

Notice of and request for comment

Draft Regulation to amend Regulation 31-103 respecting Registration Requirements and Exemptions and draft amendments to Policy Statement to Regulation 31-103 respecting Requirements and Exemptions

Exemptions from certain requirements for SRO Members

Introduction

As contemplated in the Notice published on April 15, 2011, the Canadian Securities Administrators (the CSA or we) are seeking comments on draft *Regulation to amend Regulation 31-103 respecting Registration Requirements and Exemptions* (the Regulation) and draft amendments to *Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions* (the Policy Statement) related to the exemptions for SRO members and their dealing representatives in Parts 3 and 9 of the Regulation.

The comment period will end on July 18, 2011.

Summary and purpose of the proposed amendments to the Regulation and the Policy Statement

We are proposing amendments to sections 3.16, 9.3 and 9.4 of the Regulation in order to add, as a condition to the exemptions provided in these sections, that the registered individual or the registered investment dealer firm comply with the specified corresponding provision of the Investment Industry Regulatory Organization of Canada (IIROC) or, in the case of a mutual fund dealer firm, the Mutual Fund Dealers Association of Canada (MFDA). These proposed amendments are published with this Notice. They are further to those in the amended Regulation published on April 15, 2011, which are scheduled to come into force on July 11, 2011, subject to all requisite approvals, including ministerial approvals¹.

We are also proposing amendments to the Policy Statement to provide guidance on our expectations with respect to compliance with the SRO rules and policies. These proposed amendments are also published with this Notice. They are further to those in the amended Policy Statement published on April 15, 2011, which are scheduled to come into force on July 11, 2011.

The purpose of these amendments is to ensure that all registrants are subject to the same enforcement regime in respect of a breach of the Regulation.

If necessary, we will update the references to IIROC and MFDA provisions in the appendices to the Regulation so that at the time these amendments come into force, we refer to the most current corresponding IIROC and MFDA provisions.

Regulation-making authority

In those jurisdictions in which the proposed amendments are to be adopted as regulations, the securities legislation provides the securities regulatory authority with regulation-making authority in respect of the subject matter of the proposed amendments.

¹ Pursuant to the amendments published on April 15, 2011, the title to the Regulation is being changed from “*Regulation 31-103 respecting Registration Requirements and Exemptions*” to “*Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*”. As these amendments will not be in force before July 11, 2011, the title currently in effect is used in this Notice.

Alternatives considered

Due to the nature of the proposed amendments, no other alternatives were considered appropriate.

Unpublished materials

In developing the proposed amendments, we have not relied on any significant unpublished study, report or other written materials.

Anticipated costs and benefits

The proposed amendments will make the Regulation, the Policy Statement and the ongoing requirements more clear and specific while at the same time ensuring that all registrants will be subject to the same enforcement provisions for a breach of securities law, to the benefit of registrants and the investors they serve.

Request for comments

We would like your input on the Regulation and the Policy Statement. We need to continue our open dialogue with all stakeholders if we are to achieve our regulatory objectives while balancing the interests of investors and registrants. All comments will be posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marchés financiers website at www.lautorite.qc.ca.

All comments will be made publicly available.

Please note that we cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. In this context, you should be aware that some information which is personal to you, such as your e-mail and residential or business address, may appear in the websites. It is important that you state on whose behalf you are making the submission.

Thank you in advance for your comments.

Where to send your comments

Please address your comments to all CSA members, as follows:

British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 New Brunswick Securities Commission
 Superintendent of Securities, Prince Edward Island
 Nova Scotia Securities Commission
 Superintendent of Securities, Newfoundland and Labrador
 Superintendent of Securities, Northwest Territories
 Superintendent of Securities, Yukon Territory
 Superintendent of Securities, Nunavut

Please send your comments only to the addresses below. Your comments will be forwarded to the remaining CSA member jurisdictions.

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Questions

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