

March 15, 2002

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
Officer of the Administrator, New Brunswick  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Nunavut  
Registrar of Securities, Yukon Territory

C/O John Stevenson, Secretary  
**Ontario Securities Commission**  
20 Queen Street West  
Suite 800, Box 55  
**Toronto, Ontario M5H 3S8**

**Re: Comments on Proposal MI 31- 102 National Registration Database**

**Requests**

Training

Training will be needed on the new system. Will there be a test environment available to dealers to train staff on how to use the NRD database? Please consider inserting screen views in the manual to assist us with data entry.

Having a call centre would be a good idea for us, especially at the beginning so that we can receive assistance with the training on how to follow procedures. Having smaller and shorter training sessions is another option. Handling the transfers and terminations should be addressed, as this seems to be the most confusing process.

## Printing

The system can only print out the initial submissions. We would like to generate a quick, total print out anytime it is needed.

## **Concerns**

### Timing of Implementation

We are concerned with the proposed timeframe to launch the NRD system in October 2002. Our annual registration renewal will be required by December 15, 2002 and since the NRD is a new system and requires training and revision of registration policies and procedures, we are concerned with the potential delays in registration volume and training issues at both the regulators and our dealership. If we have to choose one of your two dates we would prefer the date of 1/5/03 as the amount of registrations and amendments that would occur during the Christmas season would be minimal compared to the October date. This would be preferable since all the information needs to be submitted twice ? once in paper format and then again electronically because of the freeze you are putting on our registrations. Ideally springtime would be much better for us, as all corporate renewals, year-ends, etc have been completed and it is a much quieter time of year. Our peak period for registration is typically October to mid January.

### 2. Fees

Given we are expected to populate the database, at our cost, why are we paying start up costs? Is there any consideration of lowering the fees?

- A) Why are the renewal fees for reps the same as they are in the start up year? If this is to cover start up costs shouldn't the \$75.00 fee per rep, per province, be reduced?
- B) We need a system to be able to quickly identify the amount you debited out of our account, and whom that was related to so that we can reconcile our records.

3. Certification of Application

- C) We are not comfortable with the certification process. You have eliminated the certificate and agreement of applicant and sponsoring firm signature page, along with the affidavit, and replaced it with boxes to check off making the authorized firm representative "AFR" responsible for certifying that the applicant's information is true and complete in every respect. Dealers will have to implement their own affidavit or certification process for the applicant to sign prior to the AFR submitting the application to the regulators. How is this an economic benefit to the dealer?
- D) Please clarify how the Certification of Officer or Partner would be completed. Right now the AFR inputs the information, but the officer ticks off the box certifying that everything is true.

1. Due Diligence

- A) Screening of new applicants - the RCMP form is not included in the new application as well as the Collection of Personal Information Form. This means added costs and responsibilities to Dealers for conducting their own credit or background checks. How is this an economic benefit to the dealer?

5. Transition Period Process

- B) Re-submitting all of our representative's form 4's, information that you have at the securities commissions, is not a viable option. We have already submitted all the information, and have kept all rep information current with the Securities Commissions. Why can't the commissions research their own files if something is needed that didn't get downloaded to the NRD system for the few reps that would need a more in depth investigation? This will have a huge impact on the registration departments when we are already busy with the day to day business of the firm, and this puts an unnecessary burden on them. If the onus is on the dealers to input all the form 4 information then the NRD first year fees should be waived.

6. Future Releases

- C) Please consider the next release you develop having drop down boxes for all the branch locations to allow the address for service of the firm to be selected by the applicant.

1. Transfer Process

- A) The NRD # must be provided to the new sponsoring firm to initiate the transfer process for each rep. Could this NRD # be available to the dealer through the NRD system? Currently we would need to contact the Securities Commission to obtain the NRD # for the transferring rep.

Uniform Registration Process

We like the idea that a person can be registered in many provinces, submitting the form only once through the NRD system, however, could you please clarify how we will address the various supplementary requirements from each province and whether all provinces will agree on uniform requirements.

For out-of-province registrations, some provinces such as Alberta and British Columbia, have requirements for supervision by resident managers in addition to managers in local jurisdictions. This doesn't apply to all provinces currently, nor does it apply to IDA firms. Will this become a uniform process? How will these additional requirements be handled through the NRD database?

9. Termination Process

Termination of Employment ? needs a lot more instructions in detail for this section. Especially the part that asks us to provide details regarding all unresolved client complains, etc. If they want to stop working in one province they would submit a different form ? ?surrender registration in that jurisdiction? ? It should be listed clearly on the system what procedures you would like us to follow when terminating an employee in one province or totally.

10. Branch Manager

If we are setting up a new manager with a new branch it looks as if the NRD system can not handle this. What would be done first, setting up the branch or setting up the branch manager?

11. Initial Registration

Please clarify the first sequence of actions to be taken by our firm when applying for registration with the NRD. The filer manual on page 17, #1 has ?Commence preparation of firm application materials in paper format, including applications on Form 3 for all jurisdictions in which registration is being sought, supporting documents and application materials for membership in the IDA of MFDA.? Does this mean that we apply with one Form 3 and list all the jurisdictions we are licensed in, or that we apply in each jurisdiction with a form 3?

Yours truly,

Linda Holmes  
V.P of Compliance