

REQUEST FOR COMMENT

Notice of draft Regulation to amend Regulation 31-101 respecting National Registration System and draft Amendments to Policy Statement 31-201 respecting National Registration System

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for comment draft Regulation to amend Regulation 31-101 respecting National Registration System (“Regulation 31-101”) and draft Amendments to Policy Statement 31-201 respecting National Registration System (“Policy Statement 31-201”).

Regulation 31-101 and Policy Statement 31-201 are currently in force in all Canadian jurisdictions. The National Registration System (**NRS**) may be used by investment dealers, advisers, mutual fund dealers and their sponsored individuals in connection with their application for initial registration, amendments to registration or reinstatement of registration or for approval or review of certain sponsored individuals.

The purpose of the NRS is to improve the registration system through a mutual reliance process. Principles of mutual reliance are applied to the analysis of registration applications or applications for approval or review of investment dealers, advisers and mutual fund dealers and their sponsored individuals in order to reduce unnecessary duplication in the analysis of applications made in multiple jurisdictions or in subsequent jurisdictions.

Substance and Purpose of Proposed Amendments

Section 3.2(4) of Policy Statement 31-201 lists factors a firm filer should consider when selecting its principal regulator. In the CSA Staff Notice 31-308 issued on April 22, 2005 (the **Notice**), we indicated that the appropriate principal regulator will normally be the jurisdiction in which the firm's head office is located. If the firm selects a different jurisdiction as its principal regulator, the regulators will seek further information from the firm to substantiate the firm's decision.

Unless there are compelling reasons for the firm's principal regulator to be in a different jurisdiction, the regulators will exercise their discretion as described in section 3.3 of Policy Statement 31-201 to designate the jurisdiction in which the firm's head office is located as the firm's principal regulator.

The substance and purpose of the proposed amendments to Regulation 31-101 and Policy Statement 31-201 are to require that a firm filer select as its principal regulator the local securities regulatory authority or regulator in the jurisdiction where the filer's head office is located. In exceptional circumstances, factors other than the firm's head office may be considered when the firm filer applies for a change of principal regulator, as provided in the proposed amendment to section 3.3 of Policy Statement 31-201.

The proposed amendments are consistent with the selection of an issuer's principal regulator under:

- Notice 43-201 Relating to the Mutual Reliance Review System for Prospectuses, and
- Regulation 11-101 respecting Principal Regulator System.

Summary of Proposed Amendments

The proposed amendments revise Regulation 31-101 and Policy Statement 31-201 to require that a firm filer select as its principal regulator the local securities regulatory authority or regulator in the jurisdiction where the filer's head office is located.

Authority for Proposed Amendments

In those jurisdictions in which the Regulation is to be adopted as a rule or a regulation, the securities legislation in each of those jurisdictions provided the securities regulatory authority with rule-making or regulation-making authority in respect of the subject matter of the proposed Regulation.

Comments

Interested parties are invited to make written submissions with respect to these proposed amendments. Submissions received by March 1, 2006 will be considered. If you are not sending your submissions by e-mail, please include a diskette or CD containing your submission (in Windows format, Word).

Submissions should be addressed to all of the CSA members listed below:

Autorité des marchés financiers
Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial Services Commission

It is not necessary to send your comments separately to all CSA member. Please send them to the following people. CSA staff will ensure they are sent to the other CSA members.

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c/o Me Anne-Marie Beaudoin
Directrice du Secrétariat
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We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written submissions received during the comment period be published.

Questions

Please refer your questions to any of:

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The text of the proposed amendments follow or can be found elsewhere on a CSA member website.

November 25, 2005