

Dear Sirs:

Tacita Capital Inc. is an investment counselor and portfolio manager registered in Ontario serving the wealth and investment management needs of high net worth families. We would like to thank you for the opportunity to comment on NI 31-103 and are supportive of your work to harmonize and streamline the registration regime across Canada.

Our specific comments are as follows:

2.3 Adviser Categories

Although we understand the motivation for a restricted portfolio manager category, we are concerned that the creation of this category can lead to sub-optimal investment solutions for certain clients, particularly less sophisticated retail clients. In general, we believe that the design of portfolios for investors that draws on the full opportunity set of securities and classes of securities (i.e. bonds, stocks, mutual funds, exchange-traded funds (“ETF’s”), investment pools, and derivatives) will generally lead to more cost-effective and diversified solutions than is the case where there are restrictions on the provider of the investment advice and consequently, the investment solution. For example, the widespread use of ETF’s appears to have been hampered in Canada relative to the U.S. due to the inability of Canadian mutual fund licensed representatives to access this product despite its fund-like characteristics. As stated in the Companion Policy, the use of the restricted manager category should be rare to avoid a proliferation in restricted product solutions being offered to investors on a broad basis.

CP 2.4 Advising in Securities

The Companion Policy provides insight into what constitutes “advising in securities” and as outlined, Section 9.12 was designed to provide an exemption for those providing generic advice. We recommend that the Companion Policy be expanded to more fully address the reality that, in investment organizations today, the roles of sales, relationship management, client service and financial planning are frequently provided by non-registrants. These non-registrants often are responsible for soliciting information from prospective and actual clients that serves as input in the investment decision-making process; providing economic and other general information to clients as well as historic performance information; undertaking client-related administrative tasks; and meeting clients’ general service needs. Some also deal with generic asset allocation questions and issues as well as providing general financial planning advice. This team-based work and specialization keeps clients much better informed and serviced while allowing portfolio managers to focus on the investment management process (i.e. providing advice customized to the needs and situation of the individual client in respect of specific securities). In fact, the use of standardized, comprehensive questionnaires and risk profile scoring can enhance the quality of the input into portfolio design and management while improving the overall economics to consumers since the portfolio manager only becomes involved in rendering advice when the complete client profile is assembled.

At the information session held in Toronto on May 14, 2007, there was no unanimity in response by representatives of the various Commissions to questions on the defining point at which registration is required to provide advice. By elaborating the Companion Policy to clearly set out that the gathering and updating of client demographic, financial and other data; the provision of generic asset allocation and other financial planning advice; and the provision of historic performance information by non-registered employees of an investment firm does not constitute “advising in securities” as long as it does not stray into “advice on specific securities” would be

extremely helpful for firms in the development of compliant organizational structures and processes.

4.10 Portfolio Manager – Associate Advising Representative

The wording, “any part of a requirement”, needs to be more fully discussed in the Companion Policy. A strict interpretation would imply that an individual must complete one of a(i) or a(ii) or one of b(i) or b(ii) of Section 4.9 to constitute completion of “part of a requirement”. A more liberal interpretation would suggest and the discussion in the Companion Policy under 2.5 would imply that so long as the individual is working on the completion of either their CFA or CIM or has completed a portion of the necessary experience they can register as an associate advising representative. A clarification of this point would be helpful.

4.17 (2) Insurance – Adviser

It is not clear whether the \$25,000,000 amount refers to the quantum of the financial institution bond or \$25,000,000 in assets under management. The former amount is prohibitive so it is likely the latter but a clarification would be helpful.

5.4 (1) Suitability

The list of items considered in evaluating suitability should be expanded to include the investor’s current investment holdings. The essence of modern portfolio theory is that a portfolio can only be evaluated in its totality in respect of riskiness as the correlation patterns of its components must be considered in addition to their volatility. For example, subasset classes such as emerging markets and commodities, which on their own are extremely volatile, have proven in many academic studies to reduce overall portfolio risk when included in modest allocations due to their low correlation with major asset classes. It is vitally important our securities legislation is consistent with widely accepted financial theory that improves investment solutions and risk management for investors.

5.25 (4) Statement of Account and Portfolio

The requirement that the registered adviser must send the client a monthly statement when the client elects to have the confirmations sent to the adviser is duplicative if there is a custodian arrangement where the custodian is already sending the client a monthly statement. Most clients want less, not more paper and any needless redundancy should be eliminated. Hence, the adviser should not have a requirement to send a monthly statement if the custodian is already sending a monthly statement. Further, it is recommended that the monthly statement requirement should only be applicable where there is activity in the account.

5.29 Complaints

The definition of a complaint should exclude a reproach that is solely of a general nature where there is no identification of real or potential harm or a violation or alleged violation of a securities law or regulation so that dissatisfaction with service levels or a firm’s operational policies and procedures are not included with issues of compliance.

5.30 (1) Dispute Resolution Service

There is a greater need to clarify what constitutes an acceptable dispute resolution service for non-SRO registrants. The Companion Policy implies an internal process may be acceptable but this is not fully clear.

6.13 (1) Disclosing Referral Arrangements to Clients

A Section expressly dealing with referral arrangements is a much needed and productive step. Many consumers are increasingly demanding integrated coordination of their financial affairs and referral arrangements provide an avenue for smaller firms and their representatives to provide this by offering a more complete menu of products and services through strategic relationships with other firms. In turn, investors benefit from receiving more tailored solutions to their particular needs and situation.

At the information session held in Toronto on May 14, 2007, in response to questions on referrals, at least one response seemed to imply that the referrer should not be involved in any way in the collection of client data if, for example, a mutual fund licensed representative was referring a client to a portfolio manager. Although we certainly believe that the portfolio manager has the responsibility to verify such information as to accuracy and completeness and conduct thorough know-your-client and suitability reviews as well as regular updates, in many instances the referrer has an existing relationship with the investor and is best suited to assist in data accumulation. In some instances, the referrer is providing comprehensive financial planning to the individual and thus can economically and efficiently provide such information. Further, the referrer needs to assemble client data to even determine if a referral is a suitable solution for the investor. It would be helpful therefore if the Companion Policy confirmed that the referrer can participate in data gathering and assembly if the referee is properly conducting know-your-client and suitability reviews and the referrer does not provide any advice in respect of specific securities.

Thank you for the opportunity to make this submission.

Yours truly,

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