



TD Bank Financial Group
Ernst & Young Tower
222 Bay Street, 7th Floor
Toronto, Ontario M5K 1A2

June 20, 2007

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Department of Justice, Government of Nunavut
Ontario Securities Commission
Prince Edward Island Securities Office
Saskatchewan Financial Services Commission
Registrar of Securities, Government of Yukon

c/o Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

And To :

Madame Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, QC H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Dear Sirs and Madams:

Re: Request for Comments
Proposed National Instrument 31-103 – *Registration Requirements*

TD Securities welcomes the opportunity to respond to the Canadian Securities Administrators' (CSA's) February 23, 2007 request for comments on proposed National Instrument 31-103 – *Registration Requirements* (the "proposed rule"). TD Securities is the brand name for the wholesale banking division of The Toronto-Dominion Bank ("TD Bank") and is comprised of TD Securities Inc., TD Securities (USA) LLC, TD Securities

Limited and certain investment and corporate banking activities of The Toronto-Dominion Bank. We have not attempted to respond to the questions set out in the Notice as most are not applicable to the institutional investment dealer activities conducted by TD Securities. We have instead limited our comments to those aspects of the proposed rule that impact our institutional securities business.

New Individual Categories – Ultimate Designated Person and Chief Compliance Officer

As a registered investment dealer and member of the IDA, TD Securities Inc. has had an Ultimate Designated Person (“UDP”) and Chief Compliance Officer (“CCO”) as required under IDA By-Law No. 38 for many years and fully supports including this compliance oversight model in the proposed rule. However, we have serious concerns with the drafting of the responsibilities for these categories in sections 2.8 and 2.9 as they deviate significantly from the responsibilities set out in IDA By-law No. 38 and do not reflect the responsibilities and scope of authority normally given to persons in those positions.

Both the proposed rule and IDA By-law No. 38 are similar in that the UDP must be the chief executive officer of the registered firm or a senior officer possessing significant supervisory and decision-making authority whereas the CCO must only meet certain minimum proficiency requirements. While the CCO will often possess specialized regulatory knowledge and experience and is typically charged with the task of developing policies and procedures for the discharge of the firm’s regulatory obligations, only a person with the UDP’s supervisory and decision-making authority is in a position to commit the necessary resources to develop and implement policies and procedures for the discharge of the firm’s regulatory obligations and ultimately be “responsible for *discharging* the registered firm’s obligations under securities legislation”. As reflected in IDA By-law No. 38, the CCO’s role is typically to “monitor adherence to policies and procedures necessary to ensure that the management of the compliance function is effective”. The CCO generally does not have the authority to address compliance deficiencies but has authority to report any deficiencies to the UDP and board of directors who are responsible for discharging the firm’s regulatory obligations.

We believe that IDA By-law No. 38 properly assigns the responsibilities of the UDP and CCO and that sections 2.8 and 2.9 of the proposed rule should be redrafted to reflect this division of responsibilities.

NI 45-106 Prospectus and Registration Exemptions

The adoption of the proposed “business trigger” combined with the elimination of registration exemptions in NI 45-106 raises some serious jurisdictional issues concerning the regulation of banks. Canadian chartered banks have been and continue to be active participants in both domestic and international debt markets having the ability to commit the capital necessary to compete in these markets. TD Bank commits large amounts of capital to trading in domestic debt markets and is a primary dealer in government bonds and treasury bills for the Bank of Canada as well as a significant dealer in provincial bonds and commercial paper. These trading activities are conducted under the exemptions for “safe securities” and we submit that these exemptions are necessary to avoid duplication in the regulatory oversight of banks. At a minimum, we would like to

see draft amendments and a comment period for any proposed amendments to NI 45-106 and submit that the general reference to eliminating the registration exemptions "based upon a trade trigger for registration" is not sufficient to fully analyze and comment on this aspect of the proposed rule.

Exemption for International Dealers

We would like to take this opportunity to reiterate and support the comments concerning International Dealers made by the Canadian Bankers Association ("CBA") in its comment letter. TD Securities, the wholesale banking division of TD Bank, operates globally providing investment banking and institutional securities services to customers around the world including the United States. TD Securities (USA) LLC is a broker-dealer registered with the Securities Exchange Commission (SEC) and is a member of the National Association of Securities Dealers ("NASD"). It maintains its head office in New York with branches in Houston and San Diego. TD Securities (USA) LLC also operates offices of supervisory jurisdiction or branches in Toronto, Montreal, Calgary and Vancouver and is registered as an International Dealer in Ontario where its trading activities are limited to trading with TD Bank and its wholly-owned subsidiary, TD Securities Inc. TD Securities (USA) LLC's Canadian offices are staffed by persons who are also registrants of TD Securities Inc. which is an investment dealer registered with securities commissions in all jurisdictions across Canada and is a member of the Investment Dealers Association of Canada ("IDA"). Regulatory relief has been obtained permitting this dual registration of employees with both TD Securities (USA) LLC and TD Securities Inc. Through this arrangement, TD Bank is able to leverage its extensive operations in Canada to provide investment banking and institutional securities services to customers in the US. TD Securities (USA) LLC has a significant number of its registered representatives located in its Canadian offices.

Proposed NI 31-103 will require TD Securities (USA) LLC to be registered as an investment dealer in Canada. It will not be eligible for the new "international dealer" registration exemption in the proposed rule because it maintains establishments, officers and employees in Canada. As a registered investment dealer, it will be required under Section 3.1 of the proposed rule to become a member of the IDA. TD Securities (USA) LLC is incorporated in Delaware with its head office in New York and as a non-resident firm, it is neither required nor is eligible to become a member of the IDA. Moreover, since IDA By-law No. 2 does not permit non-resident firms to become members, the effect of these provisions in the proposed rule and IDA by-law will require TD Securities (USA) LLC to close its operations in Canada even though all activities conducted in Canada are directed solely at US resident customers. The impact of the proposed rule could seriously impair TD Bank's ability to operate its investment banking and institutional securities businesses in the US as it would require TD Bank to relocate or duplicate its Canadian operations in the US at considerable expense.

If IDA By-law No.2 is amended and TD Securities (USA) LLC is permitted to join the IDA to avoid the result described above, in addition to complying with NASD rules, it would also have to comply with IDA rules. NASD rules are at least comparable if not more comprehensive than the IDA rules and also impose extensive reporting requirements as well as fees and charges. This would impose a significant regulatory burden as it will have to comply with similar but not identical reporting rules as well as incur duplicative

fees and charges placing TD Securities (USA) LLC at a serious competitive disadvantage to other US broker-dealer competitors.

This issue is critical to TD Bank's strategy for operating its global securities businesses and we strongly concur with the CBA's recommendation that the requirement in the definition in section 9.13(1) that an international dealer "has no establishment in Canada or officers, employees or agents resident in Canada" be deleted. This will eliminate the unintended and inappropriate impacts of the proposed rule described above and as stated by the CBA, the foreign registration requirement in paragraph (b) of the definition of international dealer in section 9.13(1) combined with the restrictions in subsection 9.13(2) should sufficiently address any regulatory concerns in Canada.

Conflicts

As part of a large diversified financial institution with many entities and affiliates providing a wide range of financial services and products to over 14 million clients including retail, commercial, corporate, institutional and government clients, we have some serious concerns with the conflict management obligations in section 6.1 of the proposed rule. The number of *potential* and actual conflicts of interest within the registered firm, with other entities, with a client and between clients may be very large and the process for identifying and dealing with *each* potential and actual conflict would be problematic. Privacy laws, issues of client confidentiality and securities laws dealing with material non-public information will hinder this process and may prevent the disclosure required in subsection 6.1(3) placing the registered firm in a difficult position. While we appreciate the principle based approach underlying the proposed rule, we believe that the current prescriptive approach to disclosing conflicts of interest is more practical to implement and ensures that the disclosure provided to clients is focused on material conflicts.

We thank the CSA for the opportunity to provide our comments on the proposed rule.

Sincerely,

"Bob O'Leary"

Bob O'Leary
Managing Director
Regulatory Risk