

May 15, 2006

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8

**Re: Proposed Amendments to OSC Rule 31-502 Proficiency Requirements  
for Registrants**

The following is in response to the Request for Comments published on February 24, 2006 setting out the proposed amendment to Rule 31-502.

The IDA – Industry Association would like to state its general support for the deletion of paragraph 2.1(3)(c). That paragraph currently limits the number of restricted registration salespersons of an investment dealer to the lesser of 100 and 5% of their total registered Ontario sales-force.

As stated in the Request for Comments, the rationale for this hiring restriction was not based on public policy but rather a concern that the viability of the Mutual Fund Dealers Association (MFDA) would have been threatened at the time if this limitation had not been put in place. It is now clear that the viability of the MFDA is no longer a concern. Moreover, rule provisions should not provide artificial protection which at the same time encumbers the corporate organizational structure of participants in the industry and the cost effective delivery of products to investors.

In connection with the removal of limits on the number of restricted representatives that a dealer may employ at any time, the IDA – Industry Association submits that the 270 day requirement in subsection 2.1(6) should also be deleted. Currently, paragraph 2.1(3)(c) and subsection 2.1(6) work in conjunction. The provisions provide a temporary exemption from the usual proficiency requirements to allow investment dealers to hire a limited number of mutual fund registered salespersons. Their registration is restricted to the sale of mutual funds for a period of 270 days. The rationale is that these newly hired restricted mutual fund registrants need to have an opportunity to complete the courses required for unrestricted registration. Once their registration becomes unrestricted, they would no longer be “counted” in 100 or 5% limitation.

With the removal of the limitation, there appears to be no justification to require restricted registration salespersons to change their registration within 270 days. Further, the deletion of paragraph 2.1(3)(c) and subsection 2.1(6) together, will

assist in ensuring a level playing field between MFDA and IDA Member firms with respect to the use of restricted registration salespersons.

In addition, allowing restricted registrants to work at investment dealers without an expiration of their registration would not harm the investing public. These restricted registrants would be employed at IDA Member firms with stringent capital rules and supervisory standards which adequately ensure that clients receive the same degree of protection regardless of the category of registration of their salesperson.

We would be pleased to discuss this submission should you have any questions.

Yours truly,

A handwritten signature in cursive script that reads "M. Alexander".

Michelle Alexander  
Director, Policy  
IDA – Industry Association