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August 15, 2002

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office 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

Attention : Mr. John Stevenson, Secretary

Dear Sirs:

**Re: Proposed Multilateral Instrument 31-102 ? National Registration Database
and Proposed Multilateral Instrument 33-109 ? Registration Information
Requirements**

We are writing in response to the Ontario Securities Commission's (OSC's) republication for comment of the following proposed multilateral instruments: Proposed Multilateral Instrument 31-102 and Companion Policy 31-102CP ? National Registration Database (?NRD?), Proposed Multilateral Instrument 33-109 and Companion Policy 33-109CP ? Registration Information Requirements (collectively ?the Proposed Instruments?).

Comments are being submitted on behalf of the following affiliates of the Royal Bank of Canada: Royal Mutual Funds Inc. (?RMFI?), the principal distributor of the Royal Mutual Funds, registered as a Mutual Fund Dealer or its equivalent across Canada, RBC Dominion Securities Inc. (?RBC DS?), a wholly owned subsidiary of the Royal Bank of Canada

registered as an Investment Dealer/Broker or its equivalent across Canada, Royal Bank Action Direct Inc. (?Action Direct?), also registered as an Investment Dealer ? Equities & Options, RBC Global Investment Management Inc. (?RBC GIM?), registered as an Adviser in the category of Investment Counsel and Portfolio Manager, as well as a Limited Market Dealer (Conditional) and a Commodity Trading Manager under the *Commodity Futures Act* and RBC Private Counsel Inc., which is registered in the categories of Investment Counsel and Portfolio Manager and Limited Market Dealer.

General Comments

While we initially expressed support for the Canadian Securities Administrator's (CSA) initiative in developing the NRD, a system that is designed to permit dealers and advisers to file and update registration forms electronically, we continue to have a number of significant concerns with the NRD as proposed that have not been addressed in the Proposed Instruments as republished on June 14, 2002. Accordingly, rather than repeat the arguments we raised in our original submission of March 18, 2002, we are attaching a copy of the same for your further consideration.

In addition to our concerns since the Proposed Instruments were first published for comment in December 2001, a number of new regulatory initiatives have been proposed, including the release of the Draft Report of the Five Year Review Committee in Ontario (?the Crawford Report?) and the publication of *New Proposals for Securities Regulation* (?the B.C. Proposals) by the British Columbia Securities Commission (?BCSC?) that need to be addressed within the context of the NRD.

The B.C. Proposals:

The B.C. Proposals contemplate widespread changes to the existing regulatory regime in an effort to reduce regulatory burden and complexity, while promoting uniformity of legislation and rules across Canada. We believe that there is considerable merit in some of the proposals put forth by the BCSC, however, these proposals are still at a preliminary stage and need to be examined in detail before we can fully endorse them.

We support the concept of a registration passport system, where a registrant can apply for or amend registration in any jurisdiction in Canada by applying to the registrant's ?home? jurisdiction. The Crawford Report also supports the underlying principles behind the registration passport concept, insofar as it recommends that regulators accept compliance by a market participant with the securities laws in another Canadian jurisdiction as compliance with the securities laws in the regulator's own jurisdiction. We support the implementation of an interim registration passport system that will provide the industry with some measure of relief from the current regulatory requirements until a more permanent system can be established.

Another wide-ranging change proposed under the B.C. Proposals is that it would be a firm-only registration regime and that individual registration would no longer be necessary.

In view of these proposed new initiatives from the BCSC (which appear to have a

measure of industry support), we are of the view that it would not be prudent to proceed with the implementation of the NRD as planned. We would support a decision on the part of the CSA to stay the NRD project until the BC Proposals have been more fully considered. While we recognize that significant resources have been expended in developing the NRD to date, it may be prudent to stay the project at this time if there is the potential that the BC Proposals could in some form be ultimately adopted. Before further time and resources are spent developing the NRD, it is important to ensure that the system will be in place for some time and not materially changed shortly after it has been implemented.

While we do not propose to reiterate all of the points raised in our original submission, we have decided to highlight our major outstanding concerns. Our main concerns are primarily related to the population and costs of the NRD system and the need for harmonization across all jurisdictions, which are further discussed below.

Cost of Developing and Operating the NRD

As stated in our previous submission, we are of the view that the new proposed fees to be levied on registrants to cover the costs of developing and operating the NRD will be extremely costly and impose a heavy fee burden on registrants. Moreover, it is questionable whether the benefits to the industry will be sufficient to justify the cost of the NRD. In particular, we are concerned with the lack of clarity concerning some of the details surrounding the cost of developing and operating the NRD.

The affiliated entities within the Royal Bank of Canada on whose behalf we are providing comments together have approximately 13,000 registrants and it is estimated that they will experience a significant increase in their total costs over their current registration fees if the NRD is implemented.

In response to our concerns, the CSA has stated that it anticipates that once the costs of developing the NRD have been paid, NRD fees will be set at an amount that will cover the costs of maintaining and upgrading the system. At this time the CSA is unable to confirm whether this will result in a reduction in the NRD fees. It is only after the NRD is operational that the CSA will be able to determine whether savings derived from the system will permit the reduction of regulatory fees.

The CSA response does not provide us with comfort that fees will be streamlined in the future. This increased fee burden will be in addition to the fees currently prescribed under securities legislation that are payable to the securities regulators and to other self-regulatory organizations, such as the Investment Dealers Association (?IDA?) and the Mutual Fund Dealers Association (?MFDA?). In our view, it is inappropriate to levy significant new fees on registrants that already pay substantial fees to cover the regulator's costs of administration. We maintain that the securities regulatory authorities should look instead to existing and future revenues from registration fees to help defray these costs.

Population of the NRD and the Administrative Cost to Registrants to file Form 33-109F4

While the CSA has decided to lengthen the timeframe for database population (the database population will now be complete within three years), we note that the primary obligation for populating the NRD database remains upon registrants. We disagree with the CSA's position that registrants should be responsible for populating the NRD database and are of the view that since the securities regulators currently maintain the registrant information that is required to be transferred to the NRD system, that regulators should populate the NRD database with information from their own records. The dealers could then undertake a review of certain data transferred by the securities regulatory authorities to verify its accuracy. The scope of this review should be limited to important and relevant data and exclude non-material historical data.

NRD Implementation Timetable

The Proposed Instruments indicate that the NRD launch date will be November 25, 2002, however, we understand that the CSA has recently announced that the launch date of the NRD will be postponed to the first quarter of 2003 and that the official date will be announced within the next few months. We strongly support the delay of the implementation of the NRD and await confirmation of the new date. Before such a significant undertaking can be implemented, it will be necessary to train personnel in various departments, as well as our sales force, in addition to implementing new policies and procedures.

The Need for Harmonization and Mutual Reliance

The NRD is not a mutual reliance system. Consequently, applicants will still have to deal separately with each Canadian securities regulator in each applicable jurisdiction. It is also not clear in the Proposed Instruments exactly what documents will need to be filed in paper format with each jurisdiction outside of the NRD system. We strongly urge the CSA to use the NRD as a first step towards harmonization of registration policies and procedures and to eliminate as much as possible any paper filings. We submit that a system of mutual reliance must be implemented in connection with the NRD, which would permit an applicant's jurisdiction of residence to approve applications on behalf of all jurisdictions. Without the corresponding introduction of these principals, many of the potential benefits of the NRD will not be realized.

It should also be noted that the MFDA has not yet indicated that it is committed to the NRD system. Unless the MFDA supports the implementation of the NRD system, it is conceivable that mutual fund registrants (who currently fall under the registration authority of the securities commissions), could be required to populate both the NRD system and an additional system proposed later by the MFDA. We submit that this result would be redundant and unsupportable.

Specific Comments

Multilateral Instrument 33-109 ? Registration Information Requirements Part 4 ? Changes to Registered Individual Information

We understand that the NRD Operational Committee will be reviewing our recommendation that a chart or list be drawn up indicating what items or documents are to be submitted in hardcopy and/or electronically. It is not entirely clear what information firms will need to submit by hardcopy to the regulators and what information is mandated to be filed electronically under the NRD. Where signatures and/or certain documentation are required to be submitted in hardcopy, it would be useful to know if the hardcopies must be filed with all jurisdictions or just in specified jurisdictions. It would also be helpful to know what documentation must be retained at a firm in hardcopy.

Form 33-109F4 ? Certification and Agreement of Applicant and Sponsoring Firm

Form 33-109F4 requires an authorized officer or partner of the firm to certify on behalf of the sponsoring firm that the applicant will be engaged by the sponsoring firm as registered or approved. Further, this section asks the authorized officer or partner to certify that he or she has discussed the questions set out in this application with the applicant, or where the applicant has applied through one of the branch offices, the branch manager or another officer has done so and that he or she is satisfied that the applicant fully understands the questions.

We maintain that it is virtually impossible for an authorizing officer or branch manager to certify that an applicant truly understands the questions on Form 33-109F4, since they have no way of properly ascertaining this. In response to our request for guidance on how an authorizing officer can be sure that the applicant understood the questions on the form in order to provide such certification, the CSA has offered little or no guidance by suggesting that it is not possible or necessary to provide a checklist for firms to follow to meet this requirement. CSA Staff are of the view that meeting this requirement requires an ?exercise of judgment? on the part of the authorizing officer. We submit that this response is not helpful and we encourage the CSA to reconsider our original request to revise the language in the application to read:

?The applicant was provided with an opportunity to discuss the questions in this application with an officer or branch manager of this firm. The undersigned authorized officer or partner further certifies on behalf of the sponsoring firm that the applicant will be engaged by the sponsoring firm as registered or approved.?

Further, we would appreciate clarification regarding how a branch manager or officer is able to certify this information if Form 33-109F4 is to be submitted in electronic copy only with no signatures.

Concluding Remarks

Thank you for providing us with an opportunity to comment further on the NRD initiative. As requested, we are also enclosing a diskette with our submission in WordPerfect. If you have any questions, please contact the undersigned at (416) 955-3592 (darcy.chadwick@rbc.com), or Lori Lalonde, Senior Counsel, at (416) 955-7826 (lori.lalonde@rbc.com).

Yours sincerely,

D? Arcy Chadwick
Assistant General Counsel

cc: Charlie Macfarlane, Executive Director, Ontario Securities Commission
OSC Regulatory Burden Task Force
The Investment Dealers Association of Canada
The Mutual Fund Dealers Association of Canada
The British Columbia Securities Commission