

SENT BY SAMEDAY COURIER

December 16, 1999

Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8

Attention: John P. Stevenson, Secretary

Dear Sirs:

**Re: Notice of Proposed Rule 33-503; Companion Policy 33-503 CP;
Form 33-503F (the Proposed Rule)
Change of Registration Information B Request for Comments**

On behalf of Altamira Financial Services Ltd., Altamira Securities and Mutual Fund Direct Inc., all registered dealers under the *Securities Act* (Ontario) (hereinafter referred to as Altamira) this letter shall serve as a written comment letter in respect of the above published Proposed Rule which was published for comment at (1999) 22 OSCB 5753.

Overview

Altamira applauds the OSC for this initiative which is designed to bring greater certainty and clarity to the entire area of changes in registrant information.

As you may be aware, the Investment Dealers Association of Canada's (the AIDA) Joint Industry Compliance Group has also been looking into this matter. Altamira trusts that the Commission and the IDA will strive to harmonize their efforts to better serve both registrants and the investing public.

Specific Comments

The comments which follow are in order as published in the OSC Bulletin commencing at Page 5752 with the Notice of Proposed Rule.

1. Summary of Proposed Rule (P. 5752)

Reference the second full sentence in this section to Aa notice of change is required to be delivered within five days of the change.@ This requirement states 5 days. Section 33 of the Act stated five (5) business days.

Is this a deliberate effort to shorten the time that a registrant has to file the particular notice of change? Altamira feels that the current five (5) business day time limit is sufficient time for a dealer itself to be informed of a particular change (e.g. for those involving branches or salespersons), complete the form, order a cheque if necessary, submit the notice etc. Altamira believes that a move to 5 days (which includes weekends, holidays etc) may be too short a time frame for a registrant to file the required notice within the new timeframe.

2. Regulations to be Revoked (P. 5753)

The reference here to amendments to Schedule 1 of the Regulation (fee schedule) should specifically include a reference to the fact that notices under Part 3 of the Rule do not (appear to) require a fee to accompany the notice.

3. Part I Definitions (P. 5755)

The use of the term Aaccepted person@paragraph (b) appears to cover, inter alia, so-called Anon-trading officers@of a dealer. The Rule attempts to treat non-trading officers differently than trading officers.

Altamira believes that in the past there has been a large amount of confusion involving the distinction between a trading officer and a non-trading officer and the initial and ongoing registration requirements applicable to each category.

Altamira believes that the Companion Policy 33-503CP could be used to clearly explain what precisely a non-trading officer is, its registration requirements etc. This would serve to eliminate existing confusion among registrants in this area.

4. Part 3 Notices of Changes (P. 5756)

Paragraph 3.1(7) details a change in a registered firm's depository. Altamira believes that there exists some confusion among dealers as to what exactly a depository is. How is a depository different from a firm's bank? Different from a firm's custodian?

5. Paragraph 3.1(8) details a change in registration or licencing of the registered firm or an affiliate, individual registrant or accepted person of the registered firm with any securities regulatory authority.

Altamira believes that this paragraph, as presently drafted, is far too vague and broad than is reasonably necessary and required.

Hypothetical examples of the possible far reaching scope of this paragraph follow below:

- A. Altamira Securities (AAS@), an investment dealer, has a term or condition of its registration amended or deleted in the Province of New Brunswick. As an affiliate of Altamira Financial Services Ltd. (AAFSL@), a registered mutual fund dealer, AFSL would be mandated to report this Anotifiable change@ of AS to the Ontario Securities Commission. As a dealer registered in Ontario, AS would also be mandated to report this change. This is clearly duplicative. If, in this example, AS was not a registered dealer in the Province of Ontario, AFSL would still have to report its affiliate=s amendment that took place out of Ontario to the OSC.
- B. If an individual registrant registered in Ontario subsequently gets approved for registration in another province, the foregoing paragraph would mandate that the OSC be notified of such an extra-provincial change.
- C. If there is a change in the registration of Action Direct (Royal Bank=s discount broker), both RBC Dominion Securities (Royal Bank=s full service investment dealer) and Royal Mutual Funds (distributor of Royal Bank=s proprietary mutual funds) as affiliate=s of Action Direct would be mandated to notify the OSC of the subject change. The breadth or scope of this proposed paragraph is far too broad and should properly be restricted to material changes in respect of that particular registrant only.

The use of the words Aor an affiliate@ leads, in this paragraph 3.1(8) , to absurd results. Altamira believes that the use of the term Aaffiliate@ be deleted in paragraph 8 as well as paragraphs 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20 of Part 3 of the Rule.

6. Paragraph 24 (Part 3 Notices of Changes)

Paragraph 3.1(24) details a change in the types of business activities of the registered firm. As presently drafted, Altamira believes that this paragraph is too vague and ill defined.

The fundamental question is what is a change in business activities of a dealer. If a dealer sells mutual funds and stocks, but decides to now offer its clients GICs or strip bonds, is this a change in business activity? If yes, is it relevant for the regulator?

The OSC asks upon initial registration that a registrant provide an outline of its proposed business activities. Altamira believes that, if over time, a registrant decides to offer new products or services to its clients and such products or services are within the scope of the registrant's registration then this change is not particularly relevant or material to the regulators.

If indeed the regulators are truly concerned about new types of business activities engaged in by registrants, enquiries may be made upon the registrant's renewal of registration or at the time of regular sales compliance audits.

7. Appendix AA@ (P. 5759)

Appendix AA@ provides the outline of Form 33-503F. Altamira believes that standardization of this form is useful and will lead to greater efficiencies. This Form could be made more user friendly by including the most common types of changes at the top of the form.

It is suggested that Part II Change of Registration Information, which includes terminations and change of branches be inserted at the top of Form 33-503 for ease of reference.

In addition, this form does not appear to include a reference to change in the residential address of any of the firm's individual registrants (as per Part 3.1(2)). It should be added to the existing Part II of Form 33-503F.

The foregoing represents Altamira's comments in respect of Proposed Rule 33-503, Companion Policy 33-503 CP and Form 33-503 Change of Registration Information.

If you would like to discuss any of the comments outlined above, please do not hesitate to contact the undersigned at (416) 507-7095.

Yours truly,

John B. Kennedy
Supervisor of Compliance

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