

Colin Nickerson
Senior Manager, Industrial and Financial Policy Branch
Ministry of Finance
95 Grosvenor Street, 4th Floor
Toronto, ON M7A 1Z1

May 29, 2008

Dear Sirs:

Re: Consultation Draft of Amendments to the Ontario *Securities Act*

The Investment Counsel Association of Canada ("ICAC") is pleased to be given the opportunity to submit the following comments in response to the Ontario Ministry of Finance's Consultation Draft of Proposed Amendments to the Securities Act.

As background, the Investment Counsel Association of Canada ("ICAC") represents investment management firms registered to do business in Canada as investment counsel/portfolio managers. Our members are from across Canada and are comprised of both large firms managing primarily institutional portfolios and smaller firms managing portfolios for private clients. The ICAC was established in 1952 and manages in excess of \$650B assets. Our mission is to advocate the highest standards of unbiased portfolio management in the interest of the investors served by Members. Member firms are only in the business of managing investments for clients in keeping with each client's needs, objectives and risk tolerances.

Rather than deal with the specific provisions of the proposed amendments, our comments regarding the substantive content of the Registration Reform initiative are contained in our letter to the CSA, which is attached.

At a high level, we would like to comment that upon reviewing the proposed amendments to the Securities Act, we are concerned and disappointed that the Ontario Ministry of Finance seems to be working at cross purposes with the spirit of national harmonization specifically being driven by National Instrument 31-103 *Registration Requirements, (NI 31-103)*. Specifically, we strongly disagree with the proposal by the Ministry of Finance to codify various parts of NI 31-103 into the *Securities Act*.

The stated objective of the Ministry of Finance in developing the proposed legislative changes is to update and streamline registration requirements that apply to securities regulation in Ontario. The effect of the inconsistencies in the regulatory structure created by enshrining the provisions of the Instrument in the Securities Act, rather than retaining them in the National Instrument as all other jurisdictions have done, will have the opposite effect. These provisions are almost certain to create confusion, increase industry costs and detract from the objectives and benefits of harmonized regulation. In addition, the codification by Ontario of these provisions into the Securities is likely to

diminish the ability of Ontario to react to changing market conditions and update and/or modify elements of the rules in a timely and coordinated manner with the other provinces.

It is difficult to discern what public interest or policy rationale would be served with this initiative by Ontario which is out of step with the other jurisdictions in Canada. It is also seemingly at odds with the recent statements by both the federal and Ontario governments about the need for consistency in securities regulation.

We reiterate that the interests of the capital markets and the investing public in Ontario will not be well served by the Ministry's current direction. We urge the Ministry to reconsider its approach of enshrining key provisions of the National Instrument in the Securities Act, rather than ensuring alignment and consistency with the other CSA jurisdictions.

ICAC also believes that the timing of these proposed changes seems to assume that all elements of National Instrument 31-103 will be adopted by the CSA. As such, we further recommend that you delay any changes to the Securities Act until NI 31-103 is in its final form and only those changes to the *Securities Act* are considered which are necessary to adopt NI 31-103

We would be pleased to discuss any of our foregoing comments further with you at your convenience. If you have any questions or concerns regarding our submission, please do not hesitate to contact Katie Walmsley at (416) 504-7018.

Yours truly;

INVESTMENT COUNSEL ASSOCIATION OF CANADA (ICAC)

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