

REQUEST FOR COMMENT

Notice of Proposed Amendments to National Instrument 31-101 – *National Registration System* and to National Policy 31-201 – *National Registration System*

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for comment proposed amendments to National Instrument 31-101 – *National Registration System* (**NI 31-101**) and to National Policy 31-201 – *National Registration System* (**NP 31-201**).

NI 31-101 and NP 31-201 are currently in force in all Canadian jurisdictions. The National Registration System (**NRS**) may be used by investment dealers, advisers, mutual fund dealers and their sponsored individuals in connection with their application for initial registration, amendments to registration or reinstatement of registration or for approval or review of certain sponsored individuals.

The purpose of the NRS is to improve the registration system through a mutual reliance process. Principles of mutual reliance are applied to the analysis of registration applications or applications for approval or review of investment dealers, advisers and mutual fund dealers and their sponsored individuals in order to reduce unnecessary duplication in the analysis of applications made in multiple jurisdictions or in subsequent jurisdictions.

Substance and Purpose of Proposed Amendments

Section 3.2(4) of NP 31-201 lists factors a firm filer should consider when selecting its principal regulator. In the CSA Staff Notice 31-308 issued on April 22, 2005 (the **Notice**), we indicated that the appropriate principal regulator will normally be the jurisdiction in which the firm's head office is located. If the firm selects a different jurisdiction as its principal regulator, the regulators will seek further information from the firm to substantiate the firm's decision.

Unless there are compelling reasons for the firm's principal regulator to be in a different jurisdiction, the regulators will exercise their discretion as described in section 3.3 of NP 31-201 to designate the jurisdiction in which the firm's head office is located as the firm's principal regulator.

The substance and purpose of the proposed amendments to NI 31-101 and NP 31-201 are to require that a firm filer select as its principal regulator the local securities regulatory authority or regulator in the jurisdiction where the filer's head office is located. In exceptional circumstances, factors other than the firm's head office may be considered when the firm filer applies for a change of principal regulator, as provided in the proposed amendment to section 3.3 of NP 31-201.

The proposed amendments are consistent with the selection of an issuer's principal regulator under:

- National Policy 43-201 — *Mutual Reliance Review System for Prospectuses and Annual Information Forms*, and
- Multilateral Instrument 11-101 Principal Regulator System.

Summary of Proposed Amendments

The proposed amendments revise NI 31-101 and NP 31-201 to require that a firm filer select as its principal regulator the local securities regulatory authority or regulator in the jurisdiction where the filer's head office is located.

Authority for Proposed Amendments

In Saskatchewan, clause 154(1)(b) of *The Securities Act, 1988* (the **Saskatchewan Act**) authorizes the Saskatchewan Financial Services Commission (the **Saskatchewan Commission**) to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration. Clause 154(1)(c) of the Saskatchewan Act authorizes the Saskatchewan Commission to make rules prescribing conditions of registration or other requirements for registrants or any category or subcategory of registrant.

Comments

Interested parties are invited to make written submissions with respect to these proposed amendments. Submissions received by March 1, 2006 will be considered. If you are not sending your submissions by e-mail, please include a diskette or CD containing your submission (in Windows format, Word)

Submissions should be addressed to all of the CSA members listed below:

Autorité des marchés financiers
Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Saskatchewan Financial Services Commission

It is not necessary to send your comments separately to all CSA member authority authorities. Please send them to the following people. CSA staff will ensure they are sent to the other CSA members.

c/o John Stevenson
Secretary to the Commission
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c/o Me Anne-Marie Beaudoin
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We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written submissions received during the comment period be published.

Questions

Please refer your questions to any of:

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The text of the proposed amendments follow or can be found elsewhere on a CSA member website.

November 25, 2005