



Advancing Standards™

April 24, 2013

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

John Stevenson, The Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

and

Me Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3

Dear Sir and Madam:

Re: Response to CSA Notice and Request for Comment on Proposed Amendments Facilitating CSA Information Technology Arrangements

The Portfolio Management Association of Canada (PMAC), through its Industry, Regulation and Tax Committee, is pleased to have the opportunity to submit the following comments regarding CSA Notice and Request for Comment on Proposed Amendments Facilitating CSA Information Technology Arrangements (the "Notice") which, among other things, proposes a new service provider and includes amendments to consolidate and replace the existing filing service charge schedules under the SEDAR Filer Manual and NRD User Guide, as well as reduce overall fees charged under current technology arrangements.

As background, PMAC represents investment management firms registered to do business in Canada as portfolio managers. We have over 170 members from across Canada that are comprised of both large and small firms managing total assets in excess of \$800 billion (excluding mutual funds assets) for institutional and private client portfolios. Our mission is to advocate the highest standards of unbiased portfolio management in the interest of the

investors served by Members. For more information about PMAC and our mandate, please visit our website at www.portfoliomanagement.org.

General Comments

We are generally supportive of amendments that increase efficiencies for market participants, including amendments that reduce overall fees payable by registrants. The Notice describes the proposed new system fees, which when implemented, will yield benefits in the form of lower system costs. In addition, the CSA projects that based on recent filing patterns, system fees will decline in approximately 40% of SEDAR¹ filing situations and in approximately 24% of National Registration Database (NRD) filing situations. In respect of NRD filers, we understand that this will be accomplished by reducing the charges associated with the filing fee required to be paid if the filer is registered in more than one jurisdiction. We support these reductions in filing fees particularly since many of our Members are registered in multiple jurisdictions.

Notwithstanding our support for the proposed amendments set out in the Notice, we would like to take this opportunity to also provide some views on other areas where we have identified technological inefficiencies and where we believe improvements can be made to further the CSA's investor protection mandate.

An Improved National Registration Database (NRD)

There are considerable inefficiencies with the National Registration Database (NRD) that registered adviser firms currently rely on to meet their filing obligations under National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) and related instruments. Over 10 years has lapsed since the inception² of NRD and we believe it is time to modernize its functionality in order to address some of the common issues identified by our Members and other filers. We understand that plans are underway to replace the core CSA national systems with updated systems which will improve functionality and usability. We are supportive of enhancements to these systems that reflect the needs of market participants.

Set out below is a summary of some of the issues identified by our Members.

- Inconsistency between the forms as they appear in the applicable rule (i.e. NI 33-109) and the form as it appears on NRD.
- The functionality of NRD sometimes makes it impossible to make a submission when another submission is outstanding. For example, filers typically withdraw one submission, make the second submission and then re-submit the first submission.
- The NRD system should generate automatic email notifications to filers (for example, notices regarding fee deadlines, submission approvals, etc.). An automatic generation of emails would be helpful instead of filers being required to log on to NRD to check the status of filings, registration updates, etc.
- Issues with the print function such as the ability to print a full report versus printing screen shots in order to obtain hard copies of various filings. For example:
 - Other than the initial registration (Form 33-109F4), the NRD system does not generate a report of an individual's submission. In order to retain a hard copy of the submission made (for books and records or compliance purposes),

¹ System for Electronic Documents Analysis and Retrieval.

² The NRD system was launched in March 2003.

the only way to do this is by saving print-screen of each page of the submission. Sometimes there are several pages of print-screens. It would be helpful to be able to generate a report for all individual submission types.

- Related to the point above, it would be helpful if Form 33-109F4 would allow the filer to print the certification page (as is found in the paper form).
- Similarly, improvements should be made to allow a "Registration with an Additional Sponsoring Firm" or a "Current/Previous Employment Change" to be printed without needing to print a screen shot for each page.
- There are a number of issues with NRD Fee Reports including the time periods for which a report can be obtained along with the format of the report. Fee reports for NRD submissions can only be obtained for periods of two months. Sometimes this requires several reports to be obtained before specific fee information can be located. We recommend access to fee reports for longer periods. In addition, the format of the fee report should be more concise and user-friendly. It contains several columns of information that, in our view, are irrelevant.
- Resetting passwords for authorized firm representatives (AFR) should be expanded to allow CDS Inc. the ability to reset passwords for the AFRs and not just the Chief AFR.

National Registration Search

The National Registration Search webpage on the CSA website is one of the key ways that investors can conduct due diligence and make informed decisions when hiring an investment adviser. We believe there are some significant limitations with the service as it is currently being provided. The key drawback, in our view, is that the registration information from the Ontario Securities Commission (OSC) is not currently included in the National Registration Search database. OSC registration information is available on the OSC Registrant List. We do not believe it is efficient to search Ontario registered firms and individuals in a separate location and we believe the names of all registrants (individuals and firms) in Canada should be included in one search engine. It is unacceptable that investors currently need to conduct two separate searches to secure Canada-wide information. We receive frequent calls from investors located in both Canada and the U.S. who are looking for information on adviser registration and the consistent response we get is confusion as to where and how this information can be obtained.

As we have stated in previous submissions³, we believe that a comprehensive national database to assist Canadian investors in checking the registration of individuals and/or firms who sell securities or provide investment advice should be easy to access, contain all relevant information and be practical for investors to use. We urge the OSC and the CSA to work cooperatively to achieve this desired outcome.

A summary of some of the other key issues with the National Registration Search is included below.

- ***Promotion of importance of conducting national registration searches*** - We applaud the CSA's efforts on promoting "Check Registration Day". However, we believe the National Registration Search website page should prominently and clearly describe why these searches are important to investors and what information investors should be looking for before hiring a registered adviser.

³ See PMAC submission on OSC Notice 11-766 — Statement of Priorities – Request for Comments Regarding Statement of Priorities for Financial year to End March 31, 2013 dated May 29, 2012.

- **Searching registration by jurisdiction** - The jurisdiction selection option that allows the user to select one or more jurisdictions limits the search to individuals or firms registered with the securities regulatory authority in the specified province or territory. We believe this is unnecessary and that the search should automatically cover all jurisdictions (including Ontario).
- **Comprehensive search results** - It would also be beneficial to investors if a national registration search could provide a report similar to the IIROC *AdvisorReport*.⁴ IIROC *AdvisorReports* are only available for advisors currently approved with an IIROC-regulated firm. This report is the starting place for investors to make informed decisions and research the background, qualifications and disciplinary information of advisors at IIROC. The information provided in this IIROC *AdvisorReport* comes from NRD and IIROC's public disciplinary records. We believe the CSA should also provide this type of detailed resource to investors and investment industry participants.
- **Streamlined information** - Registration terms and conditions for companies and individuals registered in Quebec should be available through the National Registration Search (they currently are not).
- **A brief description of each individual registration category** - The category options for firms specify what products their representatives are permitted to advise on or sell. We believe that a short hyperlink to each individual registration category provided in the drop down list should display a summary of relevant information and qualifications for each category instead of linking investors to the full category details as listed in NI 31-103. While NI 31-103 is available on various CSA members' websites, investors who are not familiar with the rules and what they mean will undoubtedly find this onerous and not useful.
- **Inaccuracy of information regarding entities who rely on the international adviser/dealer exemption** - This is the case particularly where firms ceasing to rely on the exemption continue to appear active on the National Registration Search webpage. Also, there is currently no ability to search for entities that rely on the international adviser/dealer exemption in Ontario. This information can only be obtained by calling the OSC and this is not always suitable as it may draw unnecessary attention to an entity.
- **A webpage that is more "investor" friendly and focused** - We recommend the National Registration Search website page be revised in order to make it more robust and investor friendly. It is currently more structured for use by market participants and should be revised to reflect the fact that many investors will not have any knowledge of the various registration categories at the firm level and on an individual basis, jurisdictional differences, etc. Taking on the function of an educational tool as well as a due diligence tool would also promote investor protection initiatives. The revised website page should then be tested on an appropriate focus group before it is launched to ensure that it is providing investors with the information they need in a way that is easily understood.

We believe the recommendations above would significantly improve the functionality and user experience of the National Registration Search. Improvements to this important investor tool would support the CSA's investor protection mandate by providing investors with a one-stop shop, comprehensive and user-friendly resource to help inform their decision to hire firms and/or individuals selling securities or offering investment advice.

⁴ See <http://www.iiroc.ca/investors/knowyouradvisor/pages/advisorreport.aspx>

We would be pleased to discuss the above comments with you in more detail. If you have any questions regarding our submission, please do not hesitate to contact Katie Walmsley (kwalmsley@portfoliomanagement.org) at (416) 504-7018 or Julie Cordeiro at (416) 504-1118 ext 202.

Yours truly;

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

A handwritten signature in black ink that reads "Katie Walmsley". The signature is written in a cursive style with a large, sweeping 'K' and 'W'.

Katie Walmsley
President, PMAC

A handwritten signature in black ink that reads "Scott Mahaffy". The signature is written in a cursive style with a large, sweeping 'S' and 'M'.

Scott Mahaffy
Chair, Industry, Regulation & Tax Committee
Vice President Legal, MFS McLean Budden Limited



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**PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA
MEMBERSHIP LIST 2013**

Aegon Capital Management Inc.
Adroit Investment Management Ltd.
AGF Investments Inc.
Aldersley Securities Inc.
Alitis Investment Counsel Inc.
AMG Canada
ATB Investment Management Inc.
Aurion Capital Management Inc.
Avenue Investment Management Inc.
Barometer Capital Management Inc.
Barrantagh Investment Management Inc.
Baskin Financial Services Inc.
Beaujolaais Private Investment Management
Bellwether Investment Management Inc.
Beutel, Goodman & Company Ltd.
BlackRock Asset Management Canada Limited
Bloom Investment Counsel, Inc.
BMO Asset Management Inc.
BMO Harris Investment Management Inc.
BNP Paribas Investment Partners Canada Ltd.
Brandes Investment Partners & Co.
Bull Capital Management Inc.
Burgundy Asset Management Ltd.
Bush Associates Ltd.
C.A. Delaney Capital Management Ltd.
C.F.G. Heward Investment Management Ltd.
Campbell & Lee Investment Management Inc.
Canoe Financial L.P.
Canso Investment Counsel Ltd.
Cardinal Capital Management Inc.
Celernus Investment Partners Inc.
CGOV Asset Management
CIBC Global Asset Management Inc.
CIBC Private Investment Counsel
Cockfield Porretti Cunningham Investment Counsel Inc.
Coerente Capital Management Inc.
Coleford Investment Management Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Cordiant Capital Inc.
Cougar Global Investments LP
Covenant Capital Management Inc.
Crestridge Asset Management Inc.
Jarislowsky, Fraser Limited
Jones Collombin Investment Counsel Inc.
Kerr Financial Advisors Inc.
LDIC Inc.
Legg Mason Canada Inc.
Leith Wheeler Investment Counsel Ltd.
Leon Frazer & Associates Inc.
Lester Asset Management
Letko Brosseau & Associates Inc.
Longview Asset Management Ltd.
Lorne Steinberg Wealth Management Inc.
Louisbourg Investments Inc.
Macdonald, Shymko & Company Ltd.
Mackenzie Global Advisors
Manitou Investment Management Ltd.
Manulife Asset Management
Marquest Asset Management Inc.
Martin, Lucas & Seagram Ltd.
Mawer Investment Management Ltd.
McElvaine Investment Management Ltd.
MD Physician Services Inc.
MFS McLean Budden
Milestone Investment Counsel Inc.
Mirador Corporation
Montrusco Bolton Investments Inc.
Morgan Meighen & Associates Ltd.
Morguard Financial Corporation
Newport Investment Counsel Inc.
Nexus Investment Management Inc.
Northwood Family Office LP
NT Global Advisors, Inc.
Pacific Spirit Investment Management Inc.
Patient Capital Management Inc.
Patrimonica Inc.
Perennial Asset Management Corp.
Picton Mahoney Asset Management
Pier 21 Asset Management Inc.
Pimco Canada Corp.
Portfolio Management Corporation
Portland Investment Counsel Inc.
RP Investment Advisors
Rae & Lipskie Investment Counsel Inc.
RBC Phillips, Hager & North Investment Counsel

Crystal Wealth Management System Ltd.
 Cypress Capital Management Ltd.
 Davis-Rea Ltd.
 De Luca Veale Investment Counsel Inc.
 Dixon Mitchell Investment Counsel Inc.
 Doherty & Associates Investment Counsel
 Duncan Ross Associates Ltd.
 Echlin Investment Management Ltd.
 18 Asset Management Inc.
 Empire Life Investments Inc.
 ETF Capital Management
 Evans Investment Counsel
 Excel Investment Counsel Inc.
 Exponent Investment management Inc.
 Falcon Asset Management Inc.
 Fiera Sceptre Inc.
 Focus Asset Management
 Foster Asset Management Inc.
 Foyston, Gordon & Payne Inc.
 Galibier Capital Management Ltd.
 Galileo Global Equity Advisors Inc.
 Genova Private Management Inc.
 Genus Capital Management Inc.
 GFI Investment Counsel Ltd.
 GLC Asset Management Group Ltd.
 Global Wealth Builders Ltd.
 Globeinvest Capital Management Inc.
 Gluskin Sheff & Associates
 Greystone Managed Investments Inc.
 Groundlayer Capital Inc.
 Gryphon Investment Counsel Inc.
 Guardian Capital LP
 Heathbridge Capital Management
 Hélène Dion Investment Management Inc.
 Hesperian Capital Management Ltd.
 Highstreet Asset Management Inc.
 Highview Asset Management Inc.
 Hillsdale Investment Management Inc.
 Horizons Investment Management Inc.
 Howard, Barclay & Associates Ltd.
 HSBC Investments (Canada) Ltd.
 IA Clarington Investments Inc.
 Independent Accountant's Investment Counsel Inc.
 Integra Capital Ltd.
 J.C. Hood Investment Counsel Inc.
 J. Zechner Associates Inc.
 Rempart Asset Management Inc.
 Richmond Equity Management Ltd.
 Ridgewood Capital Asset Management Inc.
 Rogan Investment Management Ltd.
 Rondeau Capital Inc.
 Russell Investments Canada Ltd.
 Scotia Asset Management L.P.
 Sharp Asset Management Inc.
 Silver Heights Capital Management Inc.
 Sionna Investment Managers
 Sprung & Co. Investment Counsel Inc.
 Standard Life Investments Inc.
 Stanton Asset Management Inc.
 State Street Global Advisors, Ltd.
 Steadyhand Investment Management Ltd.
 Stonegate Private Counsel
 Strathbridge Asset Management Inc.
 Stylus Asset Management Inc.
 Successful Investor Wealth Management Inc.
 Summerhill Capital Management Inc.
 T.E. Investment Counsel Inc.
 Taylor Asset Management
 TD Asset Management Inc.
 TD Harbour Capital (Division of TD Waterhouse
 Private Investment Counsel Inc.)
 TD Waterhouse Private Investment Counsel Inc.
 Tetrem Capital Management Ltd.
 TFP Investment Counsel Corp.
 Thornmark Asset Management Inc.
 Toron Investment Management
 TriDelta Investment Counsel
 Tulett, Matthews & Associates
 UBS Global Asset Management (Canada) Co.
 University of Toronto Asset Management
 Vancity Investment Management Ltd.
 Venable Park Investment Counsel Inc.
 Vestcap Investment Management Inc.
 Vision Wealth Management Ltd.
 W.A. Robinson & Associates Ltd.
 Waterstreet Family Capital Counsel Inc.
 Watson Di Primio Steel Investment
 Management Ltd.
 Watt Carmichael Private Counsel Inc.
 West Face Capital Inc.
 Wickham Investment Counsel Inc.