

MEMO# 22361

March 19, 2008

Draft Comment Letter - Canadian Securities Administrators' Revised Proposal on Soft Dollars

[22361]

March 19, 2008

TO: INTERNATIONAL COMMITTEE No. 10-08
INVESTMENT ADVISERS COMMITTEE No. 6-08 RE: DRAFT 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. [\[1\]](#) CSA revised its proposal from 2006 in response to comments that it received on the original proposal. In the Proposal, CSA clarifies the broad characteristics of the goods and services that may be obtained by advisers with client brokerage commissions as well as the adviser's disclosure obligations in relation to the use of client brokerage commissions. 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 has prepared the attached draft comment letter. While the draft letter welcomes some of the changes made in response to comments on the original proposal, the Institute raises significant concerns with the CSA's proposal to require "unbundling." The draft letter also raises concerns with other aspects of the proposal 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 subadvisers not subject to CSA's requirements; and (5) the transition period for a final rule.

We have scheduled a conference call to discuss the draft letter on Wednesday, April 2, 2008 at 12 noon Eastern time. The dial-in numbers are 888-560-8501 in the United States and +1 210-234-0001 from outside the United States. The passcode is 45287.

Please send an email to Ruth Tadesse at rtadesse@ici.org to let us know if you plan to participate on the call. If you have comments but are unable to participate on the call, please provide your comments to me at solson@ici.org (or 202-326-5813) before the call.

Susan Olson
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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>). The Proposal is available at http://65.110.175.197/Regulation/Rulemaking/Current/Part2/rule_20080111_23-102_rfc-proposed.pdf.

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