

Tuesday, May 29, 2007

Dear Members of the Ontario Securities Commission:

Re: Proposed National Instrument 31-103 Registration Requirements

Please, ladies and gentlemen, shelve Proposed National Instrument 31-103. As an Ontario investor and business proprietor, I feel this regulation:

- Is unnecessarily complex
- Decreases competition; discourages new advisors from entering the arena
- Increases costs for Canadian investors.

Unnecessarily Complex

If the vast majority of those meant to be protected cannot understand the proposed regulation, how can they evaluate it? Is this democratic?

Decreases Competition, Discourages New Players, Increases Costs

The proposed regulation:

- Requires firms to obtain costly legal advice on matters that should be routine
- Requires an increase in the level of working capital (Section 4.14), even for firms using a custodian with adequate protection already assured
- Forces the purchase of insurance (Section 4.18), again, even when the fund's assets are held by a third-party custodian
- Particularly hurts mutual funds and small independents.

Mutual Fund Fees Around the World, a recent study by three professors from Harvard Business School, London Business School, and the Georgia Institute of Technology, concluded that Canada had the highest fund fees in the industrialized world. This is a first-place finish that Canada, and Canadians, could happily live without.

We have a great country. We have an educated populace. We have a skilled, evolved, sophisticated investment community. We don't need legislation that discourages competition, increases costs, and offers no new benefit.

Regards,

Marcia Ross