

May 29, 2008

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TO: British Columbia Securities Commission
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Manitoba Securities Commission
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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

Dear Sirs/Mesdames:

RE: Proposed National Instrument 31-103 – Registration Requirements

Franklin Templeton Investments Corp. (“FTI”) appreciates the opportunity to comment on the revised draft of National Instrument 31-103 – Registration Requirements (the “Registration Proposal”) that was published for comment on February 29, 2008.

< GAIN FROM OUR PERSPECTIVE® >



FTI is a wholly owned subsidiary of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton Investments. In Canada, FTI provides global and domestic investment advisory services to the Franklin, Templeton, Bissett and Mutual Series funds, and institutional accounts. FTI has more than 700 employees providing services to more than 1.2 million unitholder accounts and more than 200 pension funds, foundations and other institutional investors.

FTI supports the attempt of the Canadian Securities Administrators (“CSA”) to harmonize, streamline and modernize the registration regime across Canada. However, we do have comments about certain aspects of the Registration Proposal. Our comments are as follows:

Sections 4.22, 4.24 & 4.25 - Insurance

Subsection 4.22(3) of the Registration Proposal requires registered advisers to maintain bonding or insurance provided by an insurer lawfully carrying on business in the local jurisdiction. Section 4.24 allows a registered firm to maintain bonding or insurance that benefits, or names as an insured, another person or company provided that certain conditions are met. Section 4.24 presumably allows registrants to “share” bonding or insurance coverage with affiliates (including global affiliates). FTI, like other global organizations, obtains insurance for its global operations and may have bonding or insurance coverage issued by an insurer licensed in a jurisdiction outside Canada. In instances where bonding or insurance coverage is shared with global affiliates, please confirm whether a bond or insurance policy issued by an insurer that is licensed in another jurisdiction would be acceptable.

We also urge the CSA to add a materiality standard in Section 4.25 so that not all changes to, or claims made under, insurance policies (especially claims that may be made by global affiliates in other jurisdictions) require notification to the regulator.

Section 5.16 - Records

Subsection 5.16(4) requires a registered firm to keep an activity record for seven years from the date of the act and a relationship record for seven years from the date the person or company ceases to be a client of the registered firm. Subsection 5.16(5) defines “activity record” to include a communication between the registrant and the client made in respect of a purchase or sale of a security, including a record of an oral communication and defines “relationship record” to include a communication between the registrant and the client not made in respect of a purchase or sale of a security, including a record of an oral communication. Please clarify whether subsection 5.16(4) requires a registered firm to keep records of all oral communications with clients, or whether it is intended to mean that if a record of an oral communication is made, it must be kept for the prescribed period of time. Furthermore, please clarify whether a relationship record must be kept indefinitely if a client continues to be a client of the registered firm.



Section 8.16 - International Adviser Exemption

We note that the Registration Proposal has been revised and the definition of “permitted client” has been expanded. However, the definition of “permitted client” requires further clarification and/or modification. Subsection (k) of the definition lists “an investment fund that is advised by a person or company registered as a portfolio manager under the securities legislation of a jurisdiction of Canada” as a type of permitted client. The Registration Proposal, in its current form, suggests that an investment fund would need to have two advisers (i.e. a Canadian registered portfolio manager and an international adviser) if a non-registered international adviser wishes to act as portfolio manager for such investment fund.

We recommend that the CSA consider adding “an investment fund that is managed by a person or company registered as an investment fund manager under the securities legislation of a jurisdiction of Canada” as a new category of permitted client. This would avoid the need for two advisers as described above and would reflect the realities of the investment fund marketplace.

Form 33-109F6 – Application for Registration as a Dealer, Adviser or Investment Manager for Securities and/or Derivatives

Please clarify whether the requirement set out in Form 33-109F6 to provide such information as a detailed business plan, policies and procedures manuals, issuer disclosure statements and proposed marketing materials would need to be provided by (i) existing registrants, and/or (ii) registrants that are required to register in a newly created category (e.g. investment fund manager) under the Registration Proposal. We are of the view that existing registrants which intend to continue with their existing registrations and existing registrants who are required to become registered in a new category should be exempt from the requirement to provide this information. Existing registrants (including FTI) that are registered and have been subject to regulatory review and oversight should not be subject to the same level of regulatory scrutiny as new registrants.

Sale of Pooled Funds by Mutual Fund Dealers

Under the Registration Proposal, a mutual fund dealer, and its registered representatives, can deal in Canadian prospectus qualified investment funds. Re-iterating a comment made in our comment letter with respect to the original draft of National Instrument 31-103, we urge the CSA to confirm that a mutual fund dealer, and its registered representatives, can also deal in securities of an issuer that is a “mutual fund” within the meaning of that term under applicable securities legislation, regardless of whether the fund is being distributed pursuant to a prospectus (i.e. including pooled funds). We believe that the regulatory oversight afforded to mutual fund dealers and the requisite proficiency for mutual fund dealer representative registration are appropriate for the sale of such pooled funds, and therefore additional registration as an exempt market dealer is unnecessary.



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4

Thank you for your consideration of this submission. Please feel free to contact the undersigned at 416.957.6010 should you have any questions or wish to discuss our submission.

Yours truly,

FRANKLIN TEMPLETON INVESTMENTS CORP.

Brad Beuttenmiller
Senior Vice-President & Chief Counsel, Canada