



*From the Office of the President & CEO*

June 14, 2007

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**Re : National Instrument 31-103**

Dear Madame/Sir:

The Certified General Accountants Association of Canada congratulates the Canadian Securities Administrators for this next important step in facilitating the harmonization and modernization of the registration requirements in all 13 jurisdictions of Canada. We thank you for the opportunity to provide comments to proposed National Instrument 31-103 Registration Requirements.

The Certified General Accountants of Canada is a professional accounting organization of 68,000 members and students. The CGA affiliation across Canada is recognized by every legislative body and has been tasked with the important responsibility of setting professional and education standards, overseeing its members and ensuring the public interest is well-served at all times. Accordingly, the proposed registration regime is of interest to us.

Harmonization of regulations is clear way to reduce the burden and cost of compliance for businesses in Canada. Late 2006, CGA-Canada published findings regarding the impact of regulation of publicly listed Small and Medium-sized Entities (SME). A survey of these entities revealed that of all regulations, those related to securities regulation were the most onerous. The cost of compliance continues to be an impediment to the growth and productivity of that sector. Proposed NI 31-103 is a step forward.

However, I would like to bring to your attention two sections that we believe require amendment:

- **Portfolio manager – chief compliance officer**

Section 4.11 states the following:

No individual may be granted registration as a chief compliance officer of a portfolio manager unless the individual

- (a) has been granted registration previously as an advising representative of a portfolio manager,

(b) has

- (i) obtained professional designation as a lawyer or **Chartered Accountant** (emphasis added) in a jurisdiction of Canada or the equivalent in a foreign jurisdiction and is in good standing with the appropriate self-regulatory body or regulatory agency,
- (ii) (...)

We fail to understand what would have prompted the Canadian Securities Administrators to make this distinction where no such distinction is made elsewhere in the proposal.

We note, for example in the Proposed Companion Policy (p. 73), the use of the generic term “accountant” when referring to professionals providing advice. We assume that “professional” refers to someone holding a recognized professional designation.

We can only surmise that this was indeed a typographical error on the part of the drafters and fully expect that this will be corrected in the next iteration of the NI 31-103.

Certified General Accountants are fully competent to be granted registration as a chief compliance officer (subject to requirements in (ii) and (iii)). There is no justification to exclude Certified General Accountants from acting as chief compliance officers. Failing to recognize the expertise, competence and professionalism of CGAs is inconsistent with accepted practice and regulation in all of Canada’s jurisdictions.

We therefore propose the deletion of the “Chartered” in Section 4.11 (b). We are satisfied with the requirement that a professional accountant must be in good standing with the appropriate self-regulatory body. In this respect, we also proposed an amendment to section 4.20.

- **Appointment of auditor**

Section 4.20 states

A registered firm must appoint an auditor that is authorized to sign an auditor’s report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the **professional standards of that jurisdiction** (emphasis added).

We are fully satisfied that Section 4.20 recognizes the legislated right of Certified General Accountants to practice public accounting.

We would like to propose however, that Section 4.20 be amended to recognize that it is professional self-regulatory bodies that are charged with the responsibility of setting professional standards and overseeing the compliance with those standards. In this respect, we are suggesting replacing the words “of that jurisdiction” with the following “of the competent regulatory authority within that jurisdiction”.

Thank you for the opportunity to comment.

Sincerely yours,



Anthony Ariganello, CPA (Delaware), FCGA  
President and Chief Executive Officer