

News Release

For Immediate Release
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Securities industry estimates National Registration Database could generate \$85 million in benefits over five years

Toronto – A new national database for registering dealers and advisers could generate about \$85 million in benefits for Canada’s financial services industry over the five years following its start-up, says a study released today by Canadian securities regulators.

The benefits to firms are mainly in the form of cost savings and efficiency gains and far outweigh the estimated \$47 million cost of developing the web-based system and operating it over the same five-year period, the study said.

Some 131 firms provided the benefit estimates in response to a survey. The benefits include reduced cash expenditures for the registration process, lower labour costs and the opportunity to make more effective use of the time of employees now involved in the registration process.

The study was undertaken to ensure the costs of developing the new system, known as the National Registration Database (NRD), are justified. The database is scheduled to be launched late next year.

The study also found:

- Large firms (more than 500 registered individuals) could realize more than 50% of the \$85 million of total benefits.
- Small firms (one to 50 registered individuals) gain more than large firms on a “per registrant basis”: \$2,200 compared to \$264 per “large firm” registrant.
- The single most valued feature firms cited is their ability to use one application to register dealers and advisers in more than one jurisdiction

The NRD will permit dealers and advisers to file registration forms electronically over the Internet and replaces the present paper-based process. The development of the system is being overseen by the Canadian Securities Administrators, the national association of 13 provincial and territorial securities regulators. Quebec is not participating in the NRD project, due to provincial legislation which prohibits the sharing of nominal information about individuals.

“We were very encouraged by the results, particularly the magnitude of the benefits the industry estimates it will realize from the switch,” said Ontario Securities Commission Chief Economist Randall Powley, whose office conducted the survey.

The \$85 million figure doesn't include cutting from weeks to days the lost productivity firms experience while waiting for their new employees to be registered to sell securities, he said. Registration approval can currently take between four and six weeks, during which time new employees are barred from actively serving the firm's clients.

"The additional benefits to the industry of this time savings alone could be in the same order of magnitude as the total benefits predicted in the study," said Powley.

The survey asked staff at registrant firms to estimate the benefits to their firms of numerous NRD features. Researchers contacted over 700 firms with registrants in several provinces. The 131 firms that responded represent 47,000 registrants, or nearly half the registrant population of the participating jurisdictions. A sample this comprehensive should have a margin of error of less than one per cent, the study said.

A summary report on the results of the study is available at the OSC web-site, www.osc.gov.on.ca/en/Market/registrants.html

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