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VIA ELECTRONIC MAIL

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 Territories
Registrar of Securities, Nunavut

Dear CSA Members,

I am writing to provide the CSA with Tradex Management Inc.'s comments on proposed National Instrument 31-103. Tradex is one of the oldest mutual fund companies in Canada and is also a Member of the MFDA. Therefore we have a very strong interest in governance issues related to the mutual fund industry.

In general, we strongly support the thrust of the proposed Instrument with respect to registration requirements. However, there are a number of items that we believe should be further reviewed by the CSA before implementation of the Instrument, as follows:

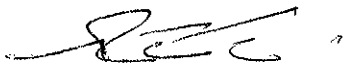
1. The proposed Instrument states that a mutual fund dealer (MFDA Member) would be permitted to deal solely in a security of a mutual fund. We believe that this definition is too restrictive since it would prevent mutual fund dealers from distributing products such as GICs. At the present time, distributing guaranteed products, such as GICs, is extremely important to many mutual fund dealers both in terms of servicing their clients and as a revenue stream.

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2. Furthermore, we believe that mutual fund dealers (MFDA Members) should be allowed to distribute exempt securities without having to specifically register as an "Exempt Market Dealer". This would give MFDA Members the same status as IDA Members with respect to the distribution of exempt securities. Since an SRO regulates MFDA Members, we believe that the proficiency requirements for mutual fund dealers to engage in this line of business should be determined by the MFDA.
3. With respect to proficiency requirements for investment fund managers, we believe that the following two exams should be treated equally: the "Officers', Partners' and Directors' Exam" administered by IFIC and the "Partner, Directors and Senior Officers Exam" administered by the Canadian Securities Institute.
4. We cannot understand why the chief compliance officer of an investment fund manager must have the same proficiency requirements as the chief compliance officer of a portfolio manager in cases where the investment fund manager does not manage the fund's investment portfolio (i.e., in cases where a sub-adviser is contracted to manage the investment portfolio.) This proficiency requirement, as written, may make it very difficult, if not impossible, for a number of small investment fund manager firms to remain in business (particularly those outside of the major financial centers in Canada). Thus, we ask that this requirement be changed.
5. With respect to "solvency requirements" for an investment funds manager, we believe that firms that maintain high levels of capital should be allowed to maintain lower levels of insurance than those stipulated in 4.18(1). In other words, firms would be able to derive a financial benefit from holding relatively large amounts of capital. For example, under the proposed requirements, an investment funds manager with \$100 million under administration would be required to maintain minimum capital of \$100,000 and a financial institution bond amounting to \$1,000,000 (or a total of \$1,100,000 in "solvency requirements"). We believe that if the firm holds, for example, \$1 million in capital, then it should have the right to reduce its insurance requirements by perhaps one-half of the amount proposed in the Instrument. This would encourage firms to maintain higher capital, which in turn reduces risk. At the same time it would reduce insurance premium costs for firms that maintain higher capital. An alternative would be to require firms to hold much higher capital than proposed, but to allow them to hold lesser amounts of insurance. (In this regard, it seems rather illogical that the capital requirements for a registered firm with \$10 million in assets under administration are identical to the capital requirements for a registered firm with \$50 billion in assets under administration.)

We wish to thank you for the opportunity to comment on the proposed Instrument and trust that our comments will be of use to you.

Yours truly,



Robert C. White
President
Tradex Management Inc.