

RAYMOND JAMES®

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Via E-Mail

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Mr. John Stevenson
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Ontario Securities Commission
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Dear Madams/Sir:

I would like to thank the CSA for the opportunity to attend the breakfast session on Monday, May 28, 2007 to learn about the next iteration of the passport model. I also appreciate the opportunity to provide a few comments from a veteran. In my forty year career in this industry, I have had three stints with SROs being the MSE as an auditor in the sixties, the TSE as Executive Director of compliance and audit and the IDA as head of the Trade Association, giving me a familiarity from both sides of the fence.

I find it ironic and regrettable that the CSA spent a great period of time trying to get Quebec in the tent and no sooner had that been accomplished, with great interaction, than Ontario went out the back door.

In our view, the Passport System will not work without the involvement of the OSC. Human nature will prevail and the professionals on both sides of the equation will not let go on almost any issue. History has taught us this lesson. We recognize that the passport system is not without its drawbacks and strongly believe that a quasi national securities

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regulator with harmonized securities regulation is ultimately necessary to regulate the Canadian securities markets in order to ensure an efficient and competitive regulatory system for all market participants. However, we do believe that the passport system is a significant step in this direction.

In the presentation, we were disturbed to hear that this split will affect Ontario based registrations more than others. From a dealer perspective, we do not think this is true. Most of us have national operations so we are all affected by the exclusion of Ontario.

In addition, we believe there is a significant flaw in the proposal and it relates to rule generation. It is fine to get harmony on the application of the rules but unless we do the same on the creation of them, the system will be a failure.

We have the following recommendations:

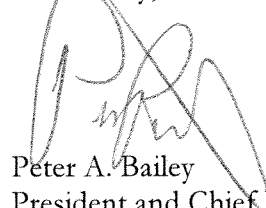
1. We urge the OSC to join forces with the industry to lobby the Ontario government to reconsider its position and participate in the passport model to ensure that market participants that operate in Ontario as well as nationally are not disadvantaged.
2. The best and the brightest from all securities commissions in Canada should be selected to form a rule generating body that will apply across the country. Once established, this group will be the only group to make recommendations to commissions and Provincial Governments for rule changes that would be applicable across the country.
3. The backlog of rule amendments, some which have languished for years, should be cleaned up in six to twelve months.

Actions speak louder than words. If the CSA could present a united front, show a specific time horizon and plan to implement a system for rule creation as well as rule implementation and show a spirit of harmony, the new slogan would be:

CANADA HAS A CO-ORDINATED REGULATOR, ACTING EFFICIENTLY, AND
THUS THIS IS THE NATIONAL REGULATOR.

We thank you for the opportunity to present our views.

Yours truly,



Peter A. Bailey
President and Chief Executive Officer