

# FAIR Canada calls for suspension of DSC mutual fund redemption fees and relief from investment or margin loans

FAIR

Canadian Foundation for  
Advancement of Investor Rights  
Fondation canadienne pour l'avancement  
des droits des investisseurs

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TORONTO, March 26, 2020 (GLOBE NEWSWIRE) -- **COVID 19 Financial Relief for Retail Investors: FAIR Canada calls for suspension of DSC mutual fund redemption fees and relief from investment or margin loans**

FAIR Canada is calling on the financial services industry, including banks, insurance companies, mutual funds dealers and investment dealers, to provide relief to retail investors suffering financial hardship due to COVID 19 related impacts on their personal financial circumstances.

"We join other investor advocates, including Ken Kivenko, in calling on the financial industry to suspend requirements for investors to pay redemption fees when withdrawing money from deferred sales charge (DSC) mutual funds and segregated funds," said Ellen Roseman, co-chair of FAIR Canada. "The same thing applies to fees charged when investors transfer investments between funds".

Markets have suffered staggering losses at a speed never before seen and the governments of Canada (provincial and federal) are declaring a public health emergency and invoking dramatic restrictions requiring Canadians to self-isolate and shut down all non-essential businesses to combat the spread of COVID-19. In just the past week, a million people have lost their livelihoods and filed for employment insurance benefits. The financial services industry must step up and support Canadian retail investors at this critical time.

"It's now time for the financial services industry to take a long-term enlightened view and act in the best interests of their clients. The industry will benefit in the long run," Roseman said. In these unprecedentedly turbulent times, the DSC mutual fund or segregated fund (the equivalent insurance industry product) are particularly harmful to investors who must access their cash. Investors should not be constrained by early redemption penalties or compelled to pay excessive fees to transfer their investments between funds.

The many well-recognized objections to DSC mutual funds and DSC segregated funds, including conflicts of interest and excessive hidden fees are even more egregious at a time when many Canadians need urgent access to their money.

Similarly, FAIR Canada calls on the financial services industry to provide retail

investors who are experiencing unexpected disruptions to their income due to personal or societal impacts from COVID 19 with relief from investment loans and "margin" loans during this time of urgent public need.

"For a decade FAIR Canada has been recommending that regulators and the financial services industry take action to address the inappropriate use of leveraged investments for retail investors, a practice that has been promoted by investment and mutual fund dealers, insurance companies and banks." said Ermanno Pascutto, Executive Director of FAIR Canada. "The risks of leveraged sales of mutual funds in particular have now crystallized with the market crash this month. The thousands of retail investors who followed their investment advisor's recommendation to borrow money to invest are now faced with substantial losses and in some cases margin calls that will make their difficult financial situations even worse. Many ordinary people with limited investment knowledge will have lost most or all of their retirement savings due to this ill-advised strategy."

Many businesses have closed or severely restricted operations, resulting in income and earning losses to hundreds of thousands of Canadians. Many people are struggling for cash to meet their family's needs for food and shelter. It's at this time that we call upon the financial industry to stand up and do what's fair for their customers.

About FAIR Canada: FAIR Canada is an independent national charitable organization. The mission of FAIR Canada is to be a catalyst for enhancing the rights of Canadian shareholders and individual investors including being a national voice for investors in securities regulation. As a voice for Canadian investors and financial consumers, FAIR Canada provides information and education to the public, governments and regulators about investors' and financial consumers rights and protections in Canada's capital markets.

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