LIST OF COMMENTERS

Proposed National Instrument 11-102
Passport System
Request for Comment March 28, 2007

	COMMENTER	NAME	DATE
1.	BC Investment Management Corp.	Doug Pearce	June 8, 2007
2.	BMO Nesbitt Burns Inc.	William J. McNeill	June 8, 2007
3.	Borden Ladner Gervais LLP	Paul G. Findlay Rebecca A. Cowdery	June 8, 2007
4.	Canadian Bankers Association	Daniel Iggers	June 8, 2007
5.	Desjardins Fédération des caisses du Québec	Yves Morency	May 28, 2007
6.	Edward Jones	Edward Jones Registration Dept.	
7.	IGM Financial Inc.	W. Sian Burgess	June 1, 2007
8.	Independent Financial Brokers of Canada	John Whaley	May 28, 2007
9.	Investment Dealers Association of Canada	Joseph J. Oliver	June 8, 2007
10.	Investment Industry Association of Canada	Ian C.W. Russell	May 25, 2007
11.	Jean-François G. Labbé		March 29, 2007
12.	Legal Advisory Committee of the Authorité des Marchés Financiers	Marc Rochefort	May 28, 2007
13.	Raymond James	Peter A. Bailey	June 4, 2007
14.	The Canadian Coalition for Good Governance	David R. Beatty	June 15, 2007
15.	The Investment Funds Institute of Canada *English*	Joanne De Laurentiis	June 4, 2007
	The Investment Funds Institute of Canada *French*	Joanne De Laurentiis	June 4, 2007
16.	Trust Banque Nationale	Éric Laflamme	May 25, 2007
17.	TSX Group	Richard W. Nesbitt	June 5, 2007

bcIMC Investment Management Corporation

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June 8, 2007

CONFIDENTIAL

Ms. Leigh-Anne Mercier
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by email: lmercier@bcsc.bc.ca

Re: Response to Requests for Comments:
CSA Proposed National Instrument 11-102 *Passport System* and
BCSC Proposed Adoption of Multilateral Instrument 52-110 *Audit Committees*

Dear Ms. Mercier:

I am writing in my capacity as the Chief Executive Officer and Chief Investment Officer for the $85 billion investment portfolio managed by British Columbia Investment Management Corporation (bcIMC). bcIMC is among Canada's largest institutional investors, so we are interested in sharing our buy-side perspective on the harmonization of rules related to audit committees being proposed by the BC Securities Commission (BCSC). We also appreciate this opportunity to put our views forward for the CSA's proposal for implementing the next phase of the passport system for Canadian securities regulation.

I. Comments on BCSC Proposed Adoption of Multilateral Instrument 52-110 *Audit Committees*

On March 30, 2004, most jurisdictions in Canada adopted MI 52-110, the Audit Committee rule. We note that the BCSC did not at that time endorse (nor did it adopt) the Audit Committee rule because new draft B.C. Securities legislation (a statute which has now been indefinitely set aside) would have mandated that each public company have an audit committee. It is our understanding that this general requirement, in the BCSC's view at that time, coupled with directors' fiduciary obligations, offered sufficient investor protection and market support.

bcIMC supports all listed Canadian companies having proficient audit committees to oversee the firm's financial reporting. And, although we recognize that there can be no definitive checklist to tell investors whether a committee is proficient, we believe there are some specific criteria that should be required respecting member independence and accountability to investors. Therefore, we support the BCSC's proposed adoption of MI 52-110 which will require BC issuers to establish an audit committee composed of at least three members, and further require all members to be independent and financially literate.

Additionally, the committee members will be explicitly and directly responsible for recommending the issuer's external auditor, overseeing the auditor's work and the financial reporting of the issuer, and pre-approving all non-audit services provided by the auditor.

bcIMC believes that the MI 52-110 Audit Committee rule strengthens investor protection by not placing undue reliance on oversight by the board of directors to ensure the audit committee follows appropriate practices and is composed of members who will do a credible job. In addition, we endorse the BCSC's adoption of the Audit Committee rule to achieve the broader market benefits of developing a more harmonized financial oversight and regulatory system across Canada (our further comments on improving Canada's regulatory system are set out below).

II. CSA Proposed National Instrument 11-102 *Passport System*

It is bcIMC's view that the proposed Passport System instrument, policy and related amendments provide procedural clarity on how Canadian securities regulation could be streamlined in certain areas (prospectus filings, registration, and continuous disclosure). We recognize and support the CSA efforts to efficiently transition rules and authorities in these regulatory areas, and we believe that the proposed instrument provides important transparency about the transition process to further implement the passport system. bcIMC supports the suggested implementation framework under the Passport System instrument, and because the passport model and reforms to Canada's securities regulation system generally are also of interest and relevance to bcIMC, the following comments focus on those broad topics:

bcIMC is in favour of the passport system introduced by members of the CSA as a means for issuers to gain efficient access to Canadian capital markets and a means for investors to gain coordinated (stronger, timelier) application of harmonized Canadian securities rules, both of which should enhance Canada's attractiveness and role in the global capital markets. We also support the passport model's rationalization of regulatory authority and unification of securities laws as a means to eventually merge all knowledge and processes and to arrive at a national securities regulation system for Canada.

bcIMC believes that the passport system and a national securities model are not mutually exclusive, but rather that the passport system is a transitional step toward the eventual creation of a single regulatory model.

We acknowledge that there may be concerns from market participants about the short-term implications of such a significant regulatory shift, but just as the CSA has successfully developed and managed the action plan to implement a passport system since the memorandum of understanding was announced in September 2004, we are confident that a further transition from passport to a single regulator can be accomplished by the CSA in a similarly incremental, measured and transparent manner.

In addition, bcIMC and other investors, such as members of the Canadian Coalition for Good Governance which currently represents approximately CAD$1 trillion in managed assets, have the will and energy and long-term commitment to help the CSA shape a unified Canadian regulatory environment that balances the needs of all market participants.

.....

To summarize, bcIMC endorses the BCSC adoption of the Audit Committee rule. We also support the CSA implementation of the Passport System instrument, believing it is a positive first step toward meeting the goal of a national securities act and body. We believe that all regulators should be working toward this goal.

Thank you for considering our comments. Should you have any questions, I would be pleased to discuss bcIMC's views in further detail.

Sincerely,

Doug Pearce
Chief Executive Officer/Chief Investment Officer

.cc Mr. Doug Hyndman
Chair, BCSC
British Columbia Securities Commission
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Vancouver, BC V7Y 1L2

From: McNeill, William
Sent: June 8, 2007 1:50 PM
To: 'lmercier@bcsc.ca'; 'consultation-en-cours@lautorite.com'
Cc: Haldane, Bill; Dickinson, Lynn; Shadowitz, Rena
Subject: Passport System NI 11 102

June 8, 2007

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Mesdames:

Re: Proposed NI 11-102 Passport System

We are writing to provide comments on the registrations portion of the Notice and Request for Comment dated March 28, 2007 on Proposed National Instrument 11-102 Passport System and Companion Policy 11-102CP Passport System. Other groups within this Firm may be also providing comments separately on other areas of the Instrument.

As a matter of general principle, our Firmsupports this regulatory proposal that would provide for a simplified and consistent securities regulatory system for registrants who deal with clients in more than one Canadian jurisdiction. Furthermore, we would like to express our desire and support in further jurisdictional delegation being given to the Investment Dealers Association (IDA).

However, we believe that as the proposal is currently presented, implementing this rule without Ontario's participation will complicate the regulatory system for registrants that operate across Canada, and specifically in Ontario. Our firm believes despite all the potential enhancements, to proceed on a less-than-national basis, is not the appropriate course of action.

We do not feel the proposal's objectives can be achieved if anything less than all jurisdictions agree to adopt it. Streamlining registration filings is important as it will provide consistencies across Canada and therefore simplify processes for both firms and regulators. However, we are concerned that without participation from all CSA

members, this rule will require registrant firms and individuals to contend with two different systems. This would be confusing for both registrant firms and regulators. In addition, the benefits of the passport system would be lost for a significant portion of the industry because Ontario has elected not to participate.

The concept of two different systems due to the non-participation of Ontario also creates a number of concerns regarding the implementation of the passport system which we have outlined below:

Implementation Concerns:

- If a firm's head office is located in Ontario, can their individual registrants who are not residents of Ontario still participate in the proposed passport system?

- If individual registrants who are not residents of Ontario are permitted to participate on an individual basis, what jurisdiction becomes their principal regulator? Could an Ontario based firm potentially have a principal regulator in each of the other 12 jurisdictions based on individual registrant use?

- How will Opting In and Opting Out of passport work for those registrant firms whose head offices and the majority of their registrants being located in Ontario? If a firm cannot participate because of the location of their head office, will the firm need to file any documentation?

- We would submit that the 30 day transition period proposed for Opting Out is too short, and should be at least 180 days.

- If a firm Opts Out and then Ontario changes their mind and decides to participate under NI 11 -102, will those firms who have Opted Out be given an opportunity to revisit their decision regarding participation?

- We would be interested to know how the NRD will be updated to reflect the automatic approval process which will need to occur simultaneously across all 12 participating jurisdictions, should NI 11 -102 be implemented. How will it differ from the current NRD system especially considering Ontario residents will not be eligible to participate in the passport regime?

As a second comment, we would encourage the CSA to include in this NI a system of consistent treatment of Cease Trade Orders (CTOs). Presently when a CTO is issued in one jurisdiction it is not necessarily applicable or recognized in other jurisdictions and there is a great deal of uncertainty as to how we as a firm operating nationwide are to respond that CTO. By way of example, if a CTO is issued by BC against an issuer in BC, can we still permit a resident in Quebec to trade in that issuer or are we expected to apply the BC order and not permit that Quebec resident to trade? If the issuer is listed on a Canadian exchange and the CTO is being recognized by that exchange, could the trade be executed on another exchange say outside of Canada? We appreciate the complexity of

this issue but feel that the CSA could provide more guidance to investors and firms on this issue through dealing with it at this time in the NI 11 102.

In closing, we feel NI 11-102 cannot be considered National unless implemented by all jurisdictions. We would strongly recommend the CSA consider alternatives that encompass all of the jurisdictions in Canada or delay implementation of this regulation until all jurisdictions have agreed to participate.

We thank you for providing us with the opportunity to comment on the proposed Instrument. Please feel free to contact the undersigned directly at (416) 359-6764 or via email should you have any questions or wish to discuss these comments.

BMO NESBITT BURNS INC.

William J. McNeill

Vice President & Managing Director

Private Client Division

cc: Bill Haldane - Managing Director & Chief Compliance Officer, Retail Compliance

Lynn Dickinson - Manager, National Registrations

Rena Shadowitz - Legal Counsel

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June 8, 2007

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Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorite des marches financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Dear Sirs/Mesdames

Re: BLG Comments on Proposed National Instrument 11-102 Passport System and related Forms, Companion Policy and Amendments (the Passport System)
BLG Comments on OSC Notice 11-904 Request for Comment Regarding the Proposed Passport System (the OSC Notice)

We are pleased to provide the members of the Canadian Securities Administrators with our comments on the above-noted proposed instruments, in response to the CSA's (other than the OSC) Notice and Request for Comments on the Passport System and also in response to the OSC Notice. These comments are those of lawyers in BLG's Toronto Securities and Capital Markets practice group and do not necessarily represent the views of others in the firm.

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1. We support the Passport System in the absence of the better solution—that is, a single securities regulator

In the absence of a political solution to Canada's fragmented securities regulatory regime, we completely support the CSA's "key foundation" for the Passport System - "a set of nationally harmonized regulatory requirements that will be consistently interpreted and applied throughout Canada". We also support the stated aims of the CSA "to implement, in the main areas of securities regulation, a system that gives a market participant access to the capital markets in multiple jurisdictions by dealing only with its principal regulator and meeting the requirements of one set of harmonized laws." These are very laudable aims, given the realities of our provincial/federal governmental system. However, in a perfect world, reporting issuers and securities market participants would not be regulated by 13 separate provincial and territorial securities regulators, each with their own body of securities regulation. Most reporting issuers in Canada no longer issue "local" securities and securities industry participants are not "local" market participants, given that for the most part, securities are sold to all Canadians in every province and territory and industry participants often participate in the markets in each of those jurisdictions. To the extent industry participants today distribute securities in a limited number of provinces or territories, they generally do so to avoid having to deal with all regulators in all provinces and territories. We see no need for *any* local rules or regulation and see little to no benefit to investors in having 13 regulators, each with growing numbers of staff necessitating fees being levied, overseeing reporting issuers and industry market participants.

2. The Passport System cannot work without the participation of the OSC or an accommodation by the other CSA in the absence of the OSC

Notwithstanding our support for the Passport System in the absence of a better long-term solution, we remain most concerned that the CSA, despite its optimism, will be unable to achieve its ambitious objectives due to the inherent and acknowledged difficulties in achieving consensus among 13 different securities regulators and 13 separate provincial and territorial governments. Without the involvement of the OSC, the Passport System will not get off the ground, since it will be of limited use to the majority of issuers and market participants in Canada and indeed will create a more difficult regime than the one at present. We urge the CSA to draft a realistic, simple and practical "interface" solution, as suggested in the OSC Notice, that will provide issuers and market participants with simple and efficient access to ***all*** the benefits of the Passport System, **even if the OSC chooses not to join the Passport System. If the CSA cannot draft such a solution, we recommend that the current MRRS and NRS systems be maintained as known and relatively workable systems until a full and complete consensus solution can be reached.**

We note that the OSC has asked for comment on an appropriate "interface" which would allow Ontario-based market participants to use the Passport System. We recommend, at a minimum, that the Passport System contemplate that a market participant can use the Passport System in those jurisdictions where the Passport System has been adopted, but otherwise the MRRS and the NRS system will remain as currently drafted. Ideally a better interface would be drafted so that Ontario-based market participants can take full advantage of the additional benefits of the Passport System.

We submit that the Canadian securities market-place is too important to the overall Canadian economy (including the economies of each province) to be held hostage by any member or members of the CSA simply in the hopes of forcing a resolution to philosophical disagreements between provincial governments or CSA members.

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3. CSA and the provincial governments must agree on an amending mechanism and common rule-making approaches

Because of the inherent difficulties experienced in coming to an initial agreement on the Passport System and our experience in working within the Canadian securities regulatory system for many years, we and many of our clients are quite concerned about whether the Passport System objectives ever can or will be achieved. We submit that essential to the success of the Passport System is the development of amending mechanics of the nature we discuss below which are agreed to both at the CSA and a provincial/territorial government level. Without agreement on a simple mechanism to govern amendments to both securities legislation and regulation made pursuant to the legislation, we believe there is a risk that the Passport System and the future "harmonized" regulatory model will bog down due to its sheer size and overall complexity.

We urge the CSA to agree on a mechanism, other than reliance on the traditional CSA methods of reaching consensus among all 13 jurisdictions, to govern how the CSA will make changes to, or add to, national regulations and the Passport System *before* the Passport System is finalized. This mechanism should govern how the CSA will ensure that the harmonized regulation and the Passport System *remains* uniform (or harmonized) once the Passport System is in place in the various provinces and territories. In our view, we see a serious danger in the CSA being so conscious of consensus-building that regulatory paralysis results (i.e. no decisions are capable of being made). We see no reason why all thirteen provinces and territories need to make decisions on national securities regulation given the national scope of the securities industry in Canada.

We also see a real danger of one or more provinces (or regulators) breaking off from the Passport System. The mere fact that the OSC is not part of the Passport System as it is proposed today is a good example. There is nothing written anywhere, no agreement, no binding MOU that would bind the BCSC (for example) to be a part of the Passport System for any length of time. To this extent, the Passport System is a voluntary, non-binding initiative.

We also urge the CSA to publish national and proposed national rules and policies on one Web site. There is no need for each single regulator to maintain separate Web sites containing identical regulation. Simply publishing a national rule or proposed national rule or policy on the CSA Web site will assist in simplifying regulation in Canada.

4. The CSA must agree to limit "local regulation" to truly local matters

As part of any CSA amending formula and mechanics, we believe that the CSA and the provincial governments should also formally agree to minimize local "opt outs" and local regulations and agree on the specific (and very limited) circumstances when local regulations would be considered necessary and important. As a minimum, we believe any local regulations should expressly apply to local market participants, i.e. those market participants carrying on business ONLY in that local jurisdiction. If a market participant is carrying on business in more than one province and territory, then that market participant only need comply with the uniform legislation and rules. In this regard, we applaud the CSA for determining that reporting issuers and market participants need only comply with nationally harmonized regulation and are exempt from all non-harmonized regulation, although we have not analysed the various exceptions to this provision and urge the CSA to pull back from any exceptions to this provision.

5. We believe additional work is necessary to achieve the CSA's ideal objectives

The Passport System deals with prospectus filings, registration requirements and discretionary exemptions. We urge the CSA, including the OSC, to continue to push for uniform securities *administration* in each province and territory. The difficulties inherent in having separate rule-

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making procedures in each province and territory, along with different enforcement powers and compliance procedures have been catalogued many times over the last few years. We urge the CSA to work with their provincial governments and their CSA counterparts to make these procedures uniform. We also urge the CSA to continue their efforts in ensuring that staff of each applicable regulator defers to the principal regulator (including the OSC, even if the OSC is not part of the Passport System) and applies the principles behind the Passport System in a uniform and consistent manner.

We also note that much of securities regulation is outside the scope of the Passport System: for example, prospectus and registration exemption regime contained in NI 45-106, take-over bid regulation, insider reporting, early warning reporting, civil remedies, trading rules etc. It also is not clear to us how the registrant conduct rules will apply once a firm or individual is registered in multiple jurisdictions. Whose rules will apply to that firm or individual?

The Passport System must address ***all*** regulatory instruments to achieve a truly realistic alternative to the more desirable outcome of a single securities regulator.

6. ***Lack of Consistent CSA Interpretation of the Harmonized Rules***

We urge the CSA to work closely with staff of all regulators to ensure consistent interpretation of the harmonized rules. One of the more frustrating (and costly) results of our 13-regulator system, is that although the rules may be harmonized (and even identical), different staff and different Commission members continue to have different views on how to administer that regulation. This significant issue must be dealt with on a priority basis, even if the Passport System is not adopted, if the CSA is to continue as a realistic, viable alternative to a single regulator. We note that the CSA (other than the OSC) indicate that a "filer does not have to concern itself with differences among jurisdictions in requirements or interpretation". It is not clear to us how this objective will be achieved, although we support the aim of the CSA in this regard.

7. ***We are concerned about the inherent complexities of the Passport System***

We note that while the Instrument itself is relatively simple, the Companion Policy contains 44 pages of details with five detailed appendices, including how to pay fees (participants pay PRs, who then will forward the cash to the non-PRs), how to file forms (including email addresses of regulators), how to file exemption applications (including different email addresses for the regulators), how to pick a PR, how to file prospectuses, etc. The sheer complexities of the Passport System highlight the ideal necessity for a single securities regulator – the danger of the Passport System collapsing under its own weight of myriad details is great and realistic, in our view.

How will these details be kept up to date by the 13 separate regulators given the requirements for rule and policy-making provided for in the applicable provincial securities regulation?

We also urge the CSA to review the Companion Policy carefully for mandatory provisions that should be more properly contained in the Instrument.

8. ***We are concerned about the prospect of inconsistent application of the Passport System***

We are concerned about the the specter of troubling outcomes where an application is denied by Regulator X and subsequently the requested exemptive relief is granted by Regulator Y in respect of an identical or similar fact pattern with another applicant. Based on our experience with the CSA in dealing with relief applications for our clients, it is quite common for different regulators to take different approaches (at least initially) on any novel application and even on some not so

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novel ones (though this often can affect the representations in the order and not the relief itself). It is not inconceivable that this could be the result if Regulators X and Y are not required to consult each other on exemptive relief applications. If this occurs, we, as lawyers, would be obliged to explain to a client why Regulator X rejected its application, but a competitor was able to obtain the requested relief from Regulator Y.

To the extent that consultations amongst the participating jurisdictions are currently mandated under MRRS, the system exerts some pressure on the participating jurisdictions to achieve some sort of consensus amongst themselves, which then goes on to serve as the precedent for future orders in all of the participating jurisdictions and, in effect, the non-participating jurisdictions as well. We agree with the OSC when they acknowledge this issue and outline the concerns of the OSC concerning the Passport System in light of it. While we appreciate the commentary from the CSA Chairs that staff may consult each other on novel applications or applications where expertise can be found in other jurisdictions, the absence of any framework for this consultation may result in some undesirable results. Merely identifying what is and is not novel can be an exercise in itself. Though one can applaud the initiative of trying to streamline the exemptive relief process by removing the need for consultation and opt-outs, we can foresee some real headaches if applications that involve non-routine relief are not circulated amongst the other passport jurisdictions for consultation.

At a minimum we suggest that there be a mechanism whereby if the PR refuses to grant an exemptive relief order or a receipt for a prospectus, the other jurisdictions must be notified of such refusal. The CP currently contemplates that a copy of every decision on an exemptive relief application will be sent to the non-PRs (Appendix D at D7.3) but there is no equivalent in Part 6 for a denial or refusal to grant an application. Similarly, there is nothing in the Passport System which requires the PR to notify the non-PRs of a receipt refusal. This won't eliminate the possibility of inconsistent orders or refusals (the latter being a rare occurrence in any event, although conditions to receipt issuance are more common), but it would at least diminish the risk that two PR jurisdictions could be taking a completely different approach to the same issue at the same time.

9. ***We are concerned that the Passport System could result in regulatory paralysis***

Notwithstanding our comment 8, we see the "flip" side of more entrenched consultation among regulators as potential regulatory paralysis. This would not be a good result and would mean that Canada's securities regulatory system would be worse off than it is today. Principal regulators must be free to make decisions and must not be second-guessed by non-participating jurisdictions. If the Passport System is to work properly, non-PRs must agree to completely back away from decision-making – apart from providing non-binding views on more novel applications. PRs must give some thought to precedents made by other PRs on other applications, but must be free to make decisions they believe are appropriate. We see a danger in reconciling our contradictory concerns raised in our comments 8 and 9, but we urge the CSA to come to a sensible solution in the absence of the better solution we articulate in our first comment.

In our view, our comments 8 and 9 amplify the difficulties inherent in 13 different regulators trying, through the Passport System, to act like a single regulator, without, in fact being a single regulator.

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10. ***We urge the CSA to consider all comments carefully and publish another version for comment once all elements have been put into place***

We are very concerned about potentially hasty implementation of the Passport System. We urge the CSA to consider all comments received very carefully and publish a revised version of the Passport System once an approach to including issuers and market participants based in Ontario has been worked out and once the various harmonized rules currently in progress have been put into place. Once the Passport System is closer to reality, we expect that we will have more comments on the details of the System.

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In conclusion, we thank you for taking into account our comments on this important CSA initiative. We hope that you will find our comments useful and constructive and will move forward with this initiative in a way that works for all market participants, including those based in Ontario, and for all regulatory initiatives.

Please feel free to contact the undersigned Rebecca Cowdery (416-367-6340 rcowdery@blgcanada.com) or Paul Findlay (416-367-6191 pfindlay@blgcanada.com) if you have any questions or wish further explanation of our comments.

Yours very truly

"Paul G Findlay"

"Rebecca A. Cowdery"

Paul G. Findlay
Rebecca A. Cowdery

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June 8, 2007

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Saskatchewan Financial Services Commission
Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division,
Consumer and Commercial Affairs Branch,
Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Dear Sirs/Mesdames,

Re: Proposed National Instrument 11-102 Passport System

The Canadian Bankers Association ("CBA") appreciates this opportunity to provide comments on Proposed National Instrument 11-102 Passport System, Form 11-102F1 Notice of Principal Regulator and Registration in Additional Jurisdiction(s) and Companion Policy 11-102CP Passport System and related amendments and repeals (collectively, the "Passport System.") Our comments reflect concerns that have been raised by individuals who work on registration for bank dealers and mutual fund dealers, and accordingly our comments only focus on aspects of the Passport System that relate to registration.

Before providing our comments, I would like to take this opportunity to reiterate the CBA's position regarding the structure of securities regulation. We continue to believe that the Passport System, for all of its beneficial aspects, does not go far enough and does not deliver the same level of benefits that a common securities regulator would deliver. Consequently the CBA will continue to do all that it can to see that the Passport System evolves into a common regulator as soon as possible. Nothing we say below should, therefore, be construed as support for the Passport System as the best option for Canada's capital markets.

Our comments are as follows:

- We would urge the CSA to coordinate the implementation of the elements of NI 11-102 pertaining to registration with the implementation of NI 31-103.

- While the streamlining of registration requirements and processes has the potential to offer substantial benefits to all participants, we are concerned that Ontario's decision not to participate could leave registrant firms and individuals with two different systems to contend with. A particular concern is that most individual registrants are Ontario residents who would not be eligible to participate under NI 11 -102.

- We would ask for clarification concerning the following matters:

    - If a firm's head office is located in Ontario, can their individual registrants who are not residents of Ontario still participate in the proposed passport system?

    - If individual registrants who are not residents of Ontario are permitted to participate on an individual basis, what jurisdiction becomes their principal regulator? Could an Ontario based firm potentially have a principal regulator in each of the other 12 jurisdictions based on individual registrant use?

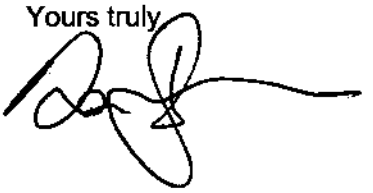
    - How will Opting In and Opting Out will work for those registrant firms whose head offices are located in ON? If a firm cannot participate because of the location of their head office, will the firm need to file any documentation?

- We would submit that the 30 day transition period proposed for Opting Out is too short, and should be at least 180 days.

- We would be interested to know how the NRD will be updated to reflect the automatic approval process which will need to occur simultaneously across all 12 participating jurisdictions. How will it differ from the current NRD system especially considering ON residents will not be eligible to participate in the passport regime?

We have appreciated the opportunity to comment on proposed NI 11-102. We would be pleased to answer any questions that you may have about our comments.

Yours truly,



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Desjardins
Fédération des caisses du Québec

Membre de l'Association internationale des banques coopératives

Membre de la Confédération internationale des banques populaires

Le 28 mai 2007

Me Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
Case postale 246, 22e étage
Montréal (Québec) H4Z 1G3

Objet : Projet de *Règlement 11-102 sur le régime de passeport*

Madame,

Dans un premier temps, le Mouvement des caisses Desjardins tient à réitérer son appui à la mise en place d'un régime de passeport pour l'encadrement du secteur des valeurs mobilières et souligner qu'il est satisfait du projet de *Règlement 11-102 sur le régime de passeport* (Règlement) publié le 28 mars dernier par les Autorités canadiennes en valeurs mobilières (ACVM).

Ce Règlement permettra de concrétiser la mise en oeuvre du régime de passeport prévu par le protocole d'entente signé par les ministres des Finances des provinces et des territoires en septembre 2004 et nous en sommes satisfaits. Par ailleurs, nous aurions vivement souhaité la participation de l'Ontario et son application dans cette juridiction.

À l'égard des réserves de l'Ontario sur le projet de passeport, *l'OSC Notice 11-904* mentionne que c'est la crainte d'un manque de cohérence dans l'application de la réglementation harmonisée qui constitue l'une des principales raisons qui incitent la Commission des valeurs mobilières de l'Ontario (CVMO) à ne pas participer au régime. Dans ce contexte, nous apprécions l'initiative des ACVM qui ont prévu ce qui suit au projet d'*Instruction générale relative au Règlement 11-102 sur le régime de passeport* :

> « Les ACVM ont adopté des pratiques et des procédures administratives pour faire en sorte que leurs membres interprètent et appliquent la législation en valeurs mobilières harmonisée de manière uniforme. »

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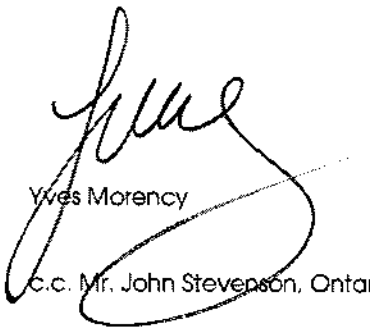
Cet article est à la fois pertinent et révélateur des intentions des ACVM à l'égard de l'élaboration et de la mise en place d'un régime d'encadrement efficace et performant. Nous espérons qu'il soit de nature à rassurer et à rallier le gouvernement de l'Ontario et la CVMO afin qu'ils participent au régime de passeport et à l'harmonisation du commerce des valeurs mobilières dans l'ensemble du Canada.

Espérant le tout à votre satisfaction, je vous invite à communiquer avec moi si vous aviez besoin d'informations supplémentaires.

Veuillez agréer, Madame, l'expression de mes meilleurs sentiments.

Le vice-président Relations gouvernementales
Mouvement des caisses Desjardins,



Yves Morency

c.c. Mr. John Stevenson, Ontario Securities Commission

Sussex Centre, Suite 902
90 Burnhamthorpe Road West
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Edward Jones

Attention: Leigh-Anne Mercier
Senior Legal Counsel
British Columbia Securities Commission

Attention: Anne-Marie Beaudoin
Directrice du secretariat
Autorite des marches financiers

We appreciate the opportunity to comment on Proposed National Instrument 11-102 – the Passport System and support any proposal that would simplify registration requirements and reduce the burden of dealing with multiple regulators. Unfortunately without the participation of all jurisdictions NI 11-102 cannot be characterized as a national instrument and therefore benefits would be greatly reduced.

The Ontario Government has advised that there are no plans to introduce the statutory amendments required to participate in the passport system. Without the OSC's participation the passport system would result in an unfair advantage to registrants whose principal regulator is a passport member.

We fully support the proposal under section 4.2 of NI 11-102 to permit an individual registrant that is or becomes registered in its principal jurisdiction to obtain registration in a non-principal jurisdiction through a simple notice filing with its principal regulator.

We do not however agree with the proposal to replace the NRS with an alternative system under the passport proposal.

The OSC is suggesting expanding and streamlining the current NRS process as the preferred mechanism for registration in multiple jurisdictions.
We support the OSC's position and feel that elimination of the opt-in/out-out requirement for non-principal regulators could accomplish this with minimal expense. As current NRS participants, this greatly enhances the benefits and streamlines procedures.

Developing an alternate system or implementing major changes to the NRD system should be postponed until all decisions have been made under the various proposals to eliminate additional costs.

Best regards,

Edward Jones Registration Dept.

IGM Financial

IGM Financial Inc. One Canada Centre, 447 Portage Ave., Winnipeg, Manitoba R3C 3B6
150 Bloor Street West, Toronto, Ontario M5S 3B5

W. Sian Burgess, B.A., L.L.B.
Senior Vice-President, General Counsel,
Corporate Secretary and Chief Compliance Officer

Sent via email to: lmercier@bcsc.bc.ca and consultation-en-cours@lautorite.com

June 1, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Dear Sirs/Mesdames:

Re: Comments on Proposed National Instrument 11-102 *Passport System*

We are writing on behalf of IGM Financial Inc. and its subsidiaries in response to the request for comments by the Canadian Securities Administrators (the "CSA") on the proposed National Instrument 11-102 *Passport System* ("NI 11-102").

IGM Financial Inc. is comprised of several market participants including Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. These companies or their investment management subsidiaries together manage more than $115 billion in assets. In addition, there are three dealers which are members of the Mutual Fund Dealers Association ("MFDA") and three dealers which are members of the Investment Dealers Association ("IDA") within IGM including Investors Group Financial Services Inc., Investors Group Securities Inc., MRS Inc., MRS Securities Services Inc., MRS Correspondent Corporation, Investment Planning Counsel of Canada Limited and IPC Securities Corporation. Most of these entities are securities registrants who are registered in multiple jurisdictions. As a result, our group of companies will be affected

by NI 11-102 and we therefore take the opportunity to provide comments as requested by the CSA.

1. Improvement to Regulatory System

As an overall comment, IGM Financial Inc. is in favour of the implementation of a passport system. We applaud the efforts of the CSA to attempt to harmonize and streamline the securities regulatory system for issuers and registrants who have their securities traded or deal with clients in more than one Canadian jurisdiction. As an organization that operates in this highly regulated industry, we see substantial benefit in being able to deal with one principal regulator (at the firm level) on matters related to continuous disclosure, registration and exemption applications. We are of the opinion that the implementation of Phase I of the passport system was a positive step. However, we have found through experience that a principal regulator system based on mutual reliance has not substantially simplified the dealings with the various regulators. As a practical matter, in order to build consensus for decisions before they are circulated for opt-in, the principal regulators generally pass along most of the comments of the non-participating regulators to the industry members. The net effect is that industry members are effectively dealing with multiple regulators indirectly, rather than directly. Often the principal regulator acts more as a spokesperson for the collective group of regulators, rather than the decision maker. This can result in issues being raised late in the process, after the applicant believes matters have been settled with the principal regulator.

We prefer the approach proposed in Phase II of the passport system, where the decision of the principal regulator is binding in the non-principal jurisdictions since we believe that this will streamline regulatory decisions and improve regulatory efficiency.

2. Lack of Adoption by Ontario

As a further overall comment, we are disappointed that the CSA was unable to reach unanimous consensus on NI 11-102 and the implementation of Phase II of passport system in Canada. As noted in Ontario Securities Commission Notice 11-904, the OSC has chosen not to adopt or support NI 11-102. We view this as a set back to the path of harmonization of securities regulation in Canada. Industry members with national operations will still be left with two separate systems to navigate.

We understand the OSC will not participate in Phase II because it wishes to further its desire for a common securities regulator. However, we encourage the OSC to participate in Phase II of the passport system, which is supported by the other 12 jurisdictions. In our view, this initiative is not contradictory to Ontario's goals. In the interests of achieving regulatory efficiency for registrants and investors alike, it would be most helpful if Ontario could join this system while still forwarding its discussions around a common regulator.

If the CSA proceeds with the passport system without Ontario's participation, then we suggest that the CSA provide the industry with guidance on how these two separate regimes will be applied and interact. We would suggest that the CSA consider maintaining a mutual reliance system as the interface mechanism with the non-passport

jurisdiction rather than repealing all the national instruments that establish the mutual reliance system with the implementation of NI 11-102. This would allow Ontario to opt-in to the CSA process rather than having registrants or issuers deal with two separate regulatory processes. It would be preferable to use a mechanism that the industry and regulators are familiar with, rather than creating a new system or relying on local rules until the regulators can reach common ground. Any interface mechanism will have to ensure that applications or filings can be dealt with under both systems concurrently, efficiently, and in a coordinated fashion.

3. Specific comments on NI 11-102

With those general comments in mind, we have the following specific comments with respect to NI 11-02.

a. Discretionary Change of Principal Regulator

Pursuant to sections 3.2, 4.8 and 5.3 of NI 11-102, the principal regulator of a person or company may be changed upon written notice from a securities regulatory authority or regulator. We understand from reviewing the Companion Policy to NI 11-102 that such a change could result either at the discretion of the securities regulators or upon application. A change in principal regulator that is initiated by the securities regulatory authorities could be a significant event for securities industry members. We would prefer to see NI 11-102 provide further guidance on the circumstances in which the regulators would exercise this discretion. Further, we believe that the person or company should receive notice of a securities regulators intention to exercise its discretion under 3.2, 4.8 and 5.3 and have an opportunity to respond and make submissions as to why the principal regulator should not be charged. This is a safeguard that is present in some National Instruments that require the designation of a principal regulator (see for example section 3.5 of NI 43-201).

b. Delegation to Self-Regulatory Organizations ("SROs") for Registration

Under Phase II of the passport system, we understand that SROs, such as the IDA , will continue to perform the registration functions that have been delegated to them by some securities regulators. Accordingly, under NI 11-102, IDA registrants will deal with the appropriate IDA office as principal regulator if the IDA has been delegated the firm and individual registration functions in the registrant's principal jurisdiction. It is unclear what occurs in jurisdictions where registration functions have not been delegated to the SRO. In such circumstances it may still be necessary for the registrant to deal with more than one regulator on registration matters (i.e. the SRO and the securities regulator). In order to ensure further harmonization, and to allow registrants a single point of contact on registration applications, we suggest that all the securities regulators review and consider having a uniform policy of delegation of registration functions to SROs.

c. Fees

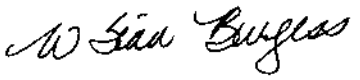
We are pleased to see that, in connection with discretionary exemptions, filers will only be required to pay application fees in the principal jurisdiction. While we understand that fees paid support the entire regulatory system, we encourage the CSA to consider

whether there are further opportunities to reduce filing fees for registration matters and prospectus filings, given that non-principal regulators will no longer be required to review all applications (as they do under a mutual reliance system) and should see their own costs reduced, at least somewhat.

Thank you again for the opportunity to provide comments on the NI 11-102. If you would like to discuss any of our comments in more detail, please do not hesitate to contact us.

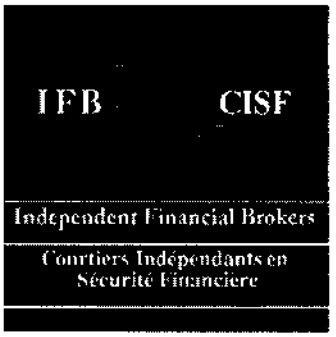
Yours truly,

IGM FINANCIAL INC.



W. Sian Burgess
Senior Vice President, General Counsel and Chief Compliance Officer

c.c: Murray Taylor, Co-President and Chief Executive Officer, IGM
Charlie Sims, Co-President and Chief Executive Officer, IGM



May 28, 2007

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Email: consultation-en-cours@lautorite.com

Sent by Email

Attention: All Provincial and Territorial Securities Regulators (except the Ontario Securities Commission)

Dear Sirs and Mesdames:

Subject: Comments on Proposed National Instrument 11-102 Passport System

Independent Financial Brokers of Canada (IFB) is pleased to provide our comments on the passport system being proposed by the Canadian Securities Administrators (CSA), excepting the Ontario Securities Commission (OSC).

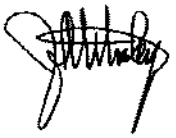
IFB is supportive of this initiative as it represents a step towards simplifying and harmonizing the current system of 13 different regulators that contributes significantly to the complexity and cost of doing business in Canada's financial marketplace.

IFB is a professional association comprised of some 4,000 individually licensed financial advisors. Many of our members are registered mutual fund or securities representatives with clients located in multiple provincial/territorial jurisdictions. The current, fragmented approach to securities regulation in Canada has often presented them with real barriers to serving these clients, arising from the increased cost and time spent on regulatory compliance required to conduct business in various jurisdictions. Ultimately, such barriers have a negative affect on consumers by reducing their ability to access the financial advice of the advisor of their choice. A regulatory system should not create a regime where consumers are restricted from receiving the services they want or require. Therefore, we support the principal regulator system and implementing administrative policies and procedures which will provide a more co-ordinated approach for all market participants. We encourage the participating jurisdictions to continue to explore opportunities to reduce costs for individual advisors, like our members.

Eventually there might well be a move to a single, national securities regulator which will help to reduce the inherent costs and regulatory inefficiencies that exist in a system of 13 separate regulators. In the meantime, however, IFB is disappointed that Ontario continues to refuse to take advantage of the interim steps afforded by participation in the passport system to address these current inefficiencies. We will encourage Ontario to establish co-operative procedural interfaces so that market participants in Ontario are not unduly disadvantaged.

IFB thanks the CSA for the opportunity to present our views. Should you have questions on our response, please contact the undersigned.

Yours truly,



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INVESTMENT DEALERS
ASSOCIATION OF CANADA

JOSEPH J. OLIVER
President and Chief Executive Officer

June 8, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Re: IDA Response to CSA Request for Comment on:

Proposed National Instrument 11-102 *Passport System*,
Form 11-102F1 *Notice of Principal Regulator and Registration in Additional Jurisdiction(s)*,
Companion Policy 11-102CP *Passport System*, and
Related amendments and repeals

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I am pleased to provide, on behalf of the Investment Dealers Association of Canada (IDA), our comments regarding the Canadian Securities Administrators' (CSA) Proposed National Instrument 11-102 *Passport System*, Form 11-102F1 *Notice of Principal Regulator and Registration in Additional Jurisdictions(s)*, Companion Policy 11-102CP *Passport System*, and related amendments and repeals (together, the Passport Rules. References to the CSA in this document are meant to refer to the CSA's members who support the passport initiative.)

The IDA is the national self-regulatory organization of the securities industry. Our members include more than 200 investment dealers who play an essential role in the Canadian capital markets and by extension the Canadian economy. Our mandate is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets.

Summary of IDA Position

The IDA believes the CSA's passport initiative will streamline and improve the efficiency of the regulatory system in Canada. We support the proposed Passport Rules in particular. However, we believe that certain aspects of the Passport Rules could and should be amended to better achieve the system's goals of consistent interpretation and application of nationally harmonized securities law. The CSA should also attempt to eliminate any remaining differences in the rules and their interpretation.

In addition, the absence of Ontario will obviously detract significantly from the efficacy of the passport system, unless there is substantive cooperation between Ontario and the passport jurisdictions. Under the assumption that this will be forthcoming, we believe the proposed system will be an improvement.

Introduction

As you are aware, many markets players believe that the current multi-jurisdictional Canadian securities regulatory regime, comprised of many non-harmonized securities laws and thirteen regulators or regulatory authorities, would reap significant benefits from a structural and procedural update. The ultimate goals of such a change would be to increase the efficiency of the

Canadian capital markets, provide enhanced investor protection, and enhance the ability of Canadian capital markets to effectively compete on an international basis. Indeed, many recently commissioned reports conclude that the Canadian securities regulatory framework must implement effective changes that will increase the efficiency and harmonization of regulation and enforcement. The IDA supports these conclusions.

Given the urgent need for greater harmonization of regulation and enforcement, the IDA supports any proposal that leads to increased harmonization and efficiency in securities regulation. Although the Passport Rules do not provide for a fully harmonized system, the IDA believes that imperfect rules that move the Canadian system towards harmonization and reduced duplication are still preferable to, and a great improvement upon, the current system.

We will utilize the remainder of this comment letter to elaborate upon the IDA's views with regard to aspects of the structure and implementation of the passport system.

Harmonization of Provincial/Territorial Securities Laws

The overriding benefit of the proposed Passport Rules is a significantly harmonized securities regulatory system. The Passport Rules move towards greater harmonization of securities laws on several fronts. Related provincial securities law amendments remove some non-harmonized rules between provinces. As well, the *Passport System* National Instrument (the National Instrument) states that existing non-harmonized laws will not apply in most circumstances. Furthermore, the passport system participants have pledged to eliminate existing non-harmonized laws and not to implement any new non-harmonized rules.

However, despite the pending elimination of certain non-harmonized rules, the commitment to eliminate remaining non-harmonized rules, and the commitment not to implement new non-harmonized rules, some non-harmonized rules, such as certain registration rules, will remain. There is also a risk that new non-harmonized rules will be implemented.

We believe that the efficacy of the passport system will be compromised if non-harmonized rules are allowed to persist. Therefore, we recommend a stronger commitment to complete

harmonization. Of course, even if the passport jurisdictions are able to completely harmonize their securities laws, Canadian securities laws cannot be completely harmonized without Ontario's participation. Without this participation, two systems will co-exist.

Uniform Interpretation and Application of Securities Laws

Another key aspect of the passport system is the CSA's commitment to consistently interpret and apply these harmonized laws throughout Canada. However, despite the importance of this aspect of the passport system, the Passport Rules contain only a reference to a commitment to achieve these ends and do not contain any practical guidance as to how the CSA intends to achieve uniform interpretation and application of harmonized securities laws.

We believe the CSA should implement a framework that ensures consistency in application, interpretation, and enforcement. Furthermore, this framework must allow the identification of discrepancies in interpretation and application between jurisdictions and provide for a dispute resolution mechanism to resolve these discrepancies. This framework must be transparent or it will be at risk of not achieving its goals. It must also provide for consistent amendment of existing harmonized laws.

Ontario's Absence from the Passport System

As previously stated, Ontario's absence from the passport system will reduce the efficacy of the system. The potential costs of Ontario's absence are clear: even in the event of complete harmonization among passport jurisdictions, there will remain two sets of passport laws, and potentially two regulatory philosophies, for Canadian capital market participants to contend with. Many registrants and issuers will have to deal with at least two regulators, while Ontario registrants and issuers could in theory have to deal with all thirteen regulators if conducting business in all jurisdictions. Therefore, harmonization and efficiency will be undermined.

Passport System Jurisdictions' Interface with Ontario

Given Ontario's absence from the passport system, the Passport Rules should be drafted so as to allow Ontario-based registrants and issuers access to the passport system and therefore the ability

to take advantage of the benefits provided by the passport system in the other Canadian jurisdictions. In other words, just as non-Ontario issuers and registrants will for the most part have to deal with only two jurisdictions (their principal jurisdiction and Ontario), Ontario issuers and registrants should have to deal with only two jurisdictions (Ontario and a passport jurisdiction designated as the issuer/registrant's principal (passport) jurisdiction).

However, the Passport Rules are currently drafted in such a way that Ontario issuers and registrants are not provided a transparent method to designate a principal regulator for the purposes of conducting business in the passport jurisdictions. On the assumption these issuers and registrants may therefore have to deal individually with each passport jurisdiction, as well as Ontario, we urge the CSA to draft the Passport Rules in a manner that is as inclusive and harmonizing as possible and that allows Ontario issuers and registrants to take advantage of the benefits provided by the passport system as much as possible. Any other approach would unfairly penalize Ontario issuers and registrants. It would also be a step backwards from the current Mutual Reliance Review System (MRRS) and would generally be inconsistent with promoting the stated objective of the passport system: fair and efficient capital markets.

Registration and the IDA's Role: Section 4.1 of the registration section of the proposed Passport Rules provides the method by which a firm or individual identifies its principal regulator (based on head office location or working office location, respectively). The Passport Rules are currently drafted such that an individual or firm based in Ontario would identify Ontario as its principal regulator. As Ontario is not a participant in the passport system and as there is no provision that would allow an Ontario-based firm or individual to identify a principal regulator who is a passport participant, the individual or firm would not have a principal regulator under the passport system and would in theory be required to register with each passport jurisdiction separately (in addition to Ontario).

There are currently approximately 15,000 IDA Approved Persons with working offices in Ontario. If the Passport Rules stand as currently drafted, it would appear that these Approved Persons would all be denied the benefits of passport if applying for registration in other jurisdictions. The Passport Rules should therefore be modified so that an individual whose

principal regulator would be Ontario under Part 4 of the National Instrument can clearly designate a participating regulator amongst those jurisdictions that are passport participants to function as that individual's principal regulator for the purposes of the passport system.

The IDA has been delegated firm (dealer) and individual registrant (Approved Person) registration functions in certain provinces. Alberta and British Columbia have delegated the IDA registration functions for firm registrations and British Columbia, Alberta, Ontario and Québec have delegated the registration function for Approved Persons. We understand that the Passport Rules are drafted such that the IDA will continue to perform these delegated functions and that there is no intention to change or reduce the role the IDA plays with respect to registration.

If the Passport Rules are implemented as currently drafted, our understanding is that there will be three possible scenarios for registrants who fall under the IDA umbrella:

1. *Ontario based registrants*:

    a. *Individuals*: The IDA has been delegated the registration function for Approved Persons registering in Ontario and will continue to perform this function for an individual registering in Ontario by applying the applicable Ontario securities laws. However, if the individual is applying for registration in other provincial/territorial jurisdictions, it would appear the individual would be required to make a separate application to each individual jurisdiction: to the provincial regulator where registration functions have not been delegated to the IDA, and to the local IDA office in cases where registration functions have been delegated. For example, if an Ontario-based individual is applying for registration in British Columbia, he/she would apply to the Vancouver office of the IDA. Because the IDA would not be enabled by the Passport Rules to apply only harmonized registration rules, the Vancouver IDA office would be required to consider all B.C. securities registration laws, regardless of whether they are harmonized under passport or not. If the individual wished to be registered in other IDA-delegated jurisdictions, he or she would apply to the local IDA office

for each jurisdiction, which would then apply all the registration rules for that province, whether harmonized or not. For registration in non-delegated jurisdictions, the provincial or territorial regulator would apply the entire set of registration securities laws for that jurisdiction, and would not be limited to the harmonized rules and carve-outs. In other words, the Ontario resident's application will be subject to separate registration review processes in Ontario as well as in each passport jurisdictions to which he or she applies, resulting in no time savings for the applicant.

b. *Firms*: An Ontario-based firm would initially apply to the Ontario Securities Commission, which would apply Ontario registration laws. If also applying to IDA-delegated jurisdictions for registration, the firm would apply to the local IDA office for each jurisdiction to which it is applying, which would then apply that local jurisdiction's registration rules, whether harmonized or not. If applying to non-delegated jurisdictions, the firm would apply to each provincial/territorial regulator individually, which would then apply its own set of registration rules, harmonized or not. The firm would therefore be subject to multiple review processes if applying for registration in jurisdictions other than Ontario, resulting in no time savings for the applicant.

2. *Registrants based in a passport jurisdiction which has delegated registration functions to the IDA:*

a. *Individuals:* Where the IDA has been delegated the registration function, the individual would apply to his or her local office of the IDA, which would then arrange for registration in all desired passport jurisdictions. The IDA would be enabled to apply the Passport Rules and would therefore apply one set of harmonized passport rules (with the exception of any provincial carve-outs in the Passport Rules). If desiring registration in Ontario, the individual would apply to the Toronto office of the IDA, who would consider the application according to Ontario registration laws.

b. *Firms*: For registration in any passport jurisdiction, a firm located in an IDA-delegated jurisdiction (currently British Columbia and Alberta) would follow the same procedure as described for individuals in 2(a), above. For registration in Ontario, the firm would apply to the OSC.

3. *Registrants based in a passport jurisdiction which has not delegated registration functions to the IDA:*

   a. *Individuals:* Where the IDA has not been delegated the registration function, the individual would apply to his or her principal regulator under the Passport Rules, which could then arrange for registration in all desired passport jurisdictions. The principal regulator would apply the Passport Rules and would therefore be applying only one set of harmonized passport rules (with the exception of any provincial carve-outs in the Passport Rules). If desiring registration in Ontario, the individual would apply to the Toronto office of the IDA, which would consider the application according to Ontario registration laws.

   b. *Firms*: For registration in any passport jurisdiction, a firm located in a jurisdiction that has not delegated firm registration powers to the IDA would follow the same procedure as described for individuals in 3(a), above. For registration in Ontario, the firm would apply to the OSC.

As is apparent from the above description of the registration process under passport, inefficiencies will be caused by two major factors: Ontario's lack of participation in the passport initiative and the incomplete delegation to the IDA of registration powers. Especially in the context of the proposed, harmonizing Registration Reform Project rules, further harmonization and a common and consistent approach to registration can clearly be achieved if the IDA is delegated the registration function for firms and individuals in all thirteen jurisdictions.

Prospectus and discretionary exemptions: Similar issues for Ontario-based issuers and registrants will occur with the Passport Rules prospectus and discretionary exemption provisions. For example, with respect to the prospectus provisions in Part 3, subsection 3.1(2) states that

head office location determines the principal regulator for a prospectus filing, subject to subsection 3.1(3). Subsection 3.1(3) provides for the identification of an alternate principal regulator where the principal regulator identified in 3.1(2) is not a *participating principal jurisdiction* (a defined term which lists British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.) However, as Ontario is included in the definition of participating principal jurisdiction, Ontario-based issuers do not have the option of identifying an alternate principal regulator that is both a participating principal jurisdiction and a participant in the passport system. Similar to the registration rules under the passport system, without amendments to the proposed Passport Rules an Ontario issuer would have to deal with the regulator in each jurisdiction in which it wishes to file a prospectus. However, amendments that would allow the Ontario issuer to designate a participating principal regulator who is also a participant in the passport system would enable the issuer to deal with only two regulators instead of thirteen. The same issues are present with respect to the discretionary exemptions in Part 5.

Specific Weaknesses Inherent in the Passport Rules

Listed below are references to specific sections of the Passport Rules that in their currently drafted form do not further the goal of rule harmonization. To achieve the goals of the passport system, efforts should be made to eliminate these instances of non-harmonization.

Issuers/potential registrants applying in only one jurisdiction

The current drafting of the Passport Rules provides an inconsistent result for issuers or potential registrants applying in only one jurisdiction. In the event of application in only one passport jurisdiction, all requirements of that jurisdiction would apply to the issuer/applicant, including any non-harmonized requirements. However, if application is made in more than one passport jurisdiction, no non-harmonized requirements apply. (This is with the exception of certain registration requirements, referenced below, and any Ontario non-harmonized requirements.) These inconsistencies should be eliminated by repeal or harmonization of any non-harmonized provisions.

Fees

Under the Passport Rules, issuers and registrants are still required to pay fees to the individual regulators. Consideration should be given to changes to the current fee structure.

Discretionary exemptions

Even within the passport system, two systems will continue to co-exist for discretionary exemptions: the Passport Rules and MRRS. A commitment should be made to complete harmonization in this area and bring exemptions under one umbrella.

Registration

Non-harmonized requirements still apply - The proposed Passport Rules do not eliminate all non-harmonized requirements and continue to allow certain non-harmonized registration requirements (those listed in Appendix C of Companion Policy 11-101CP) to apply to registrants. These requirements should either be harmonized or eliminated.

Additionally, there is no consistent treatment for cancellations, amendments, revocations or other changes made to the terms and conditions of registration. For example, any such changes made in the principal jurisdiction would automatically apply to the registrant in all non-principal jurisdictions. However, if any such changes are made in a non-principal jurisdiction (i.e., due to a disciplinary decision or settlement agreement between the regulator and the registrant in that jurisdiction), then these changes would not apply across all jurisdictions but would only be applicable in that particular non-principal jurisdiction. This situation will occur because any existing terms and conditions that have been imposed by a non-principal jurisdiction in the context of a pre-passport settlement or regulatory decision will continue to apply in the non-principal jurisdiction only.

National Registration Database – Because the implementation of the Passport Rules will require significant changes to the National Registration Database (NRD), we recommend that the Passport Rules are not implemented until changes can be made to the NRD to accommodate the passport system. Although the passport system will permit a principal regulator to perform

registration functions on behalf of non-principal regulators, NRD cannot currently accommodate one regulator to perform these functions for other jurisdictions. If the Passport Rules are implemented without changes to NRD, regulators will be faced with burdensome administrative workarounds. As well, the accuracy of the data encompassed by NRD will be compromised.

We are also of the view that the Passport Rules cannot become effective at the same time as National Instrument 31-103 *Registration Requirements* (Registration Reform) if Registration Reform's implementation target date (including completion of the required NRD changes) remains July 2008. NRD changes to accommodate the Passport Rules cannot be achieved by July 2008 and will likely take quite some time.

Other Technical Issues - IDA Registration staff have identified certain technical issues with the proposed Passport Rules. These technical issues are listed in the appendix attached to this letter.

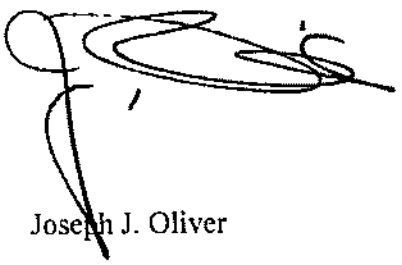
Conclusions

We believe that the Passport Rules are a fundamental step in moving Canada towards a more efficient, harmonized securities regulatory system, which in turn will increase investor protection, foster the competitiveness of the Canadian capital markets, attract foreign capital, and allow Canadian business to compete more effectively abroad. However, these laudable and achievable goals will not be realized to the extent possible, and necessary, to maintain and improve Canada's place in the world economy unless the CSA works in harmony to quickly eliminate and harmonize all non-harmonized securities laws, in particular those encompassed by the passport system

We recognize and applaud the CSA's demonstrated and renewed commitment towards increasing regulatory efficiency and harmonization. We believe the Passport Rules provide a unique opportunity to create and implement a third phase of the passport system, which could use the passport initiative's tools to implement even further systematic and procedural efficiencies. For example, a third passport phase could reach into other areas that would provide immense efficiency benefits: enforcement, policy-making, self-regulatory organization (SRO)

oversight, SRO rule review, and so on. The IDA looks forward to a future of increased efficiencies and harmonization.

Yours truly,



Joseph J. Oliver

APPENDIX

Technical Registration Issues with Proposed Passport Rules

1. Information required for filing

Part B1.1, Appendix B of Companion Policy 11-102CP (the Companion Policy) states that an individual may become registered in an additional (non-principal) jurisdiction by filing an update under "item 5 *Registration Jurisdictions* and item 9 *Location of Employment*" of Form 33-109F4. *Location of Employment* refers to an individual's working location. As the working location is already displayed on NRD and will not change when an individual applies in other jurisdictions, it is not clear what update the applicant is expected to provide. It is recommended instead that registration in an additional jurisdiction should require identification of *Item 7 - Address and Agent for Service* specific to the new jurisdiction, as this is the current procedure for applying in an additional jurisdiction.

2. Non-delegated jurisdictions

Part 4.1(c) of the Companion Policy specifies that registration applications for individuals will continue to be directed to the IDA for those provinces or territories in which the IDA has been delegated registration authority for Approved Persons. We would like to confirm that applications from individuals resident in the non-delegated provinces or territories will continue to be re-directed to the IDA for approval before they are approved by the principal regulator in that non-delegated province/territory.

3. Effective date of registration

Appendix B, section B2.3 of the Companion Policy states that the effective date of registration of a firm in an additional (non-principal) jurisdiction is "the date on which filing is made." As Form 11-102F1 is a paper form that will be filed outside of the NRD system, it should be clarified whether this date refers to the date the form is sent to the non-

principal regulator by the filer or the date the form is received by the non-principal regulator.

4. Role of non-principal regulator

Sections B2.2 and B2.6(3) of Appendix B of the Companion Policy indicate that no action or review is required by a non-principal regulator during or after the principal regulator's decision-making process. This is a welcome change from the current National Registration System, where the process for soliciting certain required documentation from non-principal regulators imposes a significant workload for the registration officers.

However, the IDA would like clear confirmation in the Passport Rules that there will not be a mandatory requirement for the principal regulator to consult with the non-principal regulator(s) prior to making a registration-related decision. In order to ensure consultation with non-principal regulators is not necessary, all regulators must ensure that any detrimental information pertaining to an individual is recorded on NRD. We note that Section 8 of the NRD's Regulator's Manual currently enables all regulators to add a note to identify any significant detrimental information to an individual's record on NRD, thereby providing this information to regulators in all jurisdictions. Furthermore, all jurisdictions have agreed to record such information on NRD.

5. Hearings

We recommend a clarification that, in those instances where the IDA has been delegated or been authorized to perform the principal regulator's registration function, as described in Part 4.1 of the Companion Policy. the individuals or firms requesting a hearing are required to submit the request directly to the IDA.

6. Accounting procedures / fee collection

Appendix B, section 4.1 of the Companion Policy states that fees for corporate registration are to be paid to the principal regulator, who is then responsible for fee distribution to the non-principal regulator(s). We submit that it is unnecessary for the principal regulator to be

involved in the cheque collection process. Instead, the IDA recommends that cheques for corporate registration be sent directly to the non-principal regulators.

INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Ian C.W. Russell FCSI
President & Chief Executive Officer

May 25, 2007

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Dear Mesdames:

Re: Proposed National Instrument 11-102 and Companion Policy 11-102CP
Passport System

General Comments

1. Passport System Not a Final Solution

The Investment Industry Association of Canada appreciates the opportunity to comment on this important CSA initiative. We believe that the Passport System is a significant step in the formidable but essential task of restructuring regulation of the Canadian securities marketplace.

The creation of a single point of access through the principal regulator concept will be an important improvement over the existing system that will likely result in increased efficiency and cost savings to the industry. It should not, however, be regarded as the final step in the evolution of the multi-jurisdictional Canadian market to a single regulator model. We believe that the cornerstone of the larger restructuring imperative is the harmonization and streamlining of the regulations underlying the Passport System.

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The ability of market participants to rely on one uniform set of more principles-based regulations is critical in creating an efficient system that can be easily navigated by domestic and foreign market participants.

Although the establishment of common regulations and a single point of access create the appearance of a relatively uniform and integrated market, the reality remains that there are 13 jurisdictions with different levels of participation in the Passport Model. Each jurisdiction continues to have the authority to enact local regulations, independent of the others. Although the proposed Passport Policy Statement states an intention not to do so, governments may nevertheless decide otherwise and regulators may choose to accomplish a common goal in different ways, undermining the harmonization objective.

In addition, the differences in the regions' abilities to act as principal regulator and the remaining local idiosyncrasies in legislation, not to mention multiple fees, result in a system that, despite its improvement over the current state of affairs, should only be considered to be transitional. This is especially so in view of the Ontario Government's decision not to participate in the Passport System.

We urge all members of the CSA (and the governments to which they report) to continue to work together to come to an agreement that would make this a truly national program and would allow for the further evolution of our regulatory structure pursuant to a timely and well executed plan.

2. Ontario as a Non-Participating Jurisdiction

The Ontario Government has decided not to participate in the Passport System without a commitment from other jurisdictions to move toward a national regulator on a timely basis. The Ontario Securities Commission (the "OSC") will therefore not be able to participate fully in the Passport System, as it has no prospect of receiving statutory authority to delegate its decision-making authority to other regulators. Nevertheless, the second phase Passport Proposal is framed as a national instrument on the basis that the OSC will be participating and will be able to act as a principal regulator. As a result, the proposed instrument does not address Ontario's actual position or the issues that must be resolved in view of the fact that the regulator in the largest market in Canada cannot adopt the proposed instrument.

The Passport Proposal contemplates the repeal of the existing instruments under which the OSC and other regulators currently cooperate, for example, National Instrument 31-101 - *National Registration System* and National Policy 43-201 - *Mutual Reliance Review System for Prospectuses and Annual Information Forms*. But as the OSC cannot fully participate in the proposed Passport System, it may be necessary to utilize the mechanisms in these regulatory instruments, or devise other means to permit the OSC to continue to cooperate in the prospectus and registration processes.

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For example, another mechanism that would allow the OSC's participation in cooperative regulatory processes would be for other participating regulators to delegate authority to the OSC to enable it to act as a principal regulator under the Passport System for issuers and market participants whose principal jurisdiction (as defined in the instrument) is Ontario. Although the OSC will not be able to reciprocate, this could address potential transitional difficulties for registrants whose principal jurisdiction will be Ontario.

These and other possible ways of continuing the existing cooperative arrangements must be addressed in conjunction with, or as part of the Passport Proposal, if a comprehensive scheme is to be considered.

Without some indication of how the CSA intends to resolve these issues, any comments will necessarily be incomplete, as they will be based on a proposal that cannot be achieved in the form proposed.

The remainder of this letter contains comments on the Passport System as proposed. It does not comment further on the manner in which the OSC and other regulators may continue to cooperate under this System. Nor does it comment on other outstanding proposals that contemplate the Passport System and that must be taken into account when attempting to evaluate it, namely, proposed National Instrument 41-101 - *General Prospectus Requirements* and proposed National Instrument 31-103 - *Registration Requirements*. All of these matters must be viewed together when considering the Passport System and its implications for all market participants and regulation of the securities market in Canada. We recommend, therefore, that National Instrument 11-102 be re-proposed, along with these other national instruments, for a second round of comments so that the proposed Passport System can be considered on a comprehensive basis.

Specific Concerns

1. Inconsistencies and Harmonization

Aside from Ontario's decision not to participate in the Passport System, the nature of our concerns relate for the most part to outstanding inconsistencies in regional regulation that undermine the System's purpose and effectiveness.

We applaud the provinces' efforts to harmonize their regulation and defer to the principal regulator where certain differences remain. The remaining inconsistencies and restrictions, however, are significant and should be resolved in order to maximize the benefits of the system.

The treatment of non-harmonized local requirements raises concerns with respect to both prospectuses and registration. One unintended consequence of this treatment is that non-harmonized "additional" prospectus requirements will only apply to a prospectus that is

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filed in a single jurisdiction. The result is that small issuers raising capital in only one province may be subject to potentially more onerous requirements than those raising capital in two or more.

The fact that the Passport System does not apply to non-harmonized prospectus exemptions is problematic as it introduces complexity and reduces the potential benefits of the system. It is difficult to understand the rationale for many of the differences in these exemptions and, particularly, why investors in specific jurisdictions are deemed to be in need of different levels of investor protection than those in the rest of the country. The differences should be re-examined and harmonized, given the significance of the exempt market in Canada and the proposal to require registration of exempt market dealers under National Instrument 31-103.

The proposed Passport System would not exempt registrants from all non-harmonized requirements, but only the small number listed in Appendix D to the National Instrument. No explanation for this treatment is provided in the Policy Statement or Request for Comments. Again, it is difficult to understand why the local requirements cannot be harmonized for registrants that carry on business in more than one jurisdiction.

The retention of local requirements under the proposed Passport System highlights the fact that harmonization requires not only uniform legislation and rules, but also uniformity in their interpretation and application.

The proposed Policy Statement says that the CSA "has put in place administrative practices and procedures to ensure its members interpret and apply harmonized securities legislation in a uniform way." These mechanisms should also be included in the National Instrument so that market participants may invoke them in appropriate circumstances.

2. Fees

Under the Passport System market participants would deal only with their principal regulator. Nevertheless, issuers and registrants will be required to pay the applicable distribution, registration and filing fees in each jurisdiction. It is difficult to see a justification for continuing to require payment of fees in jurisdictions where the regulator does not do any work on an application or filing.

At a minimum, the fees paid to non-principal regulators under the Passport System should be substantially reduced.

3. Mobility Exemption

The decision to retain the limits on the broker mobility exemption contained in the Passport System (subsequently to be moved into National Instrument 31-103 - *Registration Requirements*) is problematic and inconsistent with the principles of the

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Passport System. The exemption permits individual brokers to service only five inter-provincial clients and restricts an entire firm to ten such clients. These limits on the exemption are far too low to deal with the issue of client mobility and strip it of any real utility. The rationale for the limits is unclear, as the exemption does not diminish any of the protections currently afforded to clients regardless of the number of clients involved.

As long as the firm and the individual registrant meet the criteria required by their principal jurisdiction, there is no clear reason to establish such limits. In fact, the restriction is at odds with the purpose of the Passport System, which is to create a single point of contact by recognizing the regulations of other jurisdictions. From a practical point of view, the cost and time required for registrants to develop and monitor compliance with the exemption more than offset the benefits, due to the extremely limited number of clients that can be served. The result has been and will continue to be that dealers serving any number of inter-provincial clients will choose to register rather than use the exemption.

As a matter of principle, given that the provinces do not have materially different registration requirements, there is no reason to preclude a registrant from continuing to deal with existing clients who change their jurisdiction of residence. We question the rationale for the decision to effectively exclude broker mobility from the Passport System.

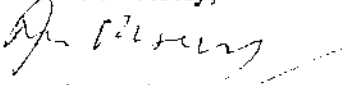
4. Cost-Benefit Analysis

The Request for Comments states that the CSA did not do a cost-benefit analysis of phase II of the Passport System because they "assumed that all jurisdictions would adopt it" and that it would therefore reduce, rather than impose, costs. In view of the position of the Ontario Government on the Passport System, the CSA's assumption appears to be incorrect. Given that the cost-benefit equation underlying the Passport System will necessarily overstate the benefits and underestimate the costs, it is important to find ways to accommodate Ontario's position in the Passport System and understand the real the cost-benefit of the Passport System, as compared to a single national regulator.

Conclusion

The Investment Industry Association of Canada applauds the CSA for the hard work and consensus building that has resulted in the Passport System and the harmonized regulations that underpin it. We look forward to continuing CSA efforts to ensure effective implementation of the Passport System with a view to the evolution to a single regulator solution.

Yours sincerely,



cc: Mr. John Stevenson, Secretary of the Commission, Ontario Securities Commission

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-----Message d'origine-----
De : Jean-François G. Labbé [mailto:jfglabbe@sympatico.ca]
Envoyé : 2007-03-29 13:22
À : Consultation-en-cours
Objet : Commentaires

Bonjour,

Il me semble clair que l'on doivent avoir un arganisme de réglementation unique au Canada. Ce sera plus simple pour tous, plus facile à gérer et moins couteux pour tous. Aussi plus simple pour les entreprises. Ça va sûrement favoriser l'accès au marché des capitaux au Canada.

J'espère que les provinces vont laisser de côté leur soif de pouvoir dans leur patelin pour favoriser le bien du Canada.

Merci,

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May 28, 2007

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Saskatchewan Financial Services Commission
Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Office of the Attorney General, Prince Edward Island
Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar os Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Re : Proposed Regulation 11-102 respecting Passport System

Ladies, Gentlemen,

We refer to the Notice and Request for Comment published March 28, 2007 in connection with the proposals of the Canadian Securities Administrators, other

than the Ontario Securities Commission (OSC), (the "CSA") for implementing the next phase of the passport system for securities regulation ("Passport System").

On behalf of the Legal Advisory Committee to the *Autorité des marchés financiers* (the "Committee" or "we") comprising representatives of the firms mentioned below, we believe that these new rules and administrative changes will indeed further simplify the securities regulatory system for issuers and registrants in more than one Canadian jurisdiction.

The Committee believes that the Passport System, as it is proposed to be implemented in its Phase II, is a step in the right direction for a seamless system of compliance for both issuers and registrants and fully supports this initiative.

The Committee has noted two areas of concern that it wishes to outline to the CSA.

First, as the Passport System will allow an issuer or registrant to deal with a single regulator, it will be important and essential that all regulators act and interpret the rules and regulations underlying the Passport System in a uniform manner, so that issuers and registrants do not find themselves in a situation where they might be treated differently depending on the regulator with which it is dealing.

Second, as the Passport System will have the effect of repealing the Mutual Reliance Review System ("MRRS") and assuming that Ontario will not be part of the Passport System, the CSA and the OSC will need to provide a new system of mutual reliance that will allow the Passport System to run smoothly and as seamlessly as possible. In that respect, the repealing of the MRRS should be done in a manner that will ensure that its benefits are not lost for issuers, particularly those based outside of Ontario.

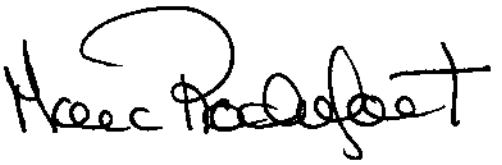
In terminating, we would want to add a few comments on the issue of a National Securities Regulator. Much has been written or said over the years on the establishment of a single National Securities Regulator. The Committee does not view the improvements to the Passport System as being a response to those who would wish to see the setting-up of a single securities regulator in Canada. We believe that the issue of a National Securities Regulator is a distinct issue that

merits to be discussed separately from the Passport System and not as an alternative to such system. Therefore, this letter does not attempt to respond, and should not be interpreted as a response, as to the merits of setting-up a National Securities Regulator.

We trust these submissions will be helpful to the CSA and we look forward to the opportunity to discuss same with you.

Yours truly,

The Legal Advisory Committee
to the *Autorité des marchés financiers*

By: 

Marc Rochefort
Chairman

The Members of the Legal Advisory Committee to the *Autorité des marché financiers:*

- Sylvain Cossette, *Davies Ward Phillips & Vineberg LLP*
- Jean Marc Huot, *Stikeman Elliott LLP*
- Christiane Jodoin, *Osler, Hoskin & Harcourt LLP*
- Gilles Leclerc, *Fasken Martineau DuMoulin LLP*
- Francis R. Legault, *Ogilvy Renault LLP*
- Clemens Mayr, *McCarthy Tétrault LLP*
- Marc Rochefort, *Desjardins Ducharme, L.L.P.*
- Leonard Serafini, *Gowling Lafleur Henderson LLP*
- Charles R. Spector, *Fraser Milner Casgrain LLP*

RAYMOND JAMES®

June 4, 2007

Via E-Mail

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Dear Madams/Sir:

I would like to thank the CSA for the opportunity to attend the breakfast session on Monday, May 28, 2007 to learn about the next iteration of the passport model. I also appreciate the opportunity to provide a few comments from a veteran. In my forty year career in this industry, I have had three stints with SROs being the MSE as an auditor in the sixties, the TSE as Executive Director of compliance and audit and the IDA as head of the Trade Association, giving me a familiarity from both sides of the fence.

I find it ironic and regrettable that the CSA spent a great period of time trying to get Quebec in the tent and no sooner had that been accomplished, with great interaction, than Ontario went out the back door.

In our view, the Passport System will not work without the involvement of the OSC. Human nature will prevail and the professionals on both sides of the equation will not let go on almost any issue. History has taught us this lesson. We recognize that the passport system is not without its drawbacks and strongly believe that a quasi national securities

regulator with harmonized securities regulation is ultimately necessary to regulate the Canadian securities markets in order to ensure an efficient and competitive regulatory system for all market participants. However, we do believe that the passport system is a significant step in this direction.

In the presentation, we were disturbed to hear that this split will affect Ontario based registrations more than others. From a dealer perspective, we do not think this is true. Most of us have national operations so we are all affected by the exclusion of Ontario.

In addition, we believe there is a significant flaw in the proposal and it relates to rule generation. It is fine to get harmony on the application of the rules but unless we do the same on the creation of them, the system will be a failure.

We have the following recommendations:

1. We urge the OSC to join forces with the industry to lobby the Ontario government to reconsider its position and participate in the passport model to ensure that market participants that operate in Ontario as well as nationally are not disadvantaged.

2. The best and the brightest from all securities commissions in Canada should be selected to form a rule generating body that will apply across the country. Once established, this group will be the only group to make recommendations to commissions and Provincial Governments for rule changes that would be applicable across the country.

3. The backlog of rule amendments, some which have languished for years, should be cleaned up in six to twelve months.

Actions speak louder than words. If the CSA could present a united front, show a specific time horizon and plan to implement a system for rule creation as well as rule implementation and show a spirit of harmony, the new slogan would be:

CANADA HAS A CO-ORDINATED REGULATOR, ACTING EFFICIENTLY, AND THUS THIS IS THE NATIONAL REGULATOR.

We thank you for the opportunity to present our views.

Yours truly,

Peter A. Bailey
President and Chief Executive Officer

Canadian Coalition for
GOOD GOVERNANCE
THE VOICE OF THE SHAREHOLDER

June 15, 2007

The Canadian Coalition for Good Governance

Response to OSC – CSA

Re: Proposed Single Regulator

CCGG strongly supports moving to a single, national Canadian regulator for capital market regulation. We believe that all regulators should be working toward this goal and that a framework agreement and proposed structure should be put in place within two years. CCGG believes that a national regulator working from various offices across the country will improve enforcement and make the Canadian market more efficient and transparent for Canadian investors. CCGG also believes an efficient financial and regulatory system in Canada is essential for Canada's continued economic prosperity and attractiveness to global capital market participants (issuers and investors).

The passport system and the harmonization of regulation is a positive first step toward meeting the goal of a national securities act and body, and should be supported by all jurisdictions. It should not be viewed as an end objective, but a step towards a single, national regulator. The process needs to be considered a merger of regulatory equals by all Provincial agencies - the great body of knowledge, processes and systems currently in place cannot be wasted.

We support an accountability structure and organizational framework as suggested by Mr. Purdy Crawford, Chair of the Crawford Panel on a Single Securities Regulator. We believe this structure and framework need to be put in place early in the process to give guidance to the merging activity. We also believe both levels of government (Provincial and Federal), the issuers, and most importantly, the 'buy-side', need to be at the table to facilitate the implementation of this framework.

CCGG believes strongly that it is in Canada's best strategic interest to have a modern financial and capital market that is transparent, efficient, and protects investors through rigorous enforcement.

Yours truly,

David R. Beatty

David R. Beatty, O.B.E.
Managing Director

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June 4, 2007

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Dear Sirs/Mesdames:

Re: Proposed NI 11-102 *Passport System*

We are writing to provide the comments of the Members of The Investment Funds Institute of Canada ("IFIC")[1] on the Notice and Request for Comment dated March 28, 2007 ("CSA Notice"), on Proposed National Instrument 11-102 *Passport System,* Form 11-102F1 *Notice of Principal Regulator and Registration in Additional Jurisdiction(s),*

[1] Founded in 1962, IFIC is the national association of the Canadian investment funds industry. Membership comprises mutual fund management companies, retail distributors and affiliates from the legal, accounting and other professions from across Canada, who work in an open, consultative process to ensure all views are considered and met. Members' assets under administration – the amount Canadians have invested in the mutual fund industry – currently stand at over $699 billion.

and Companion Policy 11-102CP *Passport System* and related amendments and repeals, published for public comment by the Canadian Securities Administrators ("CSA"), excluding the Ontario Securities Commission, on March 28, 2007 (respectively, the "Notice" and "Proposed Instrument" and collectively, the "Proposal").

General Comments:

This response will not comment on the relative merits of the passport system favoured by the CSA jurisdictions other than Ontario, or of the common securities regulator system favoured by the federal government and Ontario. We do not believe it is necessary to take a position on either of those systems in order to provide our Members' views on the Proposed Instrument, and on whether it meets its intended objectives.

As a matter of general principle, IFIC's Members support regulatory proposals that provide consistent treatment of the consumer experience, greater clarity and consistency of rules, and efficiencies in process. It is from that perspective that our Members have assessed the Proposal.

We would also like to emphasize that IFIC's comments in this letter provide the views of the investment fund industry only, and are limited to the aspects of the Proposal that are applicable to investment funds.

Undesired Effect of Proposal:

With that as background, our Members do endorse the stated aim of the Proposal - "to further simplify the securities regulatory system for issuers and registrants who have their securities traded or who deal with clients in more than one Canadian jurisdiction". We also believe that the enhancements which are proposed to the existing prospectus, continuous disclosure, registration and exemptive relief areas are promising, and do attempt to improve the existing rules in these areas.

However, we believe that as it is currently presented, proceeding without Ontario's participation, fundamentally flaws the Proposal and will do more to complicate the regulatory system for issuers and registrants that operate across provincial borders, and have activities in Ontario, than would be the case if the status quo were simply maintained. Despite all the potential enhancements contained in the Proposal, to proceed on a less-than-national basis is not the correct course of action.

In these comments we offer a solution which, for the investment funds sector (and likely the broader capital markets), would build on existing national processes, and enhance them with portions of the Proposed Instrument and Companion Policy, creating a more effective and efficient process for multi-jurisdictional participants.

The Proposal's laudable objectives cannot possibly be achieved if less than all jurisdictions agree to adopt it. As Ontario has elected not to do so, and since a significant majority of the investment funds industry carries on some activities in Ontario, there is neither enhancement of efficiency nor simplification of the system for those participants. In fact the opposite will occur. From a public policy perspective we question whether the Proposal can truly be assigned "National Instrument" status when it is not being adopted nationally, and when the non-participating province has publicly taken a contrary position.

Investment funds in Canada are currently reasonably well served by a set of National Instruments that govern prospectus content, registration of dealer firms and their advisers, continuous disclosure and exemption applications. To a large extent, the existence of so many National Instruments addresses the need for greater clarity, predictability and efficiency in the regulatory framework and streamlines the processes for activities such as registrations. In all cases, the effectiveness of these Instruments is built on their application in all CSA jurisdictions. As such, we truly believe that the CSA's focus must be on building upon the successes of those existing National Instruments across all jurisdictions, rather than proceeding down the path of selective application, providing enhancements only in those jurisdictions that have opted to participate.

Certainly our Members that operate in multiple jurisdictions are concerned with the application of local rules that are inconsistent with rules in their principal jurisdiction. The elimination or reduction of this issue is one of the goals of the Proposal. As the CSA Notice discusses in detail, much work has been done to eliminate unique local rules, and to increase the degree of actual harmonization. The Proposal attempts to further improve the system for multi-jurisdictional participants by deeming inapplicable many local rules that are not harmonized, and by providing an automatic legal result approach, whereby decisions of the principal jurisdiction are automatically effective in non-principal jurisdictions where the participant has requested similar treatment.

However assembling these progressive improvements into a new Instrument which will not have national application, and then repealing the existing procedural rules which do have national application, rather than simply building those enhancements onto the relevant existing National Instruments, we believe is the wrong way to proceed and will significantly set back the progress the CSA has already made towards increased national harmonization of rules.

A. Prospectus Filing and Clearance

Mutual funds currently operate, and managers prepare their funds' prospectuses, in accordance with NI 81-102 and 81-101 respectively. The filing of prospectuses and related disclosure information is governed by National Policy 43-201, *Mutual Reliance Review System for Prospectuses and Annual Information Forms* ("MRRS"), a national system which has since 1999 worked extremely well in simplifying the prospectus filing and clearance system for issuers operating in multiple jurisdictions, providing, in essence,

a one-stop filing process. Rather than improving those aspects of MRRS that are considered "broken" while retaining the national application of the instrument, the CSA intend to repeal MRRS and replace it with the rules in the Proposed Instrument, which will not be national. We believe this is a direction that must be avoided.

The Proposal does offer what we would consider to be substantive enhancements to the current MRRS (as more recently amended as noted in the CSA Notice). These substantive enhancements are the automatic application of decisions in non-principal jurisdictions and the automatic exemption from any remaining non-harmonized prospectus requirements. We believe that without Ontario's participation, the correct approach is not to include those enhancements in the Proposed Instrument, but rather to amend the existing MRRS (which does apply in Ontario) to include the content of Part 3 of the Proposed Instrument and Appendix A to the Companion Policy (currently entitled *Passport system process for prospectus review*). This would give effect to the desired improvements, as well as ensure that the enhanced system remains applicable in all jurisdictions across Canada, thereby achieving the stated objective in the CSA Notice – to enhance the efficiency of the regulatory process for issuers operating in multiple jurisdictions in Canada.

Proceeding without Ontario, as proposed in the CSA Notice, replaces a functioning, effective, all-jurisdiction cross-Canada clearance system with a disjointed patchwork system that will necessitate duplicative activity for issuers who wish to offer their funds in Ontario, which is a significant majority of Canadian fund issuers. The process for them becomes less simple and efficient. This result is, therefore, a serious concern for the marketplace.

As an example, consider a mutual fund manager based in Alberta, wishing to offer its fund across Canada, including Ontario. At present the manager files its Simplified Prospectus and related documents through SEDAR simultaneously to all jurisdictions, designating its principal jurisdiction (Alberta in this example). Alberta's securities regulator then manages the process of obtaining comments and/or consents/opt-ins from all of the other applicable jurisdictions, and will deal with the issuer on any concerns raised. The other provinces have the ability to opt-out, in which case the issuer will need to deal with that province directly on that issue. Once all provinces have opted in, Alberta's regulatory authority will issue a receipt on behalf of all participating jurisdictions. For the issuer, this is a very efficient process to access all markets across Canada.

The Proposed Instrument, although it is supposed to enhance the above process, will in practice (as it will not be adopted in Ontario) create a duplicative, possibly inconsistent approach. In the example above the issuer would need to file its prospectus documentation in Alberta (the principal jurisdiction within the passport system), in addition to filing separately in Ontario under its local rules (as MRRS will have been repealed). Immediately the process has lost the previous coordination among all provinces, such that two regulators will now be required to manage the process. Worse,

the issuer will face duplicative systems, having to correspond with two regulators, receiving two receipts and so on. We have yet to fully consider the additional complications for an existing issuer that has until this time been able to use MRRS to qualify in all jurisdictions but would now be required to function under this "parsed" process.

This certainly would be a disappointing result, especially as the benefits of the Proposal could easily be obtained by building the proposed prospectus filing sections into the existing MRRS rule by way of an amendment. Such an approach would surely receive Ontario's support.

Registration System

Using the same solution as we offered for prospectus filings, we believe that the desired enhancements to the registration process could be obtained without eliminating the national application of the existing registration rules. Again this could be achieved by extracting those provisions in the Proposed Instrument and Companion Policy relating to registration (Part 4 and Appendix B, respectively) and, by amendment, building them into the provisions of the National Registration System rules, NP 31-201 (which sets out the MRRS-type system for registration in multiple jurisdictions) and NI 31-101 (which provides an exemption from the fit and proper requirements in non-principal jurisdictions). In fact, we might suggest combining NI 31-101 and NP 31-201, along with Part 4 and Appendix B of the CP to the Proposed Instrument, into one new national instrument (or perhaps compile them all into a renewed NP 31-201) to provide for a one-stop registration process for multi-jurisdiction participants. That solution would truly enhance the efficiency of the registration process in all provinces, including Ontario.

Specifically in relation to dealer firms and their representatives, the harmonization of rules for dealers who are members of SROs has already been largely accomplished through the national reach of the IDA and the close-to-national reach of the MFDA. At the point of entry into the market, the registration process for advisors, dealers and individual representatives has been largely harmonized through National Instruments such as NI 31-101 and NP 31-201 along with related instruments harmonizing the documentation and proficiency requirements. As noted in the CSA Notice, the proposals in Proposed NI 31-103 *Registration Rules* seek to further enhance the registration system by harmonizing the registration categories and structure of proficiency requirements across the country. Although we will be commenting separately on the specific proposals contained in NI 31-103, we do see broadly the intended enhancements which the instrument seeks to apply to the existing registration system. As such, we truly believe that the adoption of the further registration enhancements proposed in Part 4 of the Proposal would be more effectively and positively accomplished by incorporating those provisions into the existing national rules, rather than adopting a new rule which will not apply nationally.

Again, to illustrate by example, an Ontario-based dealer wishing to register itself and its representatives in other jurisdictions may currently make application for such registrations using a single filing, distributed electronically through NRS to all applicable jurisdictions. Although comments and correspondence are handled directly with each province as required, the filing process is rather efficient in a very similar manner to MRRS described above.

Although it offers enhancements - providing for automatic registration in non-principal jurisdictions and exemptions from non-harmonized provisions - the Proposed Instrument will, in practice (as it will not be adopted in Ontario), create a duplicative, possibly inconsistent approach for most multi-jurisdictional issuers, as we expect most will seek registration in Ontario. The Ontario-based dealer in our example would have to register in Ontario applying local rules (as NRS will have been repealed) and then, we assume, select a "Passport Principal Jurisdiction" under NI 11-102 to which application would be made for registration in that jurisdiction and all other desired "passport" jurisdictions. Again, the process loses the existing coordination among all provinces, essentially requiring two regulators to act as principal regulators on the matter. Worse, the registrant faces the prospect of inconsistent conditions of registration as only those provinces adopting the Proposed Instrument, and therefore not Ontario, would automatically register the applicant with the same conditions as the principal jurisdiction.

For these reasons, to avoid this duplication, and effectively meet the objectives of the Proposal, the proposed enhancements should simply be built into the existing national registration rules.

C. Exemptions

With respect to registration and prospectus exemptions, we note the confirmation in the CSA Notice that NI 45-106 *Prospectus and Registration Exemptions* has already created an essentially-harmonized process through which to obtain exemptions from registration and prospectus requirements. In the case of discretionary exemption applications, the Proposed Instrument does proceed in the right direction, proposing, in the case of most discretionary exemptions, automatic exemptions in non-principal jurisdictions from equivalent requirements to those covered in the relief from the principal jurisdiction. However, once again the lack of full CSA participation in the Proposed Instrument prevents this enhancement from meeting its objective.

Recognizing that the current discretionary exemption process involves filing exemption applications in the required jurisdictions, and dealing directly with each regulator, the dual-system that would result if the Proposed Instrument is adopted without Ontario would not be significantly different. However, it would represent the loss of an opportunity to truly offer market participants a more efficient system, which could be achieved by simply changing the manner in which the enhancement is made effective. Again, we believe the better approach would be to incorporate the enhancements proposed for relief applications (contained in Part 5 of the Proposed Instrument) by way

of amendments into the existing rules for relief applications in MI 11-101 *Principal Regulator System*.

Cost Benefit Analysis

Another notable flaw in the Proposal is the manner in which the cost-benefit analysis requirement has been addressed. The CSA Notice expressly states that a cost-benefit analysis of phase II of passport was not done "because we have assumed that all jurisdictions would adopt it" despite the fact that the second paragraph of the Notice has already noted that Ontario has chosen **not** to adopt it. By its own admission, the CSA's fundamental assumption against the need for a CBA has been eliminated.

Given the lack of full CSA adoption of the proposal, we believe that a proper CBA must be prepared and issued to allow public comment on the measurement of the costs of implementing the Proposal without Ontario as a participant. This measurement must include the incremental and duplicative costs to be faced by issuers and registrants who will be required to operate in the resulting dual system. It should also consider the duplicative administrative costs incurred by regulators – as there would be a need for two regulators to manage each file as principal regulator. Those costs would quantify the degree to which the Proposal without Ontario fails to meet its objective of enhanced efficiencies in process. We cannot imagine how the proposed enhancements can outweigh the costs for participants if the system is not adopted by all jurisdictions. We would argue that, contrary to the position in the Notice, proceeding with the Proposal will unnecessarily impose new costs on market participants.

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We thank you for providing our Members with the opportunity to comment on the Proposed Instrument. Please contact the undersigned directly or Ralf Hensel, Director – Policy, Manager Issues, at (416) 309-2314 or rhensel@ific.ca, should you have any questions or wish to discuss these comments.

Yours truly,

THE INVESTMENT FUNDS INSTITUTE OF CANADA

By: Joanne De Laurentiis
President & Chief Executive Officer

JDL/rh

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Le 4 juin 2007

Envoyé par courriel : lmercier@bcsc.ca; consultation-en-cours@lautorite.qc.ca;

British Columbia Securities Commission
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Saskatchewan Financial Services Commission
Commission des valeurs mobilières du Manitoba
Autorité des marchés financiers
Nova Scotia Securities Commission
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Mesdames, Messieurs,

Objet : Projet de Règlement NI 11-102 – *Système de passeport*

Veuillez trouver ci-après les commentaires émis par les membres de l'Institut des fonds d'investissement du Canada (« IFIC »)[1] concernant l'avis de consultation daté du 28 mars 2007 (« avis de consultation des ACVM ») sur le projet de norme canadienne 11-

[1] Fondé en 1962, l'IFIC joue le rôle d'association nationale pour l'industrie des fonds d'investissement au Canada. Des entreprises de gestion de fonds communs de placement, des détaillants et des sociétés affiliées dans les domaines juridiques, comptables et autres de partout au Canada en sont membres; ils travaillent de concert dans un processus de consultation ouvert pour que tous les points de vue soient étudiés et respectés. L'actif administré des membres, soit le montant que les Canadiens ont investi dans l'industrie des fonds communs de placement, se chiffre actuellement à plus de 699 milliards de dollars.

102 sur le *Système de passeport*, le projet de formulaire 11-102F1, *Avis de détermination de l'autorité principale et d'inscription dans d'autres territoires* et l'instruction générale connexe au Règlement 11-102 (11-102CP) sur le *Système de passeport*, ainsi que les modifications et les abrogations qui y sont liées, que les Autorités canadiennes en valeurs mobilières (« ACVM »), à l'exception de l'Ontario Securities Commission, ont publié le 28 mars 2007 en vue d'obtenir des commentaires (isolément, il sera question de l'« avis de consultation » et du « projet de norme canadienne »; collectivement, les notions seront regroupées sous le terme « projet »).

Commentaires généraux :

Le présent commentaire ne traitera pas des avantages relatifs du système de passeport qu'utilisent les membres des ACVM autres que l'Ontario ou de ceux du système d'autorité de réglementation unique qu'utilisent le gouvernement fédéral et l'Ontario. Nous ne croyons pas nécessaire de prendre position pour l'un ou l'autre des systèmes afin d'exprimer les commentaires de nos membres sur le projet norme canadienne et sur la capacité de cette dernière à répondre aux objectifs poursuivis.

Les membres de l'IFIC adhèrent au principe général selon lequel les projets de règlement doivent traiter tous les consommateurs de la même manière, faire preuve de plus grande clarté et cohérence et présenter des processus efficaces. C'est de ce point de vue que nos membres ont évalué le projet.

Nous voudrions aussi souligner que les commentaires émis par l'IFIC dans la présente lettre ne constituent que le point de vue de l'industrie des fonds d'investissement et qu'ils se limitent aux aspects du projet qui touchent les fonds d'investissement.

Conséquences indésirables du projet :

Dans l'optique que nous venons de décrire, nos membres souscrivent à l'objectif du projet, c'est-à-dire la simplification du système de réglementation des valeurs mobilières pour les émetteurs et les courtiers qui font le commerce de leurs valeurs mobilières ou qui font affaire avec des clients dans plus d'un territoire de compétence au Canada. Nous croyons aussi que les propositions d'améliorations aux secteurs des prospectus, de l'information continue, de l'inscription et des dispenses sont prometteuses et visent bel et bien à parfaire les règlements actuels dans ces secteurs.

Cependant, nous sommes d'avis que, sans la participation de l'Ontario, le projet dans sa forme actuelle contient d'importantes lacunes qui ne feront que compliquer le système de réglementation pour les émetteurs et les courtiers qui ont des activités dans plus d'une province et particulièrement en Ontario. Malgré toutes les possibilités d'améliorations contenues dans le projet, il n'est pas convenable d'agir sans la participation de tous les membres.

Dans les commentaires que nous émettons ci-dessous, nous proposons une solution qui, pour le secteur des fonds d'investissement (et, selon toute probabilité, les grands marchés de capitaux), s'inspire des processus nationaux en vigueur auxquels nous ajoutons certaines portions des projets de norme nationale et d'instruction générale connexe de façon à créer un processus plus efficace pour les participants ayant des activités dans plus d'un territoire de compétence.

Les objectifs du projet, aussi louables soient-ils, ne peuvent être atteints sans que tous les territoires de compétence aient donné leur approbation à son adoption. Étant donné que l'Ontario n'a pas donné son accord et qu'une très grande partie de l'industrie des fonds d'investissement a des activités dans cette province, le système ne s'en trouve ni amélioré ni simplifié pour les participants. Il en résultera plutôt l'effet inverse. Dans l'optique de la politique gouvernementale, nous nous demandons si le projet peut réellement être considéré comme une « norme canadienne » alors qu'il n'a pas été adopté par l'ensemble du pays et que la province qui n'y adhère pas s'est prononcée publiquement contre.

Les fonds d'investissement ont leur lot de normes canadiennes portant sur le contenu des prospectus, l'inscription des firmes de courtiers et de leurs conseillers, l'information continue et les demandes de dispense. D'un point de vue global, la grande quantité de normes canadiennes répond aux besoins de clarté, de prévisibilité et d'efficacité du cadre réglementaire et simplifie les processus tels que l'inscription. L'efficacité de ces normes s'explique dans tous les cas par l'application de ces dernières dans tous les territoires de compétence des ACVM. Nous croyons donc sincèrement que les ACVM doivent continuer dans la même lignée et privilégier les normes canadiennes s'appliquant à tous les territoires de compétence au lieu d'opter pour la voie de la sélectivité et de proposer des améliorations limitées aux territoires qui auront choisi de les appliquer.

Il est clair que nos membres qui ont des activités dans plus d'un territoire de compétence sont conscients que les règles d'un territoire peuvent différer de celles d'un autre territoire. L'élimination ou, du moins, la réduction de ce problème constitue un des objectifs du projet. Comme en fait état en détail l'avis de consultation des ACVM, beaucoup d'efforts ont été faits pour éliminer les règlements qui ne s'appliquent qu'à un territoire et accroître l'harmonisation des règlements. Le projet tente d'améliorer le système pour les participants ayant des activités dans plus d'un territoire de compétence en rendant inapplicables de nombreux règlements qui ne sont pas harmonisés et en rendant les décisions prises par le territoire d'attache automatiquement applicables dans les autres territoires où le participant a demandé un traitement similaire.

Cependant, en assemblant ces améliorations progressives pour former une nouvelle norme canadienne qui ne sera pas appliquée dans l'ensemble du pays et ensuite abroger les règles de procédure qui ne sont pas non plus appliquées dans l'ensemble du pays au lieu d'incorporer ces améliorations dans les normes pertinentes déjà en vigueur, les

ACVM agissent, selon nous, de la mauvaise manière et entraîneront une régression dans les efforts qu'ils ont mis en place pour harmoniser les règlements.

A. Dépôt et mise en circulation des prospectus

Les fonds communs de placement sont actuellement soumis au Règlement 81-102 et les gestionnaires produisent les prospectus de leurs fonds conformément au Règlement 81-101. Le dépôt des prospectus et l'information continue qui y est liée sont soumis à l'Instruction générale 43-201, *système d'examen concerté du prospectus et de la notice annuelle* (« REC »), un système national qui, depuis 1999, réussit très bien à simplifier le dépôt et la mise en circulation des prospectus pour les émetteurs ayant des activités dans plus d'un territoire de compétence en n'exigeant qu'une seule étape dans le processus de dépôt. Au lieu d'améliorer les aspects du REC comportant des lacunes et de maintenir l'application du règlement, les ACVM veulent abroger le REC et le remplacer avec les règles du projet de Règlement qui ne s'appliquera pas à l'ensemble du pays. À notre avis, il faut éviter d'agir ainsi.

Le projet contient bel et bien ce que nous considérerions comme des améliorations considérables au REC (à l'image des modifications qui ont été récemment apportées tel qu'en fait mention l'avis de consultation des ACVM). Les améliorations considérables en question sont l'application automatique de décisions dans des territoires autres que le territoire d'attache et la dispense automatique de toutes les exigences encore non harmonisées concernant les exigences de prospectus. Sans la participation de l'Ontario, nous croyons qu'il faudrait modifier le REC (qui s'applique aussi à l'Ontario) afin qu'il contienne la 3^{e} partie du projet de Règlement et l'annexe A de l'Instruction générale (actuellement intitulée *Examen du prospectus en vertu du système de passeport*) au lieu d'inclure les améliorations dans le projet de Règlement. Les améliorations désirées deviendraient donc réalité et le système amélioré continuerait de s'appliquer dans tous les territoires de compétence du Canada, ce qui permettrait d'atteindre l'objectif énoncé dans l'avis de consultation des ACVM, c'est-à-dire l'amélioration du processus de réglementation pour les émetteurs ayant des activités dans plus d'un territoire de compétence au Canada.

En allant de l'avant sans l'Ontario comme le propose l'avis de consultation des ACVM, les ACVM remplacent un système de mise en circulation fonctionnel et efficace englobant tous les territoires de compétence du Canada par un système décousu qui nécessitera des démarches répétitives pour les émetteurs qui veulent offrir leurs fonds en Ontario, lesquels représentent la grande majorité des émetteurs de fonds au Canada. Le processus sera ainsi plus complexe et moins efficace pour eux. Une telle situation pose problème pour le marché des valeurs mobilières.

Prenons l'exemple d'un gestionnaire de fonds communs de placement d'Alberta qui voudrait offrir ses fonds au reste du Canada, y compris l'Ontario. Pour le moment, le gestionnaire dépose ses prospectus simplifiés et les documents connexes au moyen de

SEDAR à tous les territoires de compétence en même temps en désignant son territoire d'attache (l'Alberta dans ce cas-ci). L'organisme de réglementation des valeurs mobilières en Alberta fait ensuite des démarches pour obtenir des commentaires et le consentement de tous les autres territoires concernés et traitera avec l'émetteur des points qui auront été soulevés. Les autres provinces ont la possibilité de refuser un prospectus, auquel cas l'émetteur devra traiter directement avec la province concernée sur le point en litige. Une fois que toutes les provinces auront donné leur consentement, l'organisme de réglementation en Alberta enverra un visa au nom de tous les territoires de compétence participants. Il s'agit d'un processus très efficace pour l'émetteur qui peut ainsi accéder à tous les marchés canadiens.

Le projet de Règlement, bien qu'il soit censé améliorer le processus décrit ci-dessus, entraînera en pratique des démarches répétitives et même divergentes, car il ne sera pas adopté par l'Ontario. Dans l'exemple ci-dessus, l'émetteur devrait déposer ses prospectus et les documents connexes en Alberta (le territoire d'attache dans le système de passeport) en plus de les déposer séparément en Ontario selon les règlements en vigueur dans cette province (le RCE aura été abrogé). D'un seul geste, la coordination entre l'ensemble des provinces est détruite, ce qui obligera l'intervention de deux organismes de réglementation dans le processus. Pis encore, l'émetteur devra effectuer des démarches répétitives, car il correspondra avec deux organismes de réglementation, recevra deux visas, et ainsi de suite. Nous n'avons pas encore étudié toutes les complications supplémentaires auxquelles feraient face les émetteurs qui peuvent actuellement utiliser le REC pour obtenir le consentement de tous les territoires de compétence, mais qui devraient alors essayer de comprendre un processus décousu.

Il s'agit là d'un résultat désolant, surtout qu'il serait facile de profiter des avantages du projet de Règlement en modifiant le REC pour y incorporer les sections du projet sur le dépôt de prospectus. Une telle démarche serait sûrement accueillie favorablement par l'Ontario.

B. Système d'inscription

À l'aide de la même solution que nous avons suggérée pour le dépôt des prospectus, nous croyons qu'il serait possible d'apporter les améliorations désirées au processus d'inscription sans éliminer les règlements actuels liés à l'inscription qui s'appliquent dans l'ensemble du pays. On pourrait, encore une fois, extraire les sections des projets de Règlement et d'Instruction générale traitant de l'inscription (4e partie et annexe B, respectivement) et modifier les règlements sur le système d'inscription au Canada, soit l'Instruction générale 31-201 (qui traite du système semblable au REC s'appliquant à l'inscription dans plus d'un territoire de compétence) et le Règlement 31-101 (qui permet une dispense des exigences des territoires autres que le territoire d'attache) pour y incorporer ces mêmes sections. Nous pourrions même suggérer de fusionner le Règlement 31-101 et l'Instruction générale 31-201 avec la 4e partie et l'annexe B du projet de Règlement de manière à former un nouveau règlement (ou à refaire

complètement l'Instruction générale 31-201) et à permettre ainsi un processus d'inscription en une étape pour les participants ayant des activités dans plus d'un territoire de compétence. Cette solution améliorerait nettement l'efficacité du processus d'inscription dans toutes les provinces, y compris l'Ontario.

En ce qui concerne les firmes de courtiers et leurs représentants, l'harmonisation des règlements pour les courtiers membres d'organismes d'autoréglementation a déjà été accomplie en grande partie grâce au rôle national de l'ACCOVAM et au rôle quasi national de la MFDA. Le processus d'inscription sur le marché a été en grande partie harmonisé pour les conseillers, les courtiers et les représentants individuels grâce, notamment, au Règlement 31-101 et à l'Instruction générale 31-201 ainsi qu'aux règlements connexes sur l'harmonisation des exigences en matière de documents et de compétence. Comme le souligne l'avis de consultation des ACVM, le projet de Règlement 31-103 sur les *obligations d'inscription* vise à améliorer le système d'inscription par l'harmonisation des catégories d'inscription et de la structure des exigences en matière de compétence pour l'ensemble du pays. Notre but n'est pas de commenter ici le projet de Règlement 31-103, mais nous tenons à dire que nous comprenons les améliorations qu'apportera le règlement pour le système d'inscription actuel. Nous croyons donc sincèrement que l'adoption des améliorations au processus d'inscription proposées dans la 4e partie du projet serait plus efficace et positive si on les incorporait aux règlements nationaux actuels au lieu d'adopter un nouveau règlement qui ne s'appliquera pas à l'ensemble du pays.

Prenons un autre exemple. Un courtier d'Ontario qui souhaite s'inscrire en compagnie de ses représentants dans d'autres territoires de compétence peut en faire la demande en ne déposant qu'un document distribué électroniquement au moyen du régime d'inscription canadien (RIC) à tous les territoires concernés. Si les commentaires et les correspondances sont échangés directement avec chaque province, le processus de dépôt reste quant à lui particulièrement efficace, à l'image du REC décrit ci-dessus.

Bien qu'il permette d'améliorer le processus d'inscription grâce à l'inscription automatique dans des territoires autres que le territoire d'attache et la dispense des règlements non harmonisés, le projet de Règlement, n'étant pas adopté en Ontario, entraînera, en pratique, des démarches répétitives et loin d'être uniformes pour la plupart des émetteurs ayant des activités dans plus d'un territoire, car ils voudront fort probablement s'inscrire en Ontario. L'émetteur d'Ontario dans notre exemple n'aurait d'autre choix que de s'inscrire en Ontario en respectant les règlements de la province (le RIC aura été abrogé) et, croyons-nous, de choisir un territoire d'attache utilisant le système de passeport aux termes du Règlement 11-102 auquel il présenterait une demande d'inscription qui lui permettra de s'inscrire en même temps dans les autres territoires de compétence utilisant le système de passeport. Une fois de plus, il n'y a plus de coordination entre les provinces, ce qui oblige l'intervention de deux organismes de réglementation dans le dossier. Pis encore, la personne qui désire s'inscrire doit respecter des conditions d'inscription différentes selon le système en vigueur, car seules les

provinces qui adoptent le projet de Règlement, ce qui exclut l'Ontario, inscriraient automatiquement cette personne pour les mêmes conditions que celles de la province d'attache.

Pour ces raisons, et surtout pour éviter les démarches répétitives et atteindre les objectifs du projet, les améliorations proposées devraient être simplement incorporées aux règlements de réglementation déjà en vigueur.

C. Dispenses

En ce qui concerne les dispenses liées au processus d'inscription et aux prospectus, nous avons remarqué que l'avis de consultation des ACVM confirme que le Règlement 45-106 sur les *dispenses de prospectus et d'inscription* a déjà permis l'harmonisation du processus d'obtention de dispenses pour les exigences d'inscription et de prospectus. Dans les cas de demandes de dispense discrétionnaire, le projet de Règlement va dans la bonne direction en proposant, pour les dispenses les plus discrétionnaires, des dispenses automatiques dans les territoires de compétence autres que le territoire d'attache pour les exigences équivalentes à celles faisant l'objet de la dispense dans le territoire d'attache. Cependant, encore une fois, l'absence d'un membre des ACVM dans le projet de Règlement empêche l'atteinte des objectifs d'amélioration de ce dernier.

Certes, le processus actuel de dispense discrétionnaire exige le dépôt de demandes de dispense dans les territoires de compétence concernés ainsi que des relations directes avec chaque organisme de réglementation, et le double système qui serait issu du projet de Règlement si l'Ontario n'adopte pas ce dernier ne serait pas vraiment différent. Toutefois, en adoptant le projet de Règlement, on perd la possibilité d'offrir aux participants au marché un système efficace qui pourrait être obtenu simplement en changeant la manière d'appliquer les améliorations. Nous croyons une fois de plus qu'il serait mieux d'incorporer les améliorations proposées concernant les demandes de dispense (5e partie du projet de Règlement) en apportant des modifications au processus actuel de demande de dispense dans le Règlement 11-101 sur le *système de l'autorité principale*.

Analyse coût-avantage

Le projet présente une autre lacune importante : la manière dont est présentée l'exigence d'analyse coût-avantage. L'avis de consultation des ACVM indique expressément qu'aucune analyse coût-avantage n'a été faite durant la phase II du système de passeport parce les AVCM prévoyaient que tous les territoires de compétence adopteraient le projet, et ce, même s'il est mentionné au deuxième paragraphe de l'avis que l'Ontario a choisi de ne pas l'adopter. De leur aveu même, les ACVM ont donc annulé leur hypothèse expliquant pourquoi ils n'ont pas jugé nécessaire d'effectuer une analyse coût-avantage.

Étant donné que le projet de Règlement ne serait pas adopté par l'ensemble des ACVM, nous croyons qu'il faut effectuer et publier une analyse coût-avantage afin que la population puisse commenter la mesure des coûts de mise en œuvre du projet sans la participation de l'Ontario. Cette mesure doit tenir compte des coûts croissants et répétitifs auxquels devront faire face les émetteurs et les courtiers qui auront des activités dans le double système ainsi créé. Elle doit aussi tenir compte des coûts administratifs répétitifs que devront payer les organismes de réglementation, car il faudrait deux organismes pour le traitement de chaque dossier. Ces coûts permettraient de voir clairement jusqu'à quel point le projet sans l'Ontario ne réussit pas à atteindre les objectifs d'amélioration de l'efficacité du processus qui lui ont été fixés. Nous ne pouvons imaginer comment les améliorations proposées peuvent avoir préséance sur les coûts que devront débourser les participants sur le système si ce dernier n'est pas adopté par tous les territoires de compétence. Nous sommes d'avis, contrairement à ce que mentionne l'avis de consultation, que l'adoption du Règlement entraînera inutilement de nouveaux coûts pour les participants au marché.

......*...*...*

Nous vous remercions de donner à nos membres l'occasion de commenter le projet de Règlement. Si vous avez des questions ou que vous désirez donner votre avis sur les commentaires présentés ci-dessus, veuillez communiquer directement avec la soussignée ou avec Ralf Hensel, directeur – réglementation, questions liées aux gestionnaires, au 416 309-2314 ou à rhensel@ific.ca.

Veuillez agréer, Mesdames, Messieurs, nos salutations distinguées.

L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

Par : Joanne De Laurentiis
Présidente-directrice générale

JDL/rh

Eric Laflamme, avocat
Président
et chef de la direction

**TRUST
BANQUE
NATIONALE**

Montréal, le 25 mai 2007

Maître Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800, Square Victoria
C.P. 246, 22e étage
Montréal (Québec) H4Z 1G3

Objet : Consultation sur la deuxième phase du régime de passeport en valeurs mobilières

Maître,

La Banque Nationale tient à remercier l'Autorité des marchés financiers pour l'occasion qui lui est offerte de faire part de ses commentaires dans le cadre de la consultation sur la mise en œuvre de la deuxième phase du régime de passeport en valeurs mobilières.

Comme vous le savez, la Banque Nationale occupe une place prépondérante dans le secteur des valeurs mobilières. Grâce à de solides assises dans son marché primaire, le Québec, de même qu'une présence marquée dans d'autres marchés choisis au Canada et ailleurs dans le monde, la Banque Nationale a su, au fil des ans, participer activement à la transformation radicale de ce secteur. Ces dernières années, celui-ci a vu une panoplie de nouveaux produits financiers apparaître de même que ses actifs se multiplier à une grande vitesse.

Aujourd'hui, la Banque Nationale revendique la plus importante part de marché dans le courtage individuel de valeurs mobilières de plein exercice au Québec. Elle enregistre aussi une croissance soutenue de ses actifs boursiers et obligataires, de fonds communs et d'autres valeurs mobilières à travers le pays, tout en jouant un rôle de premier plan dans le financement des sociétés, notamment dans les marchés des capitaux.

Cette présence importante et diversifiée de la Banque dans la plupart des champs d'application de la réglementation en valeurs mobilières nous permet de bien saisir les enjeux de la consultation en cours. C'est d'ailleurs sur la base de cette riche expérience que nous appuyons la mise en œuvre de cette deuxième phase du régime de passeport en valeurs mobilières.

Nous estimons que le régime proposé comporte des avantages tangibles, notamment puisqu'il constitue un bon moyen de maintenir l'équilibre primordial devant prévaloir entre la protection des épargnants et le développement durable de l'industrie. C'est ce que permet entre autres, le remplacement du régime d'examen concerté par un régime d'octroi réputé de visa de prospectus, qui aura pour effet de réduire les coûts et les délais de traitement pour les assujettis sans pour autant altérer la qualité du travail de supervision.

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Nous notons que le traitement des demandes d'inscription sera plus rapide et plus efficace pour l'industrie.

Cela étant dit, il nous apparaît important d'insister sur trois éléments devant recevoir une attention particulière au cours de la consultation actuelle.

Réduction des coûts

D'abord, afin d'assurer l'essor des marchés des capitaux canadiens, il s'avère essentiel d'assurer que la réduction du fardeau réglementaire qui découlera de l'application de la deuxième phase du régime de passeport en valeurs mobilières s'accompagne d'une réduction afférente des frais exigés des assujettis.

La mise en place du système de passeport qui prévoit dans le cas de dispenses discrétionnaires une reconnaissance automatique de la décision de l'autorité principale, se conforme certainement à cette exigence, puisqu'il ne sera plus nécessaire d'acquitter des droits dans les territoires autres que le territoire principal.

Mais il n'en va pas de même de l'inscription automatique des sociétés ou des personnes physiques à l'extérieur du territoire principal. En effet, selon le projet proposé, les droits d'inscription seront toujours exigibles dans l'ensemble des territoires. Il s'agit d'une source de frais importante pour les assujettis et pour leurs clients. Cela maintient par ailleurs un volume administratif important, tant chez les assujettis que les autorités réglementaires.

Pourtant, nous croyons possible d'assurer une base de financement adéquate des autorités réglementaires sans maintenir un fardeau administratif aussi lourd. Pour ce faire, il s'agirait de centraliser le paiement des droits de l'ensemble des territoires au sein d'un guichet unique, soit celui de l'autorité principale. Cette dernière veillerait ensuite à l'acheminement du paiement des droits sur une base mensuelle aux autorités concernées.

Il s'agit d'un exemple simple d'une modalité d'application pouvant accroître la pertinence et l'efficacité du régime de passeport dans son ensemble.

Harmonisation de l'application

Dans un deuxième temps, à la suite de la mise en œuvre de la deuxième phase du passeport en valeurs mobilières, nous estimons qu'un soin particulier devra être porté à l'harmonisation de l'application de la réglementation. En effet, les différences d'interprétation, qui sont inévitables d'un territoire à l'autre, doivent être minimisées en mettant l'accent sur des échanges fructueux entre autorités réglementaires.

À notre avis, le traitement homogène des demandes des assujettis constitue l'un des meilleurs gages de succès du régime de passeport, étant donné les attentes de traitement égal, et équitable, qui sont nourries par les participants au marché d'un territoire à un autre.

Contrainte opérationnelle

Finalement, nous estimons que le fait de donner plein effet au principe de l'autorité principale sera la source d'une contrainte opérationnelle importante chez les autorités réglementaires de chacun des territoires. En effet, en réduisant sensiblement l'arbitrage de juridictions par les participants au marché, les autorités réglementaires se retrouveront *de facto* à devoir rendre des décisions dans des champs d'application de la réglementation pour lesquels ils possèdent pour l'heure une moins grande expertise.

Dans ce contexte, les autorités réglementaires devront donc disposer de personnel ayant une grande connaissance des produits, des marchés financiers, des opérations et de la distribution dans l'univers des services financiers. Mais afin de prévenir l'accroissement des coûts qui pourrait en découler, il devient particulièrement important que l'allocation des ressources fasse l'objet d'une attention soutenue. Cela favorisera d'autant le maintient de l'équilibre entre la protection adéquate des épargnants et le développement durable de l'industrie.

Conclusion

En terminant, la Banque Nationale accueille très favorablement ce vaste chantier visant à améliorer l'efficience de la réglementation en valeurs mobilières. La mondialisation sans cesse grandissante des marchés des capitaux et la nécessaire recherche d'une plus grande efficacité sur le marché intérieur canadien imposent aux participants du marché l'atteinte d'une plus grande efficacité dans la réglementation de ce secteur névralgique de notre économie, tout en assurant la meilleure protection possible des épargnants et des investisseurs.

En cela, le régime de passeport en valeurs mobilières représente une avenue sensée qui permet de réduire le fardeau réglementaire et d'accroître l'efficacité, tout en protégeant adéquatement les épargnants.

Nous demeurons à votre entière disposition dans l'éventualité où vous souhaiteriez discuter plus en détail de ces questions.

Veuillez agréer, Maître, nos salutations distinguées.

Éric Laflamme

June 5, 2007

TSX group

VIA EMAIL

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Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department of Government Services, Newfoundland and Labrador
Registrar of Securities, Government of Yukon
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Dear Members of the Canadian Securities Administrators:

Re: CSA and OSC Requests for Comment – Proposed National Instrument 11-102 *Passport System*, Form 11-102F1, Companion Policy 11-101CP (collectively, "NI 11-102" or "Proposed Instrument") and OSC Notice 11-904 ("OSC Notice")

Thank you for providing TSX Group Inc. ("TSX Group" or "we") with the opportunity to comment on NI 11-102, as published by certain members of the Canadian Securities Administrators (the "CSA"), and the OSC Notice, as published by the Ontario Securities Commission (the "OSC").

The Proposed Instrument represents important work in the on-going effort to mitigate the financial and other complications that arise as a result of Canada having 13 provincial and territorial securities regulators and no common securities regulator, a situation that makes Canada unique among developed economies.

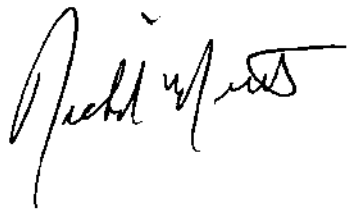
The position of TSX Group has been clear and consistent. We believe that Canadian capital markets will be best served by a single regulator and a single and consistent set of regulatory standards which recognize, at the same time, the unique needs of Canadian issuers based on size, industry sector and differing regional requirements. Consolidating responsibility for securities regulation would result in a simpler, consistent, more transparent, accessible, and efficient system for regulating our markets. We support any proposal which will enhance the efficiency and competitiveness of Canadian capital markets (especially in a world where capital flows easily between countries and where one of the considerations of where that capital is ultimately placed/invested is the responsiveness of the regulatory regime). As such, we support the Proposed Instrument as a step along the path to a single regulator.

We believe that the work done by the CSA to date on reducing regulatory complexity has demonstrably improved our markets. Clearly, Canadian capital markets want, and thrive with, a single set of regulatory standards.

Despite our support of NI 11-102 as a path to a single regulator, we do have certain concerns, as set out in Appendix A, with the passport system as set out in the Proposed Instrument.

We hope that the CSA will consider our comments as they continue with the implementation of the passport system.

Yours very truly,



Richard W. Nesbitt
Chief Executive Officer

cc: Rik Parkhill, President, TSX Markets
Richard Nadeau, Senior Vice President, Toronto Stock Exchange
Kevan Cowan, President, TSX Venture Exchange

Appendix A

Harmonization

As noted in the Proposed Instrument, a key foundation for the passport system is a set of nationally harmonized regulatory requirements that will be consistently interpreted and applied throughout Canada.

In order for NI 11-102 to function effectively, and to avoid the possibility of regulatory arbitrage, the rules to be applied to issuers should be the same regardless of the location of their head office. Although categories of issuers may need to be treated differently based on their size or industry sector, pure geographical regulatory arbitrage must not be facilitated by NI 11-102.

We applaud the efforts of the CSA to harmonize the regulatory requirements across the country but the work is still not complete. The Proposed Instrument lists a number of national instruments and consequential amendments to local rules that need to be implemented before the next level of harmonization is achieved. The efforts to achieve the necessary outcomes (both in the legislatures of the various provinces and at the CSA) should not be underestimated.

The consistency of the interpretation and application of the harmonized regulatory requirements is also a concern. The Proposed Instrument indicates the CSA has put into place administrative practices and procedures to ensure that its members interpret and apply the harmonized securities legislation in a uniform way. The success or failure of those practices and procedures will determine the success or failure of the Proposed Instrument. The Proposed Instrument cannot result in an inconsistent standard of regulation in the Canadian capital markets where issuers are subject to different regulatory standards because of the location of the issuer's head office and the different interpretations of the applicable lead regulator.

Ontario Opt-out

Despite the benefits and progress that NI 11-102 can represent, it simply cannot achieve its desired intent (a set of nationally harmonized regulatory requirements that will be consistently interpreted and applied throughout Canada) without the participation of Ontario. The unfortunate result of NI 11-102 with an Ontario opt-out will be to perpetuate an already fragmented and complex system of securities regulation in this country. As noted in the OSC Notice, "The OSC anticipates that the passport proposal, if implemented, would be accommodated by effective "interfaces" between Ontario and the passport members." These "interfaces" (which we assume would be subject to public comment and prior notice) will be yet another set of rules which will add additional complexity and potential time delays to our regulatory regime. The effectiveness of these interfaces (which should result in seamless, consistent regulation) will be key for the ongoing viability and competitiveness of the Canadian capital markets.

Costs

The Proposed Instrument states that the "Under the MOU, governments plan to review the fee structures of participation jurisdictions to assess how they might want to change them so they are consistent with the objectives of the MOU. Meanwhile, market participants are required to pay fees in all jurisdictions for prospectus filings, continuous disclosure filings and registration. Market participants are required to pay fees for discretionary relief applications only in their principal jurisdiction."

One would expect that the streamlined approach of NI 11-102 will result in a concurrent and commensurate fee decrease. For example, if a non-principal regulator is not reviewing an issuer's filing, the issuer should not be required to pay a fee to the non-principal regulator. We believe that the issuers listed on Toronto Stock Exchange and TSX Venture Exchange will reasonably expect fee savings to be passed along concurrently with the implementation of the Proposed Instrument.