

**DELIVERED VIA E-MAIL**

June 29, 2007

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  
Securities Office, 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

**c/o Mr. John Stevenson,**  
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Dear Sirs / Mesdames,

**Re: Comments on Proposed National Instrument 31-103 *Registration Requirements* ("NI 31-103"), Proposed Companion Policy 31-103CP ("31-103CP") and Consequential Amendments to other National Instruments and Legislation (collectively, the "Registration Reform Rules")**

KPMG Corporate Finance Inc., Deloitte & Touche Corporate Finance Canada Inc., Ernst & Young Orenda Corporate Finance Inc. and PricewaterhouseCoopers Corporate Finance Inc. (collectively, "we") submit the following comments in response to the Notice and

Request for Comments (the "Notice") published on February 23, 2006 (2007) 30 OSCB (Supp-2) with respect to the Registration Reform Rules.

In principle, we agree with the objectives of national proposed registration requirements of the Canadian Securities Administrators ("CSA") as outlined in the Registration Reform Rules and are of the view that a national registration requirement will create consistency and predictability for capital markets within Canada.

In response to the Registration Reform Rules, we have the following general comments.

We believe the CSA specifically needs to address the activities of a number of existing firms operating under the current Limited Market Dealer ("LMD") registration as applicable in Ontario and Newfoundland. Currently, many firms registered in the LMD category provide corporate finance services and related advice, generally concerned with mergers, acquisitions, divestitures and capital raising activities in the exempt markets, generally referred to as "Corporate Finance Services". Corporate Finance Services typically involves solicitation of others for purposes of divesting or acquiring the shares or assets of a company; or for purposes of raising capital under an exemption from the prospectus requirements. Corporate finance professionals typically conduct processes which are designed to maximize the realizable value of an asset or seek out the most appropriate financing in the circumstances. Typical counterparties to a transaction would be strategic parties (such as companies in similar or complementary industries), private equity firms, banks, insurance companies and other institutional investors or lenders. Firms providing Corporate Finance Services do not typically handle or take possession of securities or client funds.

In our view, Corporate Finance Services should be dealt with as a separate category of registration with consideration given to the specific services and needs of those registrants, not dissimilar in concept to the "exempt market dealer" as currently contemplated. However, we believe some modifications to the proposed registration conditions for exempt market dealers as currently contemplated are warranted for firms providing Corporate Finance Services.

Specifically, we believe the following amendments to the Registration Reform Rules warrant consideration for registrants providing Corporate Finance Services:

- a) The proficiency requirements under exempt market dealer category as outlined in paragraph 4.7 of NI 31-103 are not ideally suited for the activities undertaken by firms providing Corporate Finance Services. As such, consideration should be given to other proficiency requirements, such as the Corporate Finance Qualification administered by the Canadian Institute of Chartered Accountants, as an alternative to the Canadian Securities Exam for firms providing Corporate Finance Services. The Corporate Finance Qualification is currently available in Canada and various commonwealth countries including the United Kingdom.
- b) Under paragraph 4.16 of NI 31-103 regarding capital requirements, the financial institution bond does not appear to be relevant for firms providing Corporate Finance Services. The section makes reference to client securities in paragraph

4.16 (b) of NI 31-103. Corporate Finance Services do not involve the custody of client securities or assets. Other forms of insurance, such as professional liability insurance, are most relevant for firms providing Corporate Finance Services.

- c) Under paragraphs 4.26 and 5.19 of NI 31-103 regarding audited financial statements and record keeping, we believe that a viable alternative to audited financial statements would be an officer's certificate to be delivered quarterly, stating that the firm has complied with the capital requirements and record keeping requirements as required by registration.

Thank you for your consideration of this submission. We hope that our comments are helpful and would be happy to discuss any of these submissions with you in greater detail.

**KPMG CORPORATE FINANCE INC.**

**DELOITTE & TOUCHE CORPORATE FINANCE CANADA INC.**



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Peter Hatges, Senior Vice President & Director

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Michael Badham, Co-President

**ERNST & YOUNG ORENDA CORPORATE FINANCE INC.**

**PRICEWATERHOUSECOOPERS CORPORATE FINANCE INC.**



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Anthony Ianni, President

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Keith Mosley, Managing Director