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Subject: Fidelity's Comments on National Registration System

**To: Commission des valeurs mobilières du Québec
Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission**

c/o John Stevenson, Secretary, Ontario Securities Commission

and Denise Brosseau, Secretary, Commission des valeurs mobilières du Québec

Dear Sirs:

This letter is in response to your request for comments on Proposed National Policy 31-201 (National Registration System) and Proposed National Instrument 31-101 (Requirements Under the National Registration System), as published in the Ontario Securities Commission Bulletin on January 9, 2004 at (2004) 27 OSCB 622 (together, the "National Registration System"). The following are the comments of Fidelity Investments Canada Limited ("Fidelity").

Who is Fidelity?

Fidelity is one of the largest managers of mutual funds in Canada, with more than \$28 billion under management in Canada. We are part of a group of companies known as Fidelity Investments, the head office of which is located in Boston, Massachusetts.

Fidelity Investments specializes in investment management for individuals, and has operations in a number of different countries located around the world. The Fidelity Investments group manages a total of more than US\$700 billion in more than 275 mutual fund portfolios and other institutional accounts around the world.

Fidelity Investments has been in business for more than 50 years and has grown to become one of the largest mutual fund companies in the world with more than 15 million investors around the world.

Fidelity Supports the National Registration System

We believe that many of the existing regulations governing the Canadian mutual fund industry are inappropriate, ineffective, or unnecessary. This view seems to be increasingly shared by both industry participants and regulators, and there is a growing consensus that there are numerous problems and shortcomings with the current regulatory regime. These problems impose significant costs on the Canadian mutual fund industry.

One of the greatest challenges for our industry is the enormous cost of complying with a complex web of rules, many of which are outdated or nonsensical, that is administered by 13

different regulators, with only loose coordination and harmonization. Given that context, we strongly endorse any initiative that will effectively simplify and streamline the regulatory structure, including the proposed National Registration System ("NRS").

The NRS would represent a significant improvement over the current province by province approach. Many firms, including Fidelity, carry on business on a national basis. We would certainly support a registration system that reflected this national approach to carrying on business.

Make it as Efficient as Possible

While we support the notion of a National Registration System, we would encourage the Canadian Securities Administrators ("CSA") to do whatever it can to make the system as streamlined and efficient as possible. To the extent that the proposal retains unnecessary elements of local regulation or provincial discretion, we would advocate limiting and removing such items. The more the NRS can be a true "one stop shop" for firms carrying on business across Canada, the better it will be.

In support of this goal of trying to achieve a truly seamless, national system, there are a few items to which we would direct your attention:

Can you provide guidance as to what constitutes an "unrestricted adviser" for the purposes of determining eligibility to use the NRS? Many advisers have registrations subject to terms and conditions of both a general and specific nature; it may be helpful to market participants if you could clarify the difference between "terms and conditions" and "restrictions" for the purposes of the NRS.

Further, we would encourage the CSA to consider whether the NRS could be extended to include "restricted" advisers, as well as "unrestricted advisers".

Why can non-resident individuals not utilize the NRS? Although Fidelity is a Canadian business that satisfies the corporate eligibility requirement of having an office in Canada, we do have registered individuals who are not resident in Canada. It seems odd that Fidelity would be eligible to use the NRS for its own corporate registrations and for the individual registrations of most, but not all, of its employees. We would encourage the CSA to consider permitting non-resident individuals to use the NRS in connection with individual registrations associated with NRS eligible registrant firms.

Mutual reliance systems only work well when the time lines are strictly enforced. Our experience under the existing mutual reliance system is that its efficacy and efficiency can be significantly undermined when one or more jurisdictions fails to meet the mandated deadlines. Although the NRS does contain short deadlines (e.g. the five business day requirement in s. 6.3(1) of NP 31-201), we would encourage the CSA to consider amending the policy to create strong incentives for the individual jurisdictions to actually meet those requirements. Currently, there is no meaningful consequence for failure of a regulator to meet the deadlines. We would suggest that the failure to meet the deadlines imposed by the policy should

disentitle that regulator from the opportunity to provide comment or "opt out". In other words, silence would be interpreted as being consent and a regulator who had not responded by the deadline would be deemed to "opt in".

Conclusion

We applaud the CSA for its initiative in proposing the National Registration System. We view this as a productive and significant step towards effectively streamlining the Canadian securities regulatory regime. We encourage you to consider the suggestions noted in this letter, with a view to further enhancing the efficiency of the proposed NRS. We believe that both industry participants and Canadian investors will be best served by regulations that are as efficient and streamlined as possible.

Thank you for the opportunity to comment on the NRS proposals. We look forward to a continuing dialogue on these issues.

Yours very truly,

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