



FRANKLIN TEMPLETON
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June 20, 2007

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Secretary
Ontario Securities Commission
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Via e-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin
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Via e-mail: consultation-en-cours@lautorite.qc.ca

TO: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Dear Sirs/Mesdames:

RE: Proposed National Instrument 31-103 – Registration Requirements

Franklin Templeton Investments Corp. (“FTI”) welcomes the opportunity to make a submission with respect to proposed National Instrument 31-103 – Registration Requirements (the “Registration Proposal”).

< GAIN FROM OUR PERSPECTIVE® >

FTI is a wholly owned subsidiary of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton Investments. In Canada, FTI provides global and domestic investment advisory services to the Franklin, Templeton, Bissett and Mutual Series funds and institutional accounts. FTI has more than 700 employees providing services to more than 1.8 million unitholder accounts and more than 200 pension funds, foundations and other institutional investors.

FTI commends the Canadian Securities Administrators' ("CSA") attempt to harmonize, streamline and modernize the registration regime across Canada and supports the Registration Proposal initiative. However, we do have concerns with the Registration Proposal in its current form. Our comments/concerns are as follows:

Sections 2.6 and 2.7 - Associate advising representatives

Section 2.5 of the Companion Policy to the Registration Proposal (the "Companion Policy") indicates that the associate advising representative category listed in Sections 2.6 and 2.7 of the Registration Proposal is intended to accommodate individuals who are responsible for client relationships with a portfolio manager, but who do not perform portfolio management for clients. If an adviser provides portfolio management services for clients, there should be a registered individual who would be responsible for the account and would talk to the client about portfolio management matters. We respectfully submit that, if an adviser employs client relationship representatives who are not performing portfolio management for clients or otherwise providing portfolio advisory services, such representatives should not be required to be registered since they are not performing registrable activities.

Section 5.10 – Providing relationship disclosure document

Section 5.10 of the Registration Proposal requires a registrant to provide a client with a relationship disclosure document ("RDD") before the registrant first purchases/sells a security for a client or advises the client to purchase, sell or hold a security. Section 5.5 of the Companion Policy suggests that the RDD contemplated by Section 5.10 of the Registration Proposal will need to be tailored to the needs of the client or the particular category of client. We believe the effort required preparing such a document tailored to each specific client or category will impose an undue burden on registrants. Furthermore, any required RDD must be made consistent with any reform proposals in respect of the point of sale disclosure system for investment funds.

Section 6.15 – Application and transition to prior referral arrangements

Section 6.15 of the Registration Proposal specifies that Sections 6.12 (permitted referral arrangements) to 6.14 (reasonable diligence when referring clients) apply to referral arrangements entered into before the Registration Proposal comes into force if a referral fee is paid under the referral arrangement after the Registration Proposal comes into force. We are of the view that all referral arrangements entered into before the Registration Proposal comes into force should be grandfathered, provided that such referral arrangements comply with the rules and/or regulatory guidance currently in place. To require registrants to enter into new referral agreements and/or conduct reasonable diligence on registrants providing the services would be

duplicative and create an unnecessary burden on those entities that have complied with existing rules and/or regulatory guidance.

Section 8.1 – Firms’ obligation to share information

Section 8.1(1) requires registrants, on request, to disclose to another registrant that is considering whether to employ, retain as an agent or accept as a partner all information in its possession or of which it is aware that is relevant to the person’s conduct or to any assessment of the person’s suitability as a registered individual or that is material to the hiring of the person by the registrant. Such obligation gives rise to legal issues under employment, privacy and defamation laws. We urge the CSA to consider this issue further to determine the legal impact of Section 8.1(1) on registrants and, to the extent possible, build into the Registration Proposal legal protections for registrants who disclose such information to other registrants. In addition, the Registration Proposal lacks clarity in respect of how the inter-registrant information sharing mechanism will operate in practice.

Section 9.14 - International Portfolio Manager Exemption

Section 9.14(2) states that the registration requirement does not apply to an international portfolio manager that is acting as a portfolio manager for a permitted international portfolio manager client provided certain conditions are met. “Permitted international portfolio manager client” is defined in Section 9.14(1).

We respectfully submit that the list of permitted international portfolio manager clients should include an investment fund that distributes securities under a prospectus in a jurisdiction in Canada, as Canadian prospectus qualified investment funds should be afforded the same status as pension funds and other permitted international portfolio manager clients under Section 9.14(1). Furthermore, we are of the view that the list of permitted international portfolio manager clients should actually mirror the current list of international adviser permitted clients under OSC Rule 35-502.

This would allow portfolio managers currently registered as international advisers in Ontario to continue acting as the portfolio adviser for Canadian investment funds and other sophisticated clients without the requirement to upgrade their registration to portfolio manager under the Registration Proposal. Rather, they would be exempt from registration under Section 9.14(2) provided the conditions set out therein are met.

By excluding Canadian prospectus qualified investment funds and certain other sophisticated investors from the definition of permitted international portfolio manager client, the Registration Proposal would, if enacted in its present form, force international advisers currently acting as portfolio advisers to Canadian prospectus qualified investment funds and other sophisticated investors to become full portfolio managers and be subject to the full regulatory burden, notwithstanding that they are already subject to vigorous regulatory oversight as registrants in their home jurisdiction.



Form 33-109F6 – Application for Registration as a Dealer, Adviser or Investment Manager for Securities and/or Derivatives

Proposed Form 33-109F6, the form to be used by firms applying for initial registration in any jurisdiction in Canada, requires a very detailed business plan, policies and procedures manuals, issuer disclosure statements and proposed marketing materials. Please clarify whether this information would need to be provided by (i) existing registrants, and/or (ii) registrants that are required to register in a newly created category (e.g. investment fund manager) under the Registration Proposal. We are of the view that existing registrants, which intend to continue with their existing registrations and existing registrants who are required to become registered in a new category should be exempted from the requirement to provide this information.

Exemption from Registration as Exempt Market Dealers for Mutual Fund Dealers Selling Pooled Funds

We understand that, under the Registration Proposal, a mutual fund dealer, and its registered representatives, can deal in Canadian prospectus qualified investment funds. We urge the CSA to confirm that a mutual fund dealer, and its registered representatives, can also deal in securities of an issuer that is a “mutual fund” within the meaning of that term (i.e. pooled funds) under applicable securities legislation, regardless of whether the fund is being distributed pursuant to a prospectus. We believe that the regulatory oversight afforded to mutual fund dealers and the requisite proficiency for mutual fund dealer representative registration are appropriate for the sale of such pooled funds, and additional registration as an exempt market dealer is unnecessary.

Fund Manager Registration

We urge the CSA to ensure that there is a coordinated approach between the Registration Proposal and other regulations (i.e. National Instrument 81-107) in order to avoid confusion if the Registration Proposal regulates the same areas (e.g. conflict of interest management).

Thank you for your consideration of this submission. Please feel free to contact the undersigned at 416.957.6010 should you have any questions or wish to discuss our submission.

Yours truly,

FRANKLIN TEMPLETON INVESTMENTS CORP.

Brad Beuttenmiller
Senior Vice-President & Chief Counsel, Canada