

June 20, 2007

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

**c/o John Stevenson  
Secretary**

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RE: Comments on NI 31 -103

Dealer Registration

I agree with regulatory direction for:  
a: retention of the M FD category.  
b: adequate transition periods.

**I believe much more discussion with regulators is needed regarding how you regulate dealers who distribute exempt products.**

I think some of your wording regarding MFD registration : such as “solely “ is open to interpretation where some MFD could not sell only mutual funds.

Section 3.3 contemplates that the SROs may establish different rules for their members from what is contained in NI 31-103 in several areas I agree that suitability is important but it is important that you realize that this is a process between the advisor and the buyer which evolves as there needs and situation changes.. Unless the CSA take this position, the SROs may adopt different suitability rules which will result in investors getting different treatment

for no reason. Investors have a right to expect consistent treatment and experience when working with anyone dealing in securities.

I feel strongly that suitability obligations beyond those stated in NI 31-103 should not be dictated by the SROs, but should be defined by the business relationship contracted between the Dealer and the Investor as part of the expectations of that business relationship.

I support a portfolio-based application of suitability requirements by the SROs (particularly when completing assessments of trade suitability).

Any regulatory imposition of a desired business model will result in decreased investor access to MFDs (and the investment products they sell) in geographically distant areas. Any decrease in the number of viable MFD business models, will also result in decreased access for investors with smaller accounts. The regulatory burden threatens the competitive positioning of MFDs, and the viability of small dealers.

I support regulatory direction for looking at suitability requirements at the portfolio level.

But I believe there needs to be more discussion with regulators on:

- ongoing suitability requirements and triggers.

- the degree of documentation and dealer recordkeeping to assure compliance with ongoing suitability.

- clarification of “branch” – require flexibility to accommodate unique business models and associated risks.

Advisor Registration Requirements -- Incorporated Salespersons

I support regulatory direction for:

MFDA proposal to continue to permit the principal-agent model with directed commissions, which maintains the benefits of incorporation to salespersons without compromising investor protection.

Client Relationship Model – New Account Application Form and Relationship Disclosure Document

I agree with the direction for the clarification of the obligations and expectations of the dealer/advisor-client relationship by means of a relationship disclosure document as part of the new account opening process. I also feel there is a lot more work required in developing a final version that is appropriate and functional

Client Statements

It has been my experience of 20+ years that most of my clients do not want or need more paperwork regarding their investments. They already get semi-annual, annual from every Mutual Fund company plus quarterly from some others. They receive annual from our dealership which serves as a useful audit function. Only 1 client wants a monthly statement from me. NOTE he is my largest client. All my clients are satisfied with the current policies.

Yours truly,

R Darryl Fraser CFP