

News Release

For Immediate Release**January 27, 2003****Investors should know how dealers and advisers are paid**

Toronto – Canadian investors should ensure that they understand how their investment advisers are paid as they contribute to their Registered Retirement Savings Plans this winter, securities regulators advise.

“Anyone who sells securities or offers advice on specific securities must be registered with the client’s provincial securities commission,” said Doug Hyndman, Chair of the Canadian Securities Administrators (CSA), the umbrella organization representing the 13 provincial and territorial securities commissions. “However, there are different types of securities dealers and advisers, each with their own type of fee structure.”

Regulators remind investors that the fees you pay for investment services depend on whom you invest with, what you invest in, what your portfolio is made up of, and how you invest:

If you buy securities through a Full Service Dealer...

A full service dealer offers investment advisory services and performs a wide variety of trades on your behalf including individual stock trades and mutual fund trades. They may charge you:

- ? a commission of 1% to 3% of the trade value to make an equity trade
- ? flat advisory fees
- ? fees based on a percentage of your portfolio, or
- ? a fixed fee, which allows a certain number of free trades.

Trading and advisory fees are negotiable, especially if you trade a lot or have a high value portfolio. See below for mutual fund related fees.

If you buy securities through a Discount Broker...

If you conduct your own trades through a self-managed account, the fees are usually lower than full-service dealer fees. This is because these trading services do not give advice, and may not be responsible for monitoring your trading activity for suitability. Most discount brokerages charge a flat fee between \$25.00 and \$43.00 to execute equity trades of less than 1,000 shares, then add on a percentage or per share fee for larger purchases. See below for mutual fund related fees.

If you buy mutual funds through a Full Service, Discount or Mutual Fund Dealer...

Mutual fund dealers are licensed only to trade in and advise clients about mutual fund securities. Full service dealers and discount brokers also sell mutual funds. The major types of fees associated with mutual funds are:

- ? management expenses, which are paid to the mutual fund company, not the dealer, and pay for management, marketing and administrative costs
- ? special fees, including transfer fees, processing fees, set-up fees and operating fees
- ? sales fees, used to compensate mutual fund salespeople, including front-load commissions and deferred sales charges, and
- ? service fees, often called “trailers,” these fees are based on the value of each mutual fund you hold, usually 1% or less per year.

For additional information on mutual funds and fees, refer to the CSA brochure Mutual Funds on the CSA website (www.csa-acvm.ca), or visit the Investment Funds Institute of Canada’s website (www.ific.ca). To see the impact of fees on your mutual fund investments, try the Mutual Fund Fee Impact Calculator at the OSC website (www.osc.gov.on.ca).

If you deal with a Bank Registered Representative...

Many personal banking representatives are registered mutual fund salespeople, and sell financial products at the branch level. Depending on the institution, these reps may be compensated on salary, bonuses, commission, or a combination of compensation sources.

Whatever products you choose for your RRSPs this year, before you invest, shop around and make sure you know and understand the costs associated with your investments.

The CSA publishes a number of investor resources. Contact your jurisdiction for a free Investor Education Kit.

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