

April 15th, 2008



British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Securities Office, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland & Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Nunavut
Registrar of Securities, Yukon Territory

c/o John Stevenson, Secretary
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RE: Canadian Securities Administrators Request for Comments – Proposed National Instrument 23-102 Use of Client Commissions as Payment for Order Execution Services or Research Services and Companion Policy 23-102CP

About TD Securities - TD Securities Inc. (TDSI) is the securities trading arm of the TD Bank Financial Group. TDSI is one of leading broker-dealers in Canada with an underlying client base of over 3.5 million investors. TD Waterhouse, a separate division of TD Bank Financial Group, is the largest discount brokerage firm in Canada and has over 425 full service investment advisors. TD Newcrest, the institutional equities arm of TDSI, is the number one equity trader in Canada based on dollar value and shares traded.

Thank you for the opportunity to present our thoughts and comments on this important issue. For this round of consultation, we decided not to respond to the specific questions given they are relatively immaterial in nature. Instead, we would like to provide some more general comments with respect to the use of client commissions as payment for order execution services and or research services.

At the outset, we would like to applaud the various regulators for the effort made to date and for their responsiveness to previous industry submissions on this topic. It is clear from the current proposed National Instrument that every effort has been made to integrate the comments of market participants into the new rules.



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That being said, we question the need for the current request for comment proposal. In our opinion, most of the important issues have been addressed by the latest version of the policy and there is no need to continue to debate this issue, especially in light of the fact that the follow up questions in round 2 of the consultation process are so insignificant in nature. We are concerned that, as noted in the CSA's current request, there have been numerous developments in this area in the United States and the United Kingdom in the approximately 18 months since the end of the last round of comments. Specifically, the use of Client Commission Arrangements (CCAs) in the US and Commission Sharing Arrangements in the UK (CSAs) has grown significantly. We believe that a large part of these changes is due to increased regulatory transparency in this area, and are fearful that Canada's capital markets may fall behind developments globally. In fact, anecdotally, we hear from Canadian investors regularly that are interested in CSA arrangements but hesitant to proceed with signing these arrangements without clarity from Canadian regulators on transparency requirements.

Further, we are disappointed that the British Columbia Commission appears to support the concept of a softer, less formal approach to the question of commission disclosure, especially when this view conflicts with the rest of the Canadian regulatory jurisdictions as well as global developments in this space. While we do not know this for sure, it seems logical that support from BC following the completion of round 1 of consultation may have avoided the need for a second phase of consultation altogether. Frankly, it is ridiculous that advisors may wind up being subject to different sets of rules within Canada when the whole point of the policy review was to harmonize our rules with those of foreign jurisdictions like the US and UK. It is this type of lack of consistency amongst Canadian regulators that is confusing to market participants, especially global players, and contributes to a weakening of perception of Canada's capital markets. This comes at a time when more and more global regulators are working together towards mutual recognition of local marketplace rules in order to promote the free trade of securities across borders.

In closing we would like to reiterate our appreciation for the work that has been done to date by Canadian regulators. However, TDSI believes that it is in the best interests of the Canadian capital markets that this issue be resolved as quickly as possible so as to avoid falling out of step with the global markets and our most important sources of foreign capital.

Yours truly,

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