



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

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

June 22, 2010

Mr. Keith Persaud  
Senior Vice President, Finance and Administration  
Investment Industry Regulatory Organization of Canada  
121 King Street West – Suite 1600  
Toronto, ON M5H 3T9

Dear Mr. Persaud:

**Re: Administrative Notice 10-0119 – New Dealer Regulation Fee Model**

The Investment Industry Association of Canada (the "IIAC") appreciates the opportunity to provide input on the proposed New Dealer Regulation Fee Model. (the "Proposed Fee Model").

The Association recognizes the value of having a strong and effective self-regulatory organization for the industry. The specific expertise and ties to the participating organizations are essential in developing regulation and enforcement programs that are relevant to the specific characteristics of this complex industry. However, the benefits of self-regulation must be delivered in cost-effective and efficient manner.

The IIAC supports the methodology employed by IIROC in developing the Proposed Fee Model. The use of an industry committee comprised of a diverse cross section of members to establish guiding principles, identify regulatory cost drivers and benchmark with similar regulatory organizations lends credibility to the process and the outcome of the exercise. In particular, we agree with the guiding principles of fairness, transparency, industry competitiveness and cost recovery as a framework for evaluating the options. The Proposed Fee Model appears to reflect those principles.

Notwithstanding the appropriateness of the Proposed Fee Model, the effective management of the IIROC budget is a key consideration to ensure the regulatory cost burden on market participants is allocated in a fair and efficient manner. In this regard, we encourage IIROC to continue its ongoing review of its specific budgetary expenditures. It is, however, equally important that IIROC assess the cost-effectiveness of rules and regulations in meeting desired outcomes on a regular basis.

The establishment of these dual cost review processes will help mitigate the regulatory burden on member firms coping with difficult conditions in the capital markets, changing client demands arising from demographic trends and continual technological expenditures resulting from both changing market conditions and regulatory requirements.

We would be pleased to discuss these matters further at your convenience.

Yours sincerely,

*Ian Russell*