June 20, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marches 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

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Dear Mr. Stevenson and Ms. Beaudoin:

SUBJECT: Proposed National Instrument 31-103 – Registration Requirements

I. Introduction

Greystone Managed Investments Inc. ("Greystone") takes pleasure in responding to the Request for Comments to the Proposed National Instrument 31-103 issued by the Canadian Securities Administrators (CSA).

Incorporated in 1988, to provide investment management to Saskatchewan based institutions, Greystone has grown significantly since then. Greystone now provides discretionary investment management services to institutional clients across Canada. Client assets under management at March 31, 2007 amount to $29.5 billion and include public and trade union pension funds, foundations, trusts and endowments, charitable and religious organizations and other corporate accounts. We provide management on both a segregated and a pooled fund basis.

Under our business model, we have encountered difficulties in how regulators define our business and the risks associated with it. As Greystone works solely with institutional accredited investors, we work with Boards of Trustees, pension plan consultants, insurance companies and the like. It is always a desire of our firm to have some rules and regulations focused on our business, and not just on the retail focused business. There should be a distinct difference between those marketing to the general public (a natural person) and those who are not (a non-natural person).

Greystone is currently and primarily registered as an Investment Counsel and Portfolio Manager across all provinces in Canada, as well as, an Extra-Provincial Limited Market Dealer in Ontario and an Unrestricted Practice Advisor in Quebec. We have approximately 40 individual registrants in the 10 provinces. The time consuming and onerous procedures related to registration for our firm are direct consequences of the lack of harmonization and modernization of the current regime.

We acknowledge the history behind establishing a more modern registration regime throughout Canada and commend the CSA on its progress for the first phase of harmonization. That is not to say that the proposal as presented totally meets our views as to what would be appropriate hence our general comments and responses to the questions posed is attached.

II. Greystone Managed Investments Inc. – General Comments Regarding Proposed National Instrument 31-103

1. Broad Objectives

Greystone agrees in principle with the broad objectives and spirit of Proposed National Instrument 31-103. It is the view of our firm, that a reduction in the regulatory burden related to registration will have a direct benefit to the industry. The harmonization of these standards in all jurisdictions across Canada is critical to achieving that objective. We believe that it is important to create clarity through the streamlining and modernization of firm and individual registrant categories and related proficiency requirements across Canada.

We have a compliance function in place and believe that compliance is a firm-wide responsibility and are satisfied with the direction towards a principle based approach to monitoring compliance functions. Comments below specifically address the registration of a UDP and CCO.

2. Transition

Adopting the Proposed National Instrument 31-103 could require significant time and effort for our firm in complying with the new regime depending on the grandfathering provisions. The information provided regarding transition into the proposed regime is not sufficient for Greystone to determine efforts required. If grandfathering provisions will not be introduced, significant resources for both firms and regulators will be required to comply with the proposed information requirements. In addition, the effect of this proposal on our firm in relation to the other legislation which impacts our firm is unclear.

No timeline has been provided for the change-over from the existing regime to the proposed. The current proposal does not address the transition issues regarding the additional firm information requirements, which will be time constraining to implement. If deemed necessary, the filing of a business plan, policy and procedure manuals and proposed marketing material will take time to submit. Also, the proposed requirement to file stated information for current and potential registrants would be onerous on the firm to comply and for the regulators to review.

As Greystone has been registered for a significant period of time, grandfathering provisions for those registrants currently registered in all jurisdictions should be implemented. Requesting this information is a departure from the current standard and more clarity as to the purpose of these documents is necessary.

III. Comments on Specifically Identified Issues

Question #1: What issues or concerns, if any, would your firm have with the proposed fit and proper and conduct requirements for exempt market dealers? Please explain and provide examples where appropriate.

Under the current proposal, we have been advised that we will not be required to register in this category; therefore this question is not applicable to our firm.

Question #2: The British Columbia Securities Commission seeks comments on the relative costs and benefits in British Columbia of harmonizing with the other CSA jurisdictions to create an exempt market dealer category and in doing so, eliminating the registration exemptions for capital-raising transactions and the sale of those securities, referred to in some jurisdictions as "safe securities" (i.e. government guaranteed debt).

The three main objectives of Proposed National Instrument 31-103 focus on harmonization, streamlining and modernization of the registration regime in Canada. The most cost-effective and least burdensome approach to achieve these objectives is for all regulators to be consistent in their approach and execution. This would not be accomplished if British Columbia does not harmonize.

Question #3: Registration for managers of all types of investment funds (other than private investment clubs) is proposed. Are there managers of funds for which the risks identified are adequately addressed in some other way and therefore registration as a fund manager may not be necessary? If so, please describe the situation.

Greystone will be registered under the proposed new category of investment fund manager and continue to be registered as a portfolio manager. The additional registration requirements as an investment fund manager are redundant.

It is unclear if registering the firm as an investment fund manager will have any direct consequences on filing for exemptions under other National Instruments.

Question #4: Registration of the UDP and CCO is proposed. As well, we propose that the UDP be the senior officer in charge of the activity carried on by a firm that requires the firm to register.

What issues or concerns, if any, would your firm have with these registration requirements? Do you think the registration of the UDP and CCO contributes to or detracts from a firm wide culture of compliance? Please explain.

Greystone does not have any specific concerns with the mandatory registration of a CCO or a senior individual responsible for registration as a UDP. However, it is not made explicit that the Chief Executive Officer (CEO) requires registration as the UDP. The CEO is the critical member of the mind and management of the firm and registration should be mandatory.

The Proposed National Instrument 31-103, states that the UDP and CCO can be the same person, depending on the size and structure of the firm. Clarity on the definition of the size and structure required to separate these roles should be provided. Greystone is of the view that one person for each role is the best case scenario. Two individuals in these roles will ensure that it will be possible for regulators and clients to deal with a firm, through more than one direct line of communication.

In response to the second part of the question, by designating only two senior individuals in a firm as being responsible for compliance with registration and other activities, it is the view of Greystone that this approach does not promote a firm wide culture of compliance. In order to achieve firm wide acceptance of compliance, each person should have a responsibility through their registration to be in compliance with the firm's principles for conduct and practice and all key senior officers of the firm should be registered with some responsibility for compliance.

Question #5: The Rule proposes an associate advising representative category for portfolio managers but not for restricted portfolio managers because the restricted portfolio manager category is intended for individuals who have expertise in a specific industry. Is the concept of an associate advising representative useful in the context of a restricted portfolio manager? If so, why?

As Greystone would not likely be registered as a restricted portfolio manager under the new regime, this question is not applicable to our firm.

Question #6: We discussed but have not proposed registration of senior executives and directors (i.e. the mind and management) of a firm. Registration would assist the regulators in being able to deal directly with this group of people rather than indirectly through the firm. Please provide us with comments on what positions in a firm should be considered part of the mind and management and what issues or concerns you or your firm would have with registration of individuals in those positions.

Positions deemed to be mind and management of a firm from Greystone's perspective are: Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Investment Officer, Chief Marketing Officer and Chief Compliance Officer. However, it is understood that not all firms will use the same titles for the same roles; therefore it is recommended that this be enforced through responsibilities and not corporate designated titles. The entire mind and management of the firm, being those that manage operations, should be registered; Independent directors should not be registered.

Question #7: The proposed exemption applies to advisers who are actively advising and managing their clients' fully-managed accounts. The exemption has not been extended to advisers dealing in securities of their own pooled funds with third parties. If there are circumstances in which you think it would be appropriate to extend the exemption to third parties please describe.

An exemption to third parties should be extended, if those third parties are accredited institutional investors, such as, pension plans, banks, insurance companies and trust foundations. Each of those parties is under regulations from other bodies and additional regulation is unnecessary.

Question #8: The Rule requires dealers, advisers and fund managers to have Financial Institution Bonds. In cases where the owners of the firm also carry out the operations and registerable activity of the firm, usually in small firms, are these bonds prohibitively costly to obtain and will the bonds provide coverage if they are obtained in these situations?

Greystone currently holds a sufficient amount of these bonds under the proposed requirements and therefore agrees with the proposed rule.

Question #9: We propose that some requirements of Division 1 not apply to clients that are accredited investors as defined in NI 45-106 Prospectus and Registration Exemptions. Is it appropriate to exclude this group, or any other group, of clients from the account opening requirements?

It is appropriate to remove accredited institutional investors. Greystone deals only with accredited institutional investors and does not believe that maintaining the account opening standards for this group would be appropriate.

Question #10 What issues or concerns, if any, would your firm have with the proposed relationship disclosure requirements? Is this type of requirement appropriate for some or all types of accredited investors? If so, what information would be useful to have in the relationship disclosure document?

This type of disclosure is not appropriate for our client base.

Question #11: Is the prescribed content for a confirmation the appropriate type of information?

The proposed content for confirmation is not appropriate for our client base.

Question #12: The Rule requires a registered firm to identify and deal with all conflicts. Would a materiality concept be appropriate within the requirement or should that be dealt with at the firm level within the firm's policies?

A materiality concept would be welcome in this requirement; however it should be dealt with at the firm level. Due to the differences among firms, in terms of size, structure and operations, it does not appear worthwhile to implement standards, as one materiality concept may not be applicable for all registrants.

Question #13: Is our description of the risks of referral arrangements complete and accurate? If not, what is missing?

Under the current proposal, this question is not applicable to our firm.

Question #14: One objective of NI 45-106 was to have all exemptions in one instrument. As mentioned, we have included the registration exemptions in the Rule for purposes of obtaining comments on the exemptions that are being proposed under a business trigger. Would you prefer the registration exemptions remain in NI 45-106 or be moved into the Rule?

It is our preference that all exemptions be maintained in NI 45-106, to ensure consistency of its pre-established objectives. It is not apparent that any efficiency would be gained by established separate exemptions with the Proposed National Instrument 31-103 parallel to the exemptions listed in NI 45-106.

Question #15: Is 120 days sufficient to allow registrants with existing referral arrangements to comply with the Rule? If not, what length of time is sufficient? Please explain.

Under the current proposal, this question is not applicable to our firm.

Question #16: A matter not dealt with in the Rule but one which relates to registrants and NRD is the annual fee payment date. Comments have been made by some industry participants that a December 31 fee payment date is problematic and that a May 31 fee payment date would be better. Please comment on whether a May 31 or December 31 annual fee payment date is better for your firm.

Greystone has no preference to either annual fee payment date.

IV. Other Comments on Proposed National Instrument 31-103

1. Business Trigger

An integral part of the Proposed National Instrument 31-103 is the introduction of a business trigger, as opposed to a trade trigger, to identify registrants on a firm wide and individual basis. Greystone is of the view that by implementing the business trigger and removing the requirement to register if a person acts, "…in furtherance of a trade" is beneficial, as it reduces the number of registered non-advising individuals within our firm and removes industry representatives which deal with generic advice only. This is key to achieving the goal of streamlining the legislation.

2. Complaint Handling and Conflicts of Interest

Greystone and its employees take very seriously our role within a fiduciary relationship, which for us includes proper management of complaints and conflicts. Although Greystone currently has policies in

place to handle both complaints and conflicts of interest, embedding these obligations for firms within the new registration regime requirements appears incompatible with the broad objectives of Proposed National Instrument 31-103. It is our view that these activities are not registration oriented, nor do they fit appropriately within the concept of a principle-based compliance regime, and may fit better within other pieces of legislation and therefore be removed from Proposed National Instrument 31-103.

Complaint Handling

The initial response period of five business days set forth by the Proposed National Instrument 31-103 is appropriate for acknowledging a client complaint.

Conflicts of Interest

Greystone has an extensive policy on conflicts of interest and our view is that this policy encompasses the three principles set out in Proposed National Instrument 31-103 to avoid, control and disclose conflicts of interest.

3. Proposed Forms 33-109F1, 33-109F4 and 33-109F6

The forms supplied in the Proposed National Instrument 31-103 are much expanded in comparison to the current forms. Noted below are apparent inconsistencies between the legislation and the forms and concerns related to each proposed form.

Proposed form 33-109F1 – Notice of Termination

Significant detailed questions are posed surrounding the terms of an individual's departure. Responding to these questions should not pose any significant hardships to either the former or future firm or the employee making a transition, nor, should the requirements put parties' in conflict with employment law.

Proposed Form 33-109F4 – Application for Registration of Individuals and Permitted Individuals

The Proposed National Instrument 31-103 requires the adoption of new individual categories and related proficiency for the new registration regime. Proposed Form 33-109F4 Schedule C does not specifically list out these five individual categories proposed in section 2.6 of Part 2 of the rule. Instead, it requests information regarding the individual's position and the products dealt with. It is unclear if the new schedule C will default to one of the five categories or if the form is incorrect. The defaulting requires clarification on how the form will work.

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

The proposed form requires all the additional information requirements listed in the legislation, which could create a barrier to entry for market participants, due to the nature and volume of information requested.

In conclusion, we believe efforts to harmonize and streamline registration is necessary to reduce the regulatory burden. In our view, it is imperative to consider the differences between discretionary and non-discretionary investment management in order to accomplish effective consumer protection.

We thank the CSA for considering these comments and we would be pleased to discuss any issues outlined above.

Yours truly,

Nadine Krenosky, CA, CFA
Vice-President, Compliance