

For Immediate Release

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Canadian regulators seek comment on extension of passport system to registration

Vancouver – The Canadian Securities Administrators (CSA) today published proposals to streamline the process for dealer and adviser registration in multiple jurisdictions.

The proposals include rule and policy amendments by CSA members in passport jurisdictions to extend the second phase of passport to registration. They also include a new proposed national policy, setting out the processes for registration in multiple jurisdictions for adoption by all CSA members.

"Making the passport system available for the dealer and adviser community will give all market participants faster and simpler access to Canada's capital markets," said CSA Chair Jean St-Gelais. "This phase of passport will simplify the regulatory processes and benefit registrants and investors in all provinces and territories."

The proposed amendments to Multilateral Instrument 11-102 *Passport System* to extend passport to the dealer and adviser community is the last step in fulfilling a major commitment in the memorandum of understanding regarding securities regulation among the governments of passport jurisdictions. Ontario is not a passport jurisdiction.

The new proposed policy, National Policy 11-204 *Process for Registration in Multiple Jurisdictions*, will replace and streamline the current National Registration System (NRS) and establishes the process for obtaining registration in multiple jurisdictions, including Ontario.

Once the proposals are adopted, the passport system will be fully implemented. Passport will allow someone to clear a prospectus, obtain a discretionary exemption or register in the home province and have that clearance, exemption or registration apply automatically in all other passport provinces and territories.

The foundation for passport is a set of harmonized regulatory requirements consistently interpreted and applied throughout Canada. The proposed amendments to MI 11-102 and new NP 11-204 are expected to be adopted concurrently with the proposed new national rule on registration requirements (National Instrument 31-103 *Registration Requirements*), which will harmonize and streamline the registration regime in Canada. The CSA expects to implement NI 31-103 in the first half of 2009.

The proposed amendments to MI 11-102, the new NP 11-204, and related documents are available on various CSA members' websites. Except for the repeal of NRS, the comment period is open until September 17, 2008. The comment period on the repeal of NRS is open until October 17, 2008.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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Passport System for Registration Backgrounder

What is passport?

A system that gives a market participant access to capital markets in multiple jurisdictions by dealing only with its principal regulator and complying with one set of harmonized laws.

How does it work?

- Each market participant has a principal regulator, typically in its home jurisdiction
- A market participant can register in all passport jurisdictions through its principal regulator
- If the principal regulator imposes terms and conditions, the same terms and conditions apply automatically in all non-principal passport jurisdictions
- If the principal regulator suspends, terminates or accepts a surrender of registration, that decision applies automatically in all non-principal passport jurisdictions
- Market participants are subject to one set of harmonized registration requirements in all jurisdictions

What are the benefits of passport?

- Simpler - requires only one registration decision - comply with one set of harmonized laws
- Faster - deal with one regulator
- Cheaper - eliminate professional costs for dealing with multiple regulators and different laws

What does it mean for Ontario?

- Ontario market participants have direct access to the markets in other jurisdictions by dealing only with the Ontario Securities Commission (OSC), even though Ontario has not adopted the passport rule
- Other market participants gain access to the Ontario market through a streamlined interface

Registration process:

A firm or individual seeking registration in a category in the home jurisdiction and in a passport jurisdiction

- makes a single submission
- has the submission reviewed by only one regulator
- is automatically registered in the other jurisdiction in the case of an individual, when he or she is registered in his or her home jurisdiction and, in the case of a firm, when receipt of the submission has been acknowledged

A firm or individual registered in a category in the home jurisdiction and seeking registration in the same category in a passport jurisdiction

- makes a single submission
- has the submission reviewed by only one regulator
- is automatically registered in the other jurisdiction in the case of an individual, when he or she makes the submission and, in the case of a firm, when receipt of the submission has been acknowledged

In both cases, if a firm's or individual's home jurisdiction is outside Ontario, but they are seeking registration in Ontario, the OSC makes its own registration decision.

An investment dealer firm and its representatives continue to deal with the Investment Industry Regulatory Organization of Canada, where applicable.

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