Rajiv Silgardo
Managing Director
Chief Executive Officer

Barclays Global Investors Canada Limited
BCE Place, 161 Bay Street, Suite 2500
P.O. Box 614, Toronto, Ontario M5J 2S1
TEL +1 416 643 4010
FAX + 1 416 643 4039
rajiv.silgardo@barclaysglobal.com

BARCLAYS GLOBAL INVESTORS

June 20, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities 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, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
Email: jstevenson@osc.gov.on.ca

- and -

Madame Anne-Marie Beaudoin
Directice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800 Victoria Square
P.O. Box 246, 22nd Floor
Montreal, Québec H4Z 1G3
e-mail: consultation-en-cours@lautorite.qc.ca

Dear Sir and Madam,

Re: Proposed National Instrument 31-103 Registration Requirements

With the release of Proposed National Instrument 31-103 (the "Proposed Instrument"), the Canadian Securities Administrators ("CSA") have taken an important step in harmonizing registration requirements within the Canadian securities industry. We thank you for your invitation to comment on the Proposed Instrument. We continue to strongly believe in the value of meaningful dialogue between regulators and industry participants and commend the Canadian Securities Administrators for undertaking a thorough public consultation in connection with the Proposed Instrument.

Introduction

Barclays Global Investors Canada Limited ("Barclays Canada"), which currently manages more than $70 billion in assets, continues to be one of Canada's largest and fastest growing investment managers. Barclays Canada is part of a global investment management business ("Barclays") that manages approximately $2 trillion dollars in assets and we therefore have very broad experience in regulatory approaches applied to this industry. Our comments, set out below, focus on those aspects of the Proposed Instrument that impact investment managers in Canada and reflect our experience with various approaches to the regulation of investment management activities around the world.

Rather than directly responding to each of the questions set out in the Notice that accompanied the Proposed Instrument, we will provide three general comments on areas where we largely support the Proposed Instrument. After providing our general comments, we will turn to five specific concerns we have with the Proposed Instrument.

General Comments

We strongly support the CSA's stated intention in the Proposed Instrument of harmonizing registration requirements across the jurisdictions. We see this as a step in moving Canada towards a less fragmented regulatory regime. We're also encouraged by the adoption of a business trigger in place of a trade trigger as one example of this harmonization as it is significantly more consistent with current market structure. Our experience has consistently been that the fragmented nature of Canada's securities regulatory regime adds cost and complexity to the provision of investment management services here that do not exist in many of the other countries in which Barclays does business. We urge the CSA to continue its efforts on all fronts to further minimize such fragmentation and to do so with a view to addressing the marketplace as it exists today rather than being bound by models adopted in an earlier stage of market development.

The Fit and Proper Requirements included in the Part 4 of the Proposed Instrument are an important step in ensuring that the securities markets in Canada operate efficiently. Investors in Canada have a right to assume the proficiency, integrity and financial soundness of those providing them with investment services and/or products. In addition to harmonizing existing requirements, the proficiency, solvency, and (with some the exceptions summarized below) conduct standards contained in the Proposed Instrument are all appropriate.

Our final "general" comment relates to the Conflicts requirements contained in Part 6 of the Proposed Instrument. We have consistently expressed the view in response to regulatory proposals that disclosure is the most effective tool for addressing issues arising from potential conflicts of interest. Prohibiting transactions that give rise to such potential conflicts can, and often has, limited the ability of participants in the Canadian securities industry to provide investors with the most effective products or services. National Instrument 81-107 was an important regulatory step in moving from a prescriptive to a substance based approach to conflicts and we believe the disclosure requirements included in the Proposed Instrument are an effective next step. It is important though that the CSA ensure that the disclosure is appropriately targeted and is easily understood by investors. Finally, while we support the requirements set out in Part 6 of the Proposed Instrument generally, we are concerned with the potential impact of clause 6.2(2)(b) for the reason summarized below and believe that this is an example of a prohibition having unintended consequences to the detriment of investors and encourage the CSA to limit the use of such prescriptive means to the greatest extent possible.

Specific Comments

Requirement to maintain Multiple Registrations: The Proposed Instrument will require many firms, including Barclays Canada, to maintain multiple registrations in order to carry on a very straight forward investment management business. The costs and inefficiencies of this approach will ultimately be borne by investors and we do not believe that there is a sufficiently persuasive argument in favour of multiple registrations to force this cost onto investors. Where a firm like Barclays Canada provides investment advisory services both through separate accounts and on a "commingled" basis through investment funds, that firm should simply be required to register, and its relevant employees to register, in the category with the most stringent requirements. Be it proficiency requirements, capital requirements, business conduct requirements or any other requirements, there is no persuasive basis for insisting that a firm and its employees register in a category with lesser requirements than those in a category in which that firm and its employees are already registered. If one category of registration does not impose more onerous conditions across the board, the requirement should simply be that the registrant complies with the more onerous requirement of the other category rather than that they be required to register a second time.

Registration Exemptions: Part 9 of the Proposed Instrument sets out various exemptions from the requirement to register and, for the most part, those exemptions are appropriate. We question however the requirement to include the definitions of "permitted international dealer client" and "permitted international portfolio manager client". The CSA and many market participants have spent a significant amount of energy in considering registration and prospectus exemptions under National Instrument 45-106 ("NI 45-106"). We do not believe that there is a persuasive case for limiting the registration exemption available to international dealers or portfolio managers to a sub-set of accredited investors (as defined under NI 45-106). To introduce (or maintain as the case may be) definitions such as these undermines the efficiencies introduced by NI 45-106 and a consistent regime for registration and prospectus exemptions. If there are categories of individuals or organizations currently defined as accredited investors under NI 45-106 that the CSA believe require the additional "protection" afforded them through dealing only with registered counterparties, then those individuals or organizations should simply be removed from the definition of accredited investor in NI 45-106. To do otherwise is only to introduce additional complexity, inconsistency and compliance costs to industry participants. Furthermore, the approach in the Proposed Instrument is contrary to the globalization of capital markets and risks limiting the scope of investment choices available to Canadians.

Conflicts Rules and Responsible Persons: Clause 6.2(2)(b) of the Proposed Instrument prohibits an adviser from causing a fully-managed account or an investment portfolio managed by it to "purchase or sell a security from or to the account of a responsible person of the advisor". There is no "client consent" exception to this limitation. Our concern relates to potential ambiguity around the definition of responsible person and we encourage the CSA to clarify that a responsible person will not include an investment fund of which the investment advisor or its affiliate is trustee. In the absence of such a clarification, there is some risk that where it would otherwise be permitted (for example where an Independent Review Committee under National Instrument 81-107 had authorized trading between two funds of which the advisor was trustee), this clause will, at minimum, create uncertainty around the ability of the adviser to implement that transaction.

Exempt Market Dealer and Permitted Dealing Activities for advisers: It is our understanding that the elimination of the limited market dealer requirement, the introduction of the Exempt Market Dealer category and the permitted dealing activities for advisers are intended, amongst other things, to eliminate the requirement of advisers to register in a dealer capacity solely for the purpose of

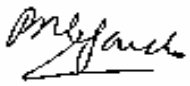
distributing units of funds they manage to clients where the "fully managed account" requirement is satisfied. We again urge the CSA to expand the exemption to include funds managed by affiliates of the adviser where the clients are accredited investors. Provided the account is a *bona fide* fully managed one, and the affiliate is in compliance with applicable registration requirements of its own, there is no public policy rationale for not expanding the exemption to cover this situation. A failure to do so however, will mean that the adviser will be obligated to register as an Exempt Market Dealer, with the resulting costs flowing through to its clients.

Conduct Rules: We strongly support the proposed approach to record keeping, account activity reporting and the account opening and know your client requirements (particularly the non-application of certain parts of the rules to accredited investors). With respect to the relationship disclosure requirements though, we're somewhat concerned about the concept of incorporating requirements similar to those of the SRO's for non-SRO members. Barclays Canada itself will not be impacted by this issue as we only maintain accounts for accredited investors but we're concerned that the requirements identified by the SRO's (primarily, if not exclusively, dealers) may not be appropriate for portfolio managers. We encourage the CSA to consult with relevant industry organizations before importing the SRO's requirements to portfolio managers more broadly.

Conclusion

As stated above, we believe generally that the Proposed Instrument marks a very significant, positive step in Canadian securities regulation. We do however urge you to consider our specific comments and we thank you again for the opportunity to comment on the Proposed Instrument. Please contact the undersigned or Warren Collier (416-643-4075 or warren.collier@barclaysglobal.com) if you have any questions, or would like additional information in respect of any of the points made in this letter. We would be happy to discuss any of the matters raised in this letter or any other matters related to the Proposed Instrument with you further at your convenience.

Sincerely,



Rajiv Silgardo
Chief Executive Officer

Cc: Warren Collier, Barclays Canada