



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels
121 King Street West, Suite 1600, Toronto, Ontario, M5H 3T9
TEL: 416-361-6332 FAX: 416-943-1218 WEBSITE: www.mfda.ca

April 13, 2004

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5H 3S8

Denise Brosseau
Secretary
Commission des valeurs mobilières du Québec
800 Square Victoria, 22nd Floor
Tour de la Bourse, P.O. Box 246
Montreal, Québec
H4Z 1G3

Dear Sirs/Mesdames:

Re: Proposed National Instrument 31-101- Requirements under the National Registration System and Proposed National Policy 31-201 – National Registration System

The Mutual Fund Dealers Association of Canada (“MFDA”) is the national self-regulatory organization (“SRO”) for the distribution side of the mutual fund industry. As a partner in regulation, the MFDA is following with great interest the proposals for reform set out in proposed National Instrument 31-101- Requirements under the National Registration System (“NI 31-101”) and Proposed National Policy 31-201 – National Registration System (“NP 31-201”).

We are pleased to take this opportunity to express our support for this effort to streamline registration requirements for mutual fund dealers and their representatives across Canada. These reforms promise to reduce, if not eliminate, the time and expense associated with dealing with multiple regulators with respect to registration.

We are also pleased that the proposed National Instrument and National Policy recognize the role of SROs through the designation of SROs as principal regulators for the purpose

of the application of NI 31-101, in circumstances where an application for registration is made in a jurisdiction where delegation of authority to an SRO has been granted.

We note that the proposed National Registration System (“NRS”) is based on the principle of mutual reliance and that the ability of non-principal regulators to opt in or out with respect to a particular application for registration is central to the system. Section 6.3(2) of NP 31-201 also provides that a non-principal regulator may, without opting out of NRS, impose local terms and conditions to the filer’s registration or approval in connection with conduct rules applicable in the local jurisdiction. The MFDA recognizes the need and importance of being responsive to regional differences across Canada. However, we are concerned that the ability of non-principal regulators to opt out or impose local terms and conditions affecting a filer’s registration could undermine the intent of NI 31-101 and NP 31-201. In this regard, the MFDA is encouraged by the stated expectation of the CSA that NRS will operate in a similar fashion to the Mutual Reliance Review System for prospectuses and that opt-outs will be rare.

~

We would be pleased to discuss our comments further with you and provide such further particulars as might be helpful to this consultative process.

Thank you for considering our remarks.

Yours truly,

Signed: “Mark T. Gordon”
Vice President, Member Regulation