

Schedule G
MI 11-102 *Passport System*
List of commenters

1. Edward Jones
2. IGM Financial¹
3. Investment Industry Association of Canada
4. Investment Funds Institute of Canada
5. BMO Nesbitt Burns inc., Private Client Division
6. Canadian Bankers Association
7. Borden, Ladner, Gervais – Toronto Securities and Capital Markets practice group ²
8. Investment Dealers Association of Canada (IDA)

¹ Comment letter addressed to passport jurisdictions and similar letter sent to the OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

² Comment letter addressed to passport jurisdictions and OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

**Summary of comments and responses
on the registration part of
MI 11-102 *Passport System*
(MI 11-102)**

Passport regulators adopted MI 11-102 on March 17, 2008 to establish the passport system for issuers - covering continuous disclosure, prospectuses and discretionary exemptions. When MI 11-102 was first published for comment on March 28, 2007, it also included provisions to provide a passport for registration. The following summarizes and responds to the comments on the first published version of MI 11-102 that related specifically to passport for registration.³

Comments

#	Themes	Comments	Responses
1.	Interface with Ontario	Three commenters expressed concern about the proposed repeal of the national registration system (NRS) particularly given that the OSC is not adopting passport. They suggested either that the improvements of passport should be incorporated into NRS or that we should maintain NRS unless a simple and practical interface can be developed for Ontario. They also suggested that CSA should provide guidance on how the two regimes would interact.	Passport regulators plan to implement the passport system for registration even though the OSC is not planning to adopt MI 11-102. CSA also plans to repeal NRS. However, to make the system as efficient and effective as possible in the circumstances for all market participants who want to gain access to the capital markets in both passport jurisdictions and Ontario, passport regulators and the OSC worked together to develop interfaces between the passport jurisdictions and Ontario. National Policy 11-204 would set out the processes for registration in multiple jurisdictions for market participants based in passport jurisdictions and in

³ The comment letters are available on the Alberta Securities Commission website at www.albertasecurities.com. The summary of comments and CSA responses regarding the passport system generally and the passport system for issuers is also on the ASC website, attached as Schedule J to the CSA's advance notice of implementation of MI 11-102 dated January 25, 2008.

Comments			
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			<p>Ontario.</p> <p>NP 11-204 would maintain the processes from NRS to give registrants in passport jurisdictions efficient and coordinated access to Ontario. Proposed Part 6 of MI 11-102 would give registrants in Ontario direct access to passport jurisdictions based on the decisions of the OSC as principal regulator (PR). These interface mechanisms are consistent with those that support the passport system for issuers.</p>
2.	Harmonized Terms and Conditions	<p>One commenter expressed concern about the fact that under the passport system, cancellations, amendments, revocations or other changes to terms and conditions of registration (T&Cs) could vary across jurisdictions because any existing terms and conditions imposed by a non-principal regulator through a settlement or a decision after a hearing would continue to apply only in the non-principal jurisdiction.</p>	<p>We propose a 30-day transition period, after which the T&Cs in effect in a registrant’s principal jurisdiction would apply automatically in the jurisdictions of the registrant’s non-principal regulators (NPRs). At that time, any T&Cs imposed by NPRs would no longer apply, except for T&Cs imposed by an NPR under a settlement agreement or in a decision after a hearing. We have maintained this exception because we believe it would be inappropriate to cancel by ‘operation of law’ T&Cs that result from illegal conduct or activity in a jurisdiction.</p> <p>We note, however, that it is rare for a registrant to have this type of T&C. In addition, in the rare cases where they exist, a registrant would have different T&Cs in multiple jurisdictions only if, after review, the PR decided not to impose the same T&C as the NPR.</p>

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			We also expect that implementing proposed NI 31-103 <i>Registration Requirements</i> would result in regulators imposing fewer T&Cs and, to the extent any are imposed, in the T&Cs being largely uniform across jurisdictions.
3.	Consultation among passport jurisdictions	A commenter asked that there not be a mandatory requirement for the principal regulator to consult with a non-principal regulator before making a registration-related decision.	The proposed system would not require consultations between a PR and an NPR in a passport jurisdiction before the PR makes a registration decision.
4.	Fees	Four commenters suggested eliminating or reducing fees in non-principal jurisdictions under passport because they believe that non-principal regulators will do no work or less work under passport. One commenter acknowledged that fees support the entire regulatory system and suggested that market participants pay all fees to the principal regulator. Another commenter recommended against that approach for registered firms.	<p>The proposed passport for registration would maintain the status quo with respect to fees for registration. With respect to an application for an exemption covered by MI 11-102, a registrant will pay fees only in its principal jurisdiction.</p> <p>The intergovernmental (passport) MOU Regarding Securities Regulation contemplates a review of fees to assess whether to change them so they are more consistent with the objectives of the passport system. The Council of Ministers under the Passport MOU asked CSA to review the fee structure of its members and propose changes to the Ministers. CSA is conducting the review and will report to the Ministers.</p> <p>All fees for individuals are submitted through National</p>

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			<p>Registration Database (NRD), which provides a single-window of access for paying fees.</p> <p>When a firm applies for registration or wants to register automatically in a passport jurisdiction, NP 11-204 gives the firm the option to submit the applicable fees in each jurisdiction by cheque or on NRD. Any subsequent fees for firms are submitted on NRD.</p>
5.	Registration implementation issues if Ontario does not adopt MI 11-102	<p>Two commenters asked specific questions about implementing the passport system for registration without Ontario:</p> <p>a. Could an individual whose firm has its head office in Ontario participate in passport?</p> <p>b. If so, which regulator would act as principal regulator for the individual and could the firm have a principal regulator in each jurisdiction where it has representatives?</p> <p>c. How will opting in and opting out of passport work for a firm whose head office and a majority of its representatives are in Ontario? If a firm cannot participate because of the location of its head office, will it have to file</p>	<p>a. Yes.</p> <p>b. The PR for the individual would generally be the regulator in the jurisdiction where the individual's working office is located (including Ontario). A firm has only one PR for the purpose of passport, which is generally the regulator in the jurisdiction of its head office (including Ontario).</p> <p>c. We have removed the provision for firms to opt-out of passport. Instead, we have included a provision that would make the T&Cs of the PR apply automatically in non-principal jurisdictions and a 30-day period for a firm or individual registered in</p>

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		any documentation?	multiple jurisdictions when MI 11-102 comes into effect to apply for an exemption from the automatic application of the PR's T&Cs in the non-principal jurisdictions.
		d. If a firm opts-out and Ontario decides to join passport, will the firm have the opportunity to revisit its decision?	d. As indicated in the response in (c) above, this scenario is no longer contemplated.
		e. How would NRD be updated to reflect the automatic registration process under the passport system? How will the system be different especially in light of the fact the Ontario residents will not be able to participate in passport?	e. When we implemented NRS, we made changes to NRD to enable a PR to record some registration decisions of NPRs affecting individual registrants. Under passport, we would enhance NRD by eliminating the need for NPRs, except the OSC, to opt in before the PR records its decision. We can do this because, under passport, NPRs (other than the OSC) no longer have to opt-in. This will speed up the process for registration in multiple jurisdictions for individuals in Ontario. For individuals outside Ontario, the OSC will be the only regulator that will still opt in. NP 11-204 provides that the OSC will generally do this within one business day from receiving the PR's proposed registration decision. The Ontario office of the Investment Industry Regulatory Organization of Canada (IIROC), the successor to the IDA, is considering what its turn around time will be in those circumstances.

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6.	Transition issues for registration	Two commenters submitted that the 30-day transition period proposed for firms to opt out of the passport system is too short and should be at least 180 days.	As indicated above, we have removed the provision under which a registrant could opt-out of passport.
7.	Technical registration issues	One commenter raised several technical registration issues about <ul style="list-style-type: none"> a. the information an individual should provide on NRD to register in additional jurisdictions b. whether the IDA will continue to approve individuals before they are registered by their principal regulator in the jurisdictions that do not delegate registration to the IDA c. the meaning of the phrase “date on which the filing is made” as being the date of registration in a non-principal jurisdiction in section B2.3 of Appendix B to the companion policy d. where to request a hearing when the IDA registers firms or individuals in a jurisdiction 	<ul style="list-style-type: none"> a. An individual would provide the same information on NRD as the individual currently does, using existing NRD submissions. b. We expect no change to this procedure. The PR would make a registration decision under passport in the same manner as it does currently. c. We would delete Form 11-102F1. Instead, a firm would use Form 33-109F6, or a subset of that form, to register in an additional jurisdiction. We have also deleted the reference to the “date on which the filing is made” and made firm registration effective in a non-principal jurisdiction when receipt of the submission is acknowledged. Receipt would be acknowledged when NRD shows the firm as registered in the jurisdiction. d. We expect no change to the current procedure.

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8.	Delegation of registration to self-regulatory organizations (SROs)	Three commenters suggested all CSA members should consider delegating their registration function to the IDA to ensure a single point of contact in every jurisdiction and a common and consistent approach.	Delegation is outside the scope of the passport project. Any securities regulatory authority that has delegated registration functions to IIROC, the successor to the IDA, has done so under an enabling provision in its securities legislation. Any future delegation is in the discretion of the concerned regulatory authority and would need to conform to that regulator's statutory power to delegate.
