

July 8, 2011

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Superintendent of Securities, Department of Justice, Government of Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut
Superintendent of Securities, Consumer, Corporate and Insurance Services, Office of the Attorney General, Prince Edward Island
Saskatchewan Financial Services Commission
Superintendent of Securities, Government Services of Newfoundland & Labrador

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

-and-

Madame Anne Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3
e-mail: consultation-en-cours@lautorite.qc.ca

Dear Sir and Madam:

Re: Proposed National Instrument 23-103 – Electronic Trading and Direct Electronic Access to Marketplaces

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 Proposed National Instrument 23-102 – Electronic Trading and Direct Electronic Access to Marketplaces.

As background, the Portfolio Management Association of Canada (“PMAC”, formerly the Investment Counsel Association of Canada (“ICAC”)) represents investment management firms registered to do business in Canada as portfolio managers. Our 150+ members represent both large and small firms managing institutional and private client portfolios. PMAC was established in 1952 and manages in excess of \$750 B

assets (excluding mutual funds assets). Our mission is to advocate the highest standards of unbiased portfolio management in the interest of the investors served by Members.

We commend the CSA for seeking input from market participants and appreciate the opportunity to provide input into this important area of regulation. In general, PMAC is in agreement with the CSA's approach to developing a regulatory framework to address issues relating to electronic trading and electronic access to marketplaces. It is our view that it is important to construct a rule that can provide for the benefits of electronic trading while protecting investors and other market participants from potential risks.

Our Association is concerned about the possible unintended consequences of the Proposed Rule. We believe that greater clarity will enhance the Proposed Rule's effectiveness and ensure that the requirements placed on portfolio managers are clearly differentiated from those placed on participant dealers where appropriate. It is our view that, due to the fact that portfolio managers are regulated under different national instruments and have established their own risk management processes, the focus of the Proposed Rule, especially Section 3, should be on participant dealers.

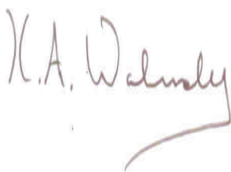
More specifically, we believe that subsections 8(h)(ii) and 11(2) should be reviewed and more carefully worded. In its current form, it could be interpreted as requiring a portfolio manager to enter into an agreement with its clients, including discretionary clients, prior to trading as a DEA client under the Proposed Rule. We believe that these subsections could be re-drafted in such a way so as to make it clear that the requirements placed on a portfolio manager should be different, taking into consideration the different relationship a portfolio manager has with its clients. Portfolio managers typically enter into discretionary managed account agreements with clients. As a result, portfolio managers owe a fiduciary duty to their clients and also have best execution obligations toward the management of client accounts. While "best execution" may have slightly different meanings for different people, we intend it, in this context, to mean the obligation to execute trades in the most favourable fashion for our clients, whether trading on a lit exchange, in dark pools or via direct market access. Currently, portfolio managers do not need client consent to use these various marketplace alternatives in trading client accounts as the client has already given the portfolio manager discretionary authority to act in the client's best interests, and we do not think the Proposed Rule should require a portfolio manager to go to all clients and seek consent.

In conclusion, PMAC supports the framework proposed by the CSA. We do, however, believe that ongoing research and consultation with industry is warranted, as electronic trading and electronic access to marketplaces is an ever evolving field.

We would be pleased to make ourselves available for further discussion with respect to the above.

Yours truly;

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA



Katie Walmsley
President, PMAC



Scott Mahaffy
Vice President, Legal
McLean Budden Limited



Portfolio Management Association of Canada

Acuity Investment Management Inc.
Aegon Capital Management Inc.
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.
Beaujolais Private Investment Management
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Beutel, Goodman & Company Ltd.
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Duncan Ross Associates Ltd.
Echlin Investment Management Ltd.
18 Asset Management Inc.
ETF Capital Management

Evans Investment Counsel
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Goodman & Company, Investment Counsel
Greystone Managed Investments Inc.
Groundlayer Capital Inc.
Gryphon Investment Counsel Inc.
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Heathbridge Capital Management
Hélène Dion Investment Management Inc.
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Highstreet Asset Management Inc.
Highview Asset Management Inc.
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Howard, Barclay & Associates Ltd.
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Independent Accountants' Investment Counsel Inc.
Integra Capital Ltd.
Jones Collombin Investment Counsel Inc.
Jov Investment Management Inc.
Kerr Financial Advisors Inc.
Kinsale Private Wealth Inc.
LDIC Inc.
Legg Mason Canada Inc.
Leith Wheeler Investment Counsel Ltd.
Leon Frazer & Associates Inc.
Letko Brosseau & Associates Inc.
Louisbourg Investments Inc.
Macdonald, Shymko & Company Ltd.
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Macnicol & Associates Asset Management Inc.
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Natcan Investment Management Inc.

Newport Investment Counsel Inc.
Nexus Investment Management Inc.
Northwood Family Office LP
Pacific Spirit Investment Management Inc.
Pier 21 Asset Management Inc.
Portfolio Management Corporation
Portland Investment Counsel Inc.
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Rempart Asset Management Inc.
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Sharp Asset Management Inc.
Silver Heights Capital Management Inc.
Sionna Investment Managers
Sprung & Co. Investment Counsel Inc.
State Street Global Advisors, Ltd.
Stonegate Private Counsel
Stylus Asset Management Inc.
Successful Investor Wealth Management Inc.
Summerhill Capital Management Inc.
T.E. Investment Counsel Inc.
TD Asset Management Inc.
TD Harbour Capital (Div. Of TD Asset Management)
TD Waterhouse Private Investment Counsel Inc.
Tetrem Capital Management Ltd.
TFP Investment Counsel Corp.
Thornmark Asset Management Inc.
Tulett, Matthews & Associates
UBS Global Asset Management (Canada) Co.
Van Arbor Asset Management Ltd.
Vancity Investment Management Ltd.
Venable Park Investment Counsel Inc.
Vestcap Investment Management Inc.
Vision Wealth Management Ltd.
W.A. Robinson & Associates Ltd.
Watson Di Primio Steel Investment Management Ltd.
Watt Carmichael Private Counsel Inc.
West Face Capital Inc.