

May 19, 2007

This is regarding your proposed Instrument NI-31-103. .

The proposed instrument will eliminate competition from small investment firms and new advisors. This will make mutual funds more expensive and hence will increase my costs. That would be bad news for me since mutual funds and CCP are my only sources of income

**Section 4.14**

I believe that the current working capital level requirement is sufficient for firms that do not hold investor money and use third party custodians. Increasing the required level of working capital would hit the boutique fund industry particularly hard in an unfair and unnecessary manner.

**Section 4.18**

Insuring assets of a fund that has a quality third party custodian does not provide any benefit what so ever, it only increases the funds' cost that will inevitably be passed on to me and reduce my returns. The text as proposed will require double insurance.

Your invitation to the May 14-15 information session held by the CSA in Toronto introduces NI-31-103 as "The Rule . . . will create a flexible registration regime leading to administrative efficiencies, and reduced regulatory burden for registrants."

The effect of the two above sections on my investment will be contrary to your stated intent. Therefore, I ask you to reconsider these points or at least allow for the flexibility of informed opting-out.

Thank you for the opportunity to provide input.

Klaus Faisst

50 Quebec Ave. 2202

Toronto, ON

M6P 4B4

Tel: (416) 762-2832

Fax: (416)762-2573

e-mail: [kfaisst@sympatico.ca](mailto:kfaisst@sympatico.ca)