

May 29, 2007

VIA EMAIL

c/o John Stevenson
Secretary
Ontario Securities Commission
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c/o Anne-Marie Beaudoin
Directrice du secrétariat
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Dear Sirs/Mesdames:

**Re: Proposed National Instrument 31-103 and Companion Policy
Registration Requirements**

Questrade, Inc. is an Investment Dealer registered with securities commissions across Canada and a member of the Investment Dealers Association of Canada.

Thank you for the opportunity to provide our comments.

Questrade is a discount brokerage that offers clients direct market access and engages primarily in offering clients an order execution only service.

Questrade also has proprietary traders and engages in principal trading that is separate from the trading that is conducted by its clients. Questrade does not engage in matching internal order flow.

We would like to express our concern with regard to new requirements that would make it mandatory for principal traders at a registrant firm to be also registered.

The Companion Policy states that it is not the intention of the new rule to force registration of individuals or entities that trade for their own account and are very active in the markets. Questrade has many clients that fall in to this category and these clients are provided with direct market access technology similar to what a principal trader at a registered firm would have access to.

The reason for requiring registration of principal traders trading on behalf of registered firms as stated, do not provide a clear benefit to the capital markets and in fact reduce possible liquidity and participation by some of the smaller independent firms.

While larger integrated firms may possess material undisclosed information about issuers and about client trading activities, they are required to have Chinese walls and proper procedures in place to prevent principal traders from using that information improperly. There are already various rules at SRO's that can and do enforce this.

Many of the independent firms are highly specialized in that they only conduct principal trading. They do not have clients nor are they involved with issuers.

Firms such as Questrade allow their clients to have direct market access and therefore even though they can monitor client trading activity as part of the "gatekeeper" function it is not possible to "front run" as the orders are entered directly by clients. Principal traders typically do not have access to the systems that can monitor client transactions.

The other reason mentioned that principal trading can have a significant impact on a firm's financial viability, which introduces systemic risks, overlooks the fact that the IDA already has significant controls with regard to risk adjusted capital. Registration of principal traders will not alleviate the risk of principal trading as it is the responsibility of the individual firms to monitor capital and risk firm wide and not the responsibility of the principal trader.

New registration requirements for principal traders will not have any impact on the issues mentioned in the draft Companion Policy and will instead add unnecessary costs in the way of new fees; increased barriers to new traders from participating in the markets; decreased competitiveness of smaller, more specialized registrants; reduced liquidity in the capital markets, while providing few incremental benefits to the general public.

The issues mentioned are already very clearly dealt with by SRO's with registrant firms directly.

The costs clearly outweigh the benefits under this proposal.

Sincerely,



Edward Kholodenko

President & CEO, Questrade



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