



May 29, 2008

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

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8

Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22 étage
Montreal, Quebec
H4Z 1G3

Dear Sirs/Mesdames:

RE: Response to Request for Comments on Proposed National Instrument 31-103 and Companion Policy 31-103 – Registration Requirements

Scotia Cassels Investment Counsel Limited (Scotia Cassels) is pleased to respond to the Canadian Securities Administrators' Request for Comment on the second draft of the proposed National Instrument 31-103 – Registration Requirements and the Proposed Companion Policy 31-103CP.

Scotia Cassels is a subsidiary of the Bank of Nova Scotia. If and when Proposed NI 31-103 is implemented, Scotia Cassels expects that it will be required to register in the category of adviser, and possibly as an exempt market dealer.

Scotia Cassels applauds the CSA on its efforts to consolidate and harmonize the complex web of Canadian securities laws and regulations. To the extent that the Proposed NI 31-103 harmonizes and simplifies existing registration laws and regulations, Scotia Cassels supports them.

Scotia Cassels participated in various industry initiatives to formulate responses to the CSA's Request for Comment on Proposed NI 31-103 and generally supports the comments being made by the Investment Counselling Association of Canada and the Canadian Bankers Association. In addition to the comments made in those submissions, Scotia Cassels wishes to draw the following issues to the attention of the CSA.

Throughout NI 31-103, reference is made to handling, holding or having access to any client assets including cheques and other similar instruments. At one of the recent presentations on Registration Reform in which regulators were participating, they indicated that registrants' handling of a cheque made payable to a client's custody account, would be deemed to be "handling, holding and having access to a clients' assets". No one would argue that having a cheque from a client, made payable to the adviser, for deposit in the client's account or to purchase securities on behalf of the client, is handling, holding and having access to client assets. However, as clients of most portfolio management firms have their assets held by a third party custodian, but have all their interaction with the portfolio management firm's advisers or employees, it is routine for initial account funding or the deposit of additional funds, to be accomplished through the client's delivery of a personal cheque payable to their custodian, care of their own account, and giving that to the portfolio manager for further delivery to the custodian. The client's assets are not at risk in these circumstances and I submit that making an adviser executing this delivery on behalf of the client suffer the additional capital requirements and financial burden of additional insurance coverage is excessive. Our clients appreciate the single point of contact and will not appreciate an unnecessary change in the process because an adviser decides not to take on the additional solvency and insurance requirements.

Division 7 of Part 5, relating to Non-resident Registrants, says a registered firm whose head office is not in the local jurisdiction must provide its clients in the local jurisdiction with a statement in writing disclosing the non-resident status of the registrant, the registrant's jurisdiction of residence, the name and address of the agent for service of process of the registrant in the local jurisdiction and the nature of risks to clients that legal rights may not be enforceable in the local jurisdiction. Scotia Cassels has a head office in one jurisdiction and branch offices in other provincial jurisdictions in which it operates with representatives in each of those jurisdictions. Its client agreements indicate which provincial or territorial laws apply as between the client and the firm. Consequently, in our case, it would be inappropriate to provide clients where Scotia Cassels has branch offices in provincial jurisdictions outside the head office's jurisdiction, with a notice saying the firm is not resident in the those jurisdictions and that the clients' legal rights might not be enforceable in the local jurisdiction. There are likely

other firms in the same position. Could the CSA consider the requirements as written in this second draft be mandatory where a firm provides service in jurisdictions where it has no local office or staff, and / or where a firm will only resolve legal disputes in the firm's jurisdiction rather than that of the client, or the appropriate combination of those conditions, depending on each particular firm's circumstances.

With respect to Division 6 in Part 5, relating to Complaint Handling, this latest draft gathers up every issue that might come up in an adviser's relationship with a client, whether it is substantive or not, and forces it into a dispute resolution / reporting mechanism, without allowing the firm to deal with and resolve the issue with the client before it becomes material and worthy of reporting. I am in no way trying to diminish the importance of recognizing complaints and working toward their resolution, as we believe that this is important part of the firm's responsibility to both its clients and the industry. We believe the mechanism that Quebec has had in place since 2006, is an appropriate mechanism and should be considered appropriate for implementation in all jurisdictions. We also believe it would be appropriate to define a materiality test which will help market participants understand the kinds of complaints that should be reported. We are also supportive of the idea of a dispute resolution mechanism being in place as the final arbiter, once all other alternatives are exhausted. Having that mechanism be the first stop after a client complaint is raised with a firm takes the firm's right to assess the situation and consider solutions appropriate for its business model seems unconstitutional.

As part of a large bank group, Scotia Cassels is affiliated with a number of market participants. Business relationships amongst all these affiliates with companies in the Canadian economy ebb and flow as your latest draft of the regulation and the companion policy acknowledges – “connected issuers are more often than not temporary arrangements”. As an independent advisor that is affiliated with a bank and an investment dealer, Scotia Cassels is not privy to information on issuers that are connected issuers only temporarily. Scotia Cassels does not wish to find itself in a position where it is unable to effect its objective and independently determined investment strategy because it has been advised that the target company has become connected to our parent company or any of its affiliates. If there are information barriers in place (between those affiliates who are in business relationships with companies that may be or be deemed to be connected and those that act as advisers on discretionary accounts) and disclosures to the clients of the adviser have been made stating the firm may invest in businesses with whom affiliates may be connected , and the advisory agreement provides for specific written consent to purchase securities of connected issuers, will the CSA deem this to be sufficient disclosure and mitigation of conflict, so Scotia Cassels and firms with similar provisions, can properly serve its clients?

In closing, Scotia Cassels thanks the CSA for its consideration of its comments on Proposed NI 31-103 and the Companion Policy. Please do not hesitate to contact me at (416) 933-3065, if you have any questions or wish to discuss these comments further.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Tuckwell', with a long horizontal flourish extending to the right.

M. Catherine Tuckwell, CFA
Chief Compliance Officer
Scotia Cassels Investment Counsel Limited