



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

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

May 28, 2008

Honourable Dwight Duncan
Minister of Finance and Chair of Management Board of Cabinet
7 Queen's Park Crescent, 7th floor
Toronto, ON M7A 1Y7

Mr. Colin Nickerson
Senior Manager, Industrial and Financial Policy Branch
Ministry of Finance
95 Grosvenor Street, 4th Floor
Toronto, ON M7A 1Z1

Dear Sirs:

Re: Consultation Draft of Amendments to the Ontario Securities Act

Thank you for providing us with opportunity to comment on the proposed changes to the Ontario Securities Act. The Investment Industry Association of Canada (IIAC), is the professional association for the investment industry, and has a mandate to promote efficient, fair and competitive capital markets for Canada while helping its member firms across the country succeed in the industry.

The IIAC is extremely concerned with the proposal to move many of the provisions of National Instrument 31-103 *Registration Requirements* out of the Instrument and into the Securities Act. Rather than deal with the specific provisions of the proposed amendments, this letter outlines our concern with the proposed implementation of elements of the National Instrument in legislation. Our comments regarding the substantive content of the Registration Reform initiative are contained in our letter to the CSA, which is attached.

We believe that the proposal to codify elements of the National Instrument in the Securities Act is completely inconsistent with the objective of regulatory harmonization through the creation of National Instruments, and contributes to the patchwork nature of Canadian regulation. We fail to see any public interest concern that is served by this strategy, and believe that cementing rules outside the National Instrument will result in market inefficiencies and excessive costs, damaging the competitiveness of the Canadian capital markets.

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The stated objective of the Ontario government in developing the proposed legislative changes is to update and streamline registration requirements that apply to securities regulation. However, the proposed differences in the structure and content of regulation in relation to the other Canadian jurisdictions will lead to the opposite result. The existence of a parallel regulatory regime to the National Instrument will create confusion, increase advisor costs, detract from the objective to harmonize regulation in Canada and severely limit the ability to modify and update the Instrument in a timely and coordinated manner in response to emerging issues and market developments. That Ontario is the largest capital market within Canada compounds the problem.

We question this departure from the trends toward provincial harmonization and simplification of Canadian securities regulation. It is unclear what objective is being served, particularly given the stated concerns of the Ontario and Federal government about the effect of jurisdictional differences in securities legislation on the competitiveness of the Canadian capital markets.

We are also dismayed by the abbreviated comment period in relation to the proposed changes. While we are confining our comments to the larger issues relating to the regulatory structure, it is inappropriate to expect those providing comment on the substance of the amendments to analyze, compare and predict the implications of the proposed amendments, in the context of the parallel implementation of the National Instrument in the short time provided.

We believe the Ministry should reconsider its approach of enshrining key provisions of the National Instrument in the Securities Act, rather it should be consistent with the other CSA jurisdictions and only amend the Securities Act provisions that are necessary to adopt the National Instrument in its proposed form.

Thank you for considering our submission. We would be pleased to meet with you to discuss this matter further

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Ian Russell", with a long, sweeping horizontal line extending to the right.