

Chapter 6

Request for Comments

6.1.1 Notice and Request for Comments - Draft Act Amendments and Consequential Amendments to Proposed NI 31-103 Registration Requirements

NOTICE AND REQUEST FOR COMMENT DRAFT ACT AMENDMENTS AND CONSEQUENTIAL AMENDMENTS TO PROPOSED NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS

On February 29, 2008, the Canadian Securities Administrators published proposed National Instrument 31-103 *Registration Requirements* ("NI 31-103") for a second comment period. In the notice accompanying the publication, the Ontario Securities Commission indicated that amendments to the *Securities Act* (Ontario) would be required to implement NI 31-103 and that the Government of Ontario might publish a consultative draft of possible Act amendments for public review (the "draft Act amendments").

On April 24, 2008, the Government of Ontario published the draft Act amendments for consultation.

The purpose of this notice is to describe how some provisions of NI 31-103 would change if the draft Act amendments come into force. Since these changes to NI 31-103 are only required because of certain provisions in the draft Act amendments, they would only be made if those provisions of the draft Act amendments come into force.

Changes to NI 31-103 as a consequence of the draft Act amendments

If passed by the Legislative Assembly of Ontario, the draft Act amendments would require changes to NI 31-103 (as published on February 29, 2008) before that Instrument could come into force in Ontario because a number of provisions in the draft Act amendments duplicate provisions in NI 31-103. Specifically, NI 31-103 would be changed to make the provisions in NI 31-103 that duplicate provisions in the draft Act amendments inapplicable in Ontario. These redundant provisions are listed in the appendix to this notice. Effectively, these provisions would become law in Ontario through amendments to the *Securities Act* and not, as indicated in the February 29, 2008 publication, through NI 31-103.

A version of NI 31-103 that shows the redundant provisions as inapplicable in Ontario is available on the Commission's website at www.osc.gov.on.ca/HotTopics/RegReq/ht_regreq_index.jsp.

Comments

The Commission encourages stakeholders to review and comment on the draft Act amendments and the changes to NI 31-103 that would result from the draft Act amendments.

Those wishing to provide comments on the draft Act amendments should do so directly to the Government of Ontario and according to the process described in the Government's consultation materials, which are available at www.fin.gov.on.ca/english/consultations and, in French, at www.fin.gov.on.ca/french/consultations. The draft Act amendments are also available at these sites.

If you would like to comment to the Commission on the possible changes to NI 31-103 necessitated by the draft Act amendments, you may do so until May 29, 2008 by addressing your comments to:

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: (416) 593-2318
Email: jstevenson@osc.gov.on.ca

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Comments on these changes to NI 31-103 received by the Commission will be considered in conjunction with the comments received in response to the Notice and Request for Comments for Proposed National Instrument 31-103 *Registration Requirements* dated February 29, 2008.

Please note that comments received by the Commission will be made publicly available and posted at www.osc.gov.on.ca.

Questions

Please refer any questions regarding this notice to:

Marsha Gerhart
Assistant Manager, Legal
Registrant Regulation
Ontario Securities Commission
Tel: (416) 595-8918
Email: mgerhart@osc.gov.on.ca

April 24, 2008

**APPENDIX TO NOTICE AND REQUEST FOR COMMENT
DRAFT ACT AMENDMENTS AND CONSEQUENTIAL AMENDMENTS TO
PROPOSED NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS**

The following table summarizes how NI 31-103 would be changed if certain provisions of the draft Act amendments come into force. The left column lists the provisions in NI 31-103 that would not apply in Ontario. The right column lists the provisions of the draft Act amendments that would replace the provisions removed from NI 31-103 in Ontario.

Provisions in NI 31-103 that would not apply in Ontario	Corresponding provision of draft Act amendments that would apply in Ontario
s. 2.1 [<i>dealer and underwriter categories</i>]	s. 26(2) [<i>dealer registration categories</i>], s. 26(3) [<i>underwriter</i>], and s. 26(4) [<i>exception, underwriter</i>]
s. 2.3 [<i>adviser categories</i>]	s. 26(5) [<i>adviser registration categories</i>]
s. 2.4 [<i>exemption from adviser registration for dealers without discretionary authority</i>]	s. 34(1), paragraph 2 [<i>exemption from registration requirements, advisers</i>]
s. 2.6 [<i>investment fund manager category</i>]	s. 25(3) [<i>same, investment fund managers</i>]
s. 2.7 [<i>individual categories</i>]	s. 25(1) [<i>registration, dealers</i>] and s. 25(2) [<i>same, advisers</i>]
s. 4.27(2) [<i>direction to auditor</i>]	s. 27(4) [<i>right to require audit or review</i>]
s. 4.34(3) [<i>financial records for certain exempt market dealers</i>]	s. 27(4) [<i>right to require audit or review</i>]
s. 7.2 [<i>suspension of registered firm</i>]	s. 30(2) [<i>automatic suspension, representatives of suspended dealer or adviser</i>]
s. 7.3 [<i>suspension of IDA approval</i>]	s. 30(1), paragraphs 2 and 3 [<i>automatic suspension, person or company</i>]
s. 7.4 [<i>suspension of MFDA approval</i>]	s. 30(1), paragraphs 2 and 3 [<i>automatic suspension, person or company</i>]
s. 7.5 [<i>failure to pay fees</i>]	s. 30(1), paragraph 1 [<i>automatic suspension, person or company</i>]
s. 7.6 [<i>termination of employment, etc.</i>]	s. 30(3) [<i>automatic suspension, representative ceasing to represent registrant</i>] and s. 30(4) [<i>automatic suspension, chief compliance officer or ultimate designated person</i>]
s. 7.7 [<i>revocation of registration</i>]	s. 30(5) [<i>revocation after automatic suspension</i>]
s. 7.8 [<i>exception – hearing</i>]	s. 30(6) [<i>exception</i>]
s. 8.8 [<i>mortgages</i>]	s. 35, paragraph 5 [<i>exemption from registration requirements, dealers</i>]

Provisions in NI 31-103 that would not apply in Ontario	Corresponding provision of draft Act amendments that would apply in Ontario
s. 8.9 [<i>personal property security legislation</i>]	s. 35, paragraph 4 [<i>exemption from registration requirements, dealers</i>]
s. 8.11 [<i>schedule III banks and cooperative associations – evidence of deposit</i>]	s. 1(1) [<i>definition of “security”</i>]
s. 8.14 [<i>advising generally</i>]	s. 34(1), paragraph 1, s. 34(2) and s. 34(3) [<i>exemption from registration requirements, advisers</i>]
s. 8.15(1) [<i>definition of “international dealer”</i>]	s. 1(1) [<i>definition of “international dealer”</i>]
s. 8.16(1) [<i>definition of “international adviser”</i>]	s. 1(1) [<i>definition of “international adviser”</i>]
s. 8.19(2)(a) and (c) [<i>specified debt</i>]	s. 35, paragraphs 1 and 2 [<i>exemption from registration requirements, dealers</i>]