

## 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 Ontario, paragraph 143(1)1 of the *Securities Act* (Ontario) (the **Ontario Act**) authorizes the Ontario Securities Commission (the **Ontario Commission**) to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration. Paragraph 143(1)2 of the Ontario Act authorizes the Ontario Commission to make rules prescribing conditions of registration or other requirements for registrants or any category or subcategory of registrant.

### **Unpublished Materials**

In proposing the amendments to NI 31-101 and NP 31-201, the Ontario Commission has not relied on any significant unpublished study, report or other written materials.

### **Alternatives Considered**

The Ontario Commission did not consider any alternatives to the proposed amendments to NI 31-101 and NP 31-201.

### **Anticipated Costs and Benefits**

It is anticipated that the proposed amendments to NI 31-101 and NP 31-201 will reduce the time and costs of a firm filer associated with determining its principal regulator.

### **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 members. 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  
Ontario Securities Commission  
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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

**AMENDMENTS TO NATIONAL INSTRUMENT 31-101  
NATIONAL REGISTRATION SYSTEM**

**PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 31-101**

- 1.1 National Instrument 31-101 *National Registration System* is amended by this Instrument.
- 1.2 Paragraph (a) of the definition of “principal regulator” is repealed and the following is substituted:
- “for a firm filer, the securities regulatory authority or regulator of the jurisdiction in which the firm filer’s head office is located;”
- 1.3 Section 2.3 is repealed and the following is substituted: “If a firm filer changes its head office to another jurisdiction, the firm filer must immediately notify its principal regulator of such change by submitting a completed Form 31-101F2.”
- 1.4 Item 3 of Form 31-101F1 is repealed and the following is substituted:
- “3. Reasons for Designation of Principal Regulator
- State here the location of firm filer’s head office.”
- 1.5 Form 31-101F2 is amended
- (a) Item 1 of the General Instructions is repealed and replaced by the following:
1. The Form must be submitted by a firm filer to notify its principal regulator if a firm filer changes its head office to another jurisdiction.”
- (b) Item 2 by striking out “the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection” and substituting “the head office”.

**PART 2 EFFECTIVE DATE**

- 2.1 This Instrument is effective June 1, 2006.