



May 28, 2007

Ms. Marsha Gerhart
Assistant Manager
Legal, Registration Regulation, Capital Markets
Ontario Securities Commission
20 Queen Street W.
Box 55, Suite 1903
Toronto, Ontario
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Dear Marsha,

I was impressed with the way you and your associates handled the presentation to the assembled limited market dealers the afternoon of May 15th. I am now following up on your comment that I should send in my recommendation that the financial statement of an exempt market dealer, which is to be formally filed once a year, should not be "audited", but should be reviewed, and signed by a chartered accounting firm as "Reviewed".

Most LMD's are relatively small in terms of staff and have little complexity of operation. A financial statement signed by a good firm of chartered accountants as "Reviewed" will show the firm's financial position accurately and clearly.

Getting financial statements "audited" rather than "reviewed" will raise operating costs considerably and it is not necessary. After all, what Revenue Canada requires in tax filing is "Reviewed" financial statements. Surely the OSC's requirements are not greater than those of Revenue Canada.

You indicated that some LMD's have already raised the issue of the cost and problems that demanding audits will create, and that various proposals have been put forward. Some of these may be complex, and not properly effective. To rule that an LMD once a year must provide financial statements that are duly signed by a firm of chartered accountants as having been "Reviewed" is simple, not needlessly expensive, but effective.

Maybe I should have got our legal counsel, the great firm of McCarthy Tetrault, to make this recommendation, and I trust that writing to you directly is in order.

Yours sincerely,

Charles B. Loewen

gs/CBL