the Primerica group of companies serving the Canadian public since 1986. We have one of the largest mutual funds sales forces in the country. Primerica dedicates its efforts to providing access to simple, yet essential financial products and services for the middle market. We consider our dedication to this segment of the Canadian population one of our most distinguishing features since they are typically overlooked by many financial service providers. We therefore support removing barriers to serving this particular segment, including suggesting alternatives to regulatory change that might increase the cost of offering our products and services.

We have reviewed the Investment Fund's Institute of Canada's ("IFIC") submission and feel that they have given the proposed changes by OBSI careful consideration and have made constructive recommendations. We support their submission fully.

With this context in mind, below are our specific comments on the proposed changes:

Use common indices as performance benchmarks in most cases

While we appreciate the simplicity of using an index based benchmark, we do not believe that this creates a comparable benchmarking method as mutual funds tend to be more diversely invested, and are actively managed. As an alternative we recommend that in cases where it is determined that an investment was indeed

unsuitable in a mutual fund dealer account, OBSI should compare the performance of the unsuitable mutual fund holdings with the average of a basket of mutual funds with a suitable risk profile and similar expense class as the funds in question. We have reviewed the Investment Fund's Institute of Canada's recommended methodology and agree with their recommendation in this regard. We would also be pleased to participate in any further consultations or a working group to develop an appropriate methodology.

Add interest on compensable losses only if an Investigation Report is issued

We agree with the Investment Funds Institute of Canada's comment that this proposed change is acceptable only to the extent interest is not awarded where there is a delay in the process caused by OBSI or the investor, and, in cases where compensable losses are calculated using notional portfolio approach, the addition of interest on such amount appears to allow investors to receive compensation beyond what the market would have provided. We suggest that OBSI should not assess interest on compensable losses where notional portfolio approach is used.

KYC Determination

We strongly agree with the Investment Funds Institute of Canada's comment that in cases where advisors have satisfied their KYC obligations, OBSI should not assess information that was not available to the advisor at the time the relevant suitability assessment was made. This creates an unfair judgment of an advisor and of the dealer.

Determining Investment Characteristics and Risks

We believe that for a fair assessment, when dealing with an MFDA member firm, OBSI should make its assessments in accordance with MFDA's risk rating scale and applicable guidance.

We would be pleased to provide further clarification on our comments should you require it. We appreciate the opportunity to comment on these important initiatives.

Sincerely,

Original signed by

John A. Adams,
Chief Executive Officer
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