



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

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Dear Ministers:

Re: Recommendation to Provide Non-Driver Driver's Licenses as Identification

We were asked recently to meet with the Quebec Ministerial Committee on Economic Prosperity and Sustainable Development regarding regulatory and administrative streamlining and, in collecting our members' views, recognized that we should approach you directly on the matter of the Quebec government issuing non-driver driver's licenses for Quebec residents who need quality identification for many purposes. This is an issue that crosses your Ministries' areas of responsibility, which is why we write to all of you requesting a solution that we believe should ultimately be cost-free for government and very well-received by a number of your constituencies.

I am writing on behalf of the Investment Industry Association of Canada (IIAC), a member-based, professional association that advances the growth and development of the Canadian investment industry. The IIAC acts as a strong, proactive voice to represent the interests of the investment industry for all market participants. Our 200 member firms range in size from small regional firms – about half our members are small businesses – to large organizations that employ thousands of individuals across the country. Our members work with 800,000 Quebec investors and their families to help build prosperity and investment security for them.

Quebec investors sometimes experience challenges when opening accounts due to the lack of, or insufficient, identification in view of anti-money-laundering and anti-terrorist financing rules overseen by the Financial Transactions Reports Analysis Centre of Canada (FINTRAC), as well as account-opening requirements for brokers subject to the regulations of the Investment Dealers Association of Canada (IDA) (recently renamed the Investment Industry Regulatory Organization of Canada (IIROC)). These rules and regulations are becoming increasingly stringent in terms of the quality of ID that is acceptable, both as regards security features and the need for the ID to contain photos and signatures. There is an additional problem for investors and intermediaries in Quebec, especially near the border, namely, that the Internal Revenue Service (IRS) only accepts certain government-source identification for U.S. tax purposes at a time that more Quebecers have been able to invest in the U.S. and globally since the 2005 elimination of foreign property limits and as many Quebec residents go to Florida for the winter or have vacation homes in Vermont or other northern states. This limitation on acceptable ID can be problematic for senior citizens who may have neither a drivers' license nor a passport; it can be equally frustrating for younger people just starting out in their investing life and also for immigrants without an established financial history in the country. It is a particular problem in Quebec under the *Act Respecting the Protection of Personal Information in the Private Sector Legislation*, which does not allow intermediaries to ask for or record health card numbers: recording details of government ID is a particular requirement for IRS purposes.

We believe that making the new Quebec drivers' license accessible to non-drivers would help Quebec residents who do not drive meet stringent ID requirements to open accounts and obtain financial services. The IRS now accepts non-drivers' drivers' licenses from all Canadian provinces except Quebec, Manitoba and Ontario – the provinces that have not yet made drivers' licenses accessible to their non-driver residents (refer web references below – New Brunswick also provides such a license that is in the process of IRS approval).

1. For the Alberta Drivers' License and Voluntary Photo Identification Card, see:
<http://www3.gov.ab.ca/gs/driverslicence/documents.html>
http://www.servicealberta.gov.ab.ca/driverslicence/features_flash.html
2. For the B.C. Identification card, see:
<http://www.qp.gov.bc.ca/statreg/reg/m/motorvehicle/465%5F88.htm>
http://www.icbc.com/licensing/lic_utility_id_cardpu.asp
http://healthnet.hnet.bc.ca/hds/approved_standards/document.html#primary_doc
3. For the Government of Newfoundland and Labrador Photo Identification Card (ID Card), see:
<http://www.gov.nf.ca/gs/gs/mr/photo-id.stm>
4. For the Nova Scotia Photo Identification Card, see:
<http://www.gov.ns.ca/snsmr/RMV/other/idcard.asp>
5. For the Prince Edward Island Voluntary ID, see:
http://www.gov.pe.ca/photos/original/tpw_volid.pdf
6. For the Saskatchewan identification card, refer to the Saskatchewan Government Insurance website at: http://www.sgi.sk.ca/sgi_pub/drivers_licences/photo_id.htm
http://www.sgi.sk.ca/sgi_pub/drivers_licences/new_residents.htm

Of the provinces not providing “non-driver’s licenses”, Ontario announced legislation, on June 3, 2008, to implement such a license to help four million drivers’-license-less Ontarians. The new Quebec drivers’ license incorporates important security features that meet higher North-American standards and would be acceptable to FINTRAC, IIROC and the IRS. Providing Quebec residents with non-driver’s licenses would help Quebec broker/dealers accommodate their clientèle by allowing their investors to avoid U.S. taxes being withheld at a higher rate than appropriate, and at the same time mitigating the potential for Quebec investment firms having to pay interest and penalties if they cannot demonstrate that the IRS-required documentation has been recorded.

The trend towards tougher and tougher standards for identification and increasing need to show more identification and more high-quality identification will continue. We think that using a non-driver’s license should not have the same privacy concerns that a health card has. The benefits of such a card would, we believe, be welcomed broadly by Quebec voters, such as seniors, young Quebec residents and social groups assisting less financially well-off individuals and immigrants as well as these individuals themselves. The cost to the government should be neutral to slightly positive as licenses are provided on a user-pay basis and the existing infrastructure already exists, meaning greater economies of scale.

We would be pleased to discuss this proposal further with you or your staff and look forward to discussing options with your officials in the near future.

Yours sincerely,