

MEMO# 4894

June 21, 1993

LETTER TO ONTARIO SECURITIES COMMISSION ON IMPROVED ACCESS FOR U.S. ADVISERS AND MUTUAL FUND DEALERS

June 21, 1993 TO: INTERNATIONAL COMMITTEE NO. 14-93 RE: LETTER TO ONTARIO SECURITIES COMMISSION ON IMPROVED ACCESS FOR U.S. ADVISERS AND MUTUAL FUND DEALERS _____ On June 18, the Institute sent the attached letter to the Ontario Securities Commission regarding the ability of a U.S. money manager to sponsor, advise and distribute Canadian mutual funds. Under current Ontario policy, a U.S. adviser without a business presence in Canada may not advise a publicly-offered Canadian mutual fund unless control of the fund rests with a Canadian-based registrant. In addition, non-residents are not permitted to provide mutual fund distribution services in Ontario. The Institute's letter contrasts Ontario policy with the unrestricted access that Canadian fund sponsors have to the U.S. market. Our letter proposes that a U.S.-based adviser be permitted to register as an adviser to publicly-offered Canadian funds, so long as the adviser complies with all substantive provisions of Ontario regulation except the proficiency requirements. We propose that any U.S. adviser that has been in the business of advising U.S. mutual funds for a minimum of three years be deemed to satisfy the required proficiency showing. With respect to mutual fund dealers, we suggest that a U.S.-based firm should be permitted to register in Ontario as a mutual fund dealer provided that the firm complies with all substantive provisions of Ontario law and policy. Institute staff will meet with representatives of the OSC on June 22 to discuss the issues raised in our letter. We will keep you informed of developments. Angela C. Goelzer Associate Counsel - International Attachment

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