

**MEMO# 22411**

April 10, 2008

## **Institute's Comment Letter - Canadian Securities Administrators' Revised Proposal on Soft Dollars**

[22411]

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TO: INTERNATIONAL COMMITTEE No. 11-08  
INVESTMENT ADVISERS COMMITTEE No. 8-08 RE: INSTITUTE'S COMMENT LETTER -  
CANADIAN SECURITIES ADMINISTRATORS' REVISED PROPOSAL ON SOFT DOLLARS

In January, the Canadian Securities Administrators (CSA) proposed revised regulations (the "Proposal") on the use of soft dollars by advisers and registered dealers. [\[1\]](#) In the Proposal, CSA clarifies the characteristics of the goods and services that may be obtained by advisers with client brokerage commissions as well as the adviser's disclosure obligations. Significantly, the proposal would require advisers to disclose total client brokerage commissions paid during the period as well as the amount paid or accumulated to pay for goods and services other than order execution ("unbundling").

The Institute submitted the attached comment letter. While the letter welcomes some of the changes made in the Proposal, the Institute raises significant concerns with the CSA's proposal to require "unbundling." The letter also raises other concerns including: (1) the criteria for permissible payment for raw data with brokerage commissions; (2) the exclusion of telephone and communication lines from the permissible use of brokerage commissions; (3) the temporal standard for order execution services; (4) the obligation of advisers to obtain soft dollar information from foreign subadvisers; (5) the obligations of advisers relating to the allocation of benefits to clients; and (6) the transition period.

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[Attachment](#)

**endnotes**

[1] For a summary of the Proposal see Memorandum [22173], Equity Markets Advisory Committee No. 4-08, International Committee No. 6-08, Investment Advisers Committee No. 2-08 and SEC Rules Committee No. 9-08, dated January 31, 2008 (<http://members.ici.org/getMemoPDF.do?file=22173.ICINET.DOC.pdf>).