OCRCVM

August 17, 2009

Ms. Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800 Victoria Square, 22nd Floor
Box 246, Exchange Tower
Montreal, Quebec H4Z 1G3

Re: Application for Exemption – Eurex Frankfurt AG and Eurex Deutschland (hereinafter, "Eurex")

Dear Madam,

As part of the public consultation conducted by the *Autorité des marchés financiers* (AMF) and with respect to the above-captioned matter, the Derivatives Committee of the Quebec District Council of the Investment Industry Regulatory Organization of Canada (IIROC) has reviewed the application published by the AMF and wishes to make the following comments.

We would like to address a very specific aspect of Eurex's application for exemption, which we consider to be inconsistent with the regulatory framework adopted, on the one hand, by the CSA under section 8.18 of the proposed regulation respecting registration requirements for the purpose of oversight of the activities of international dealers in respect of Canadian individuals and, on the other hand, by the AMF pursuant to section 11.14 of the proposed regulation to amend the derivatives regulation.

In both cases, the minimum net financial assets required to qualify either as an *acceptable counterparty* or as a *permitted client* is CDN $5,000,000 rather than CDN $1,000,000. These two regulatory instruments are therefore more stringent than Regulation 45-106 respecting Prospectus and Registration Exemptions (Regulation 45-106) as regards the qualifying test for *an accredited investor*. We understand that the purpose of the application is to allow Eurex dealer members, whether or not they are registered as dealers with IIROC, to provide brokerage services to Quebec residents who qualify as *accredited investors* within the meaning of Regulation 45-106.

However, it would appear that as regards individuals, both the *Derivatives Act* and the new *Regulation 31-103 respecting Registration Requirements* are more stringent than Regulation 45-106 and we believe that the same minimum threshold should be applied in that case. The definitions in the *Securities Act* and the *Derivatives Act* could cause some confusion as to the individuals referred to therein.

Organisme canadien de
réglementation du commerce
des valeurs mobilières

5, Place Ville Marie, bureau 1550
Montréal (Québec), H3B 2G2
Tél 514-878-2854
Téléc 514-878-3860
www.ocrcvm.ca

Therefore, regardless of the definition as such, we submit that, to the extent a proposed client is an individual, such person should clearly be an individual with a net financial worth of not less than $5 million.

Only such clients could be served, now and later this fall, upon the implementation of the reform of the registration scheme.

As a second point, we think it is obvious that a clear framework should be set up to oversee any solicitation of Canadian clients by international dealers. The rules should as much as possible be reciprocal with any rules to which Canadian dealers who wish to offer their services to foreign residents could otherwise be subject. We believe that such rules should strive towards reciprocity to avoid any regulatory imbalance to the detriment of Canadian dealers.

Finally, we understand that the tax authorities are aware of the effects of such an exemption on the income of Canadian clients.

If you require more information, we would be pleased to answer any questions you may have or meet with you.

Best regards,

John Ballard
Chairman of the Derivatives Committee

CC/JB/jl

cc: Douglas Brown, Secretary – The Manitoba Securities Commission
Ann Gander, Secretary – British Columbia Securities Commission (BCSC)
John Stevenson, Secretary – Ontario Securities Commission (OSC)