

June 12,2007

BC Notice 2007/4
John Stevenson
Secretary, OSC
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8

Dear Mr. Stevenson,

I am writing to comment on the proposed changes on Form 31-103F1. Capital requirement 4.14 (2) (c) the minimum capital for an investment manager must be \$100,000.

I believe this will lead to the closing of many small funds such as ourselves who are simply providing some alternatives to the large companies. The odds are already stacked against the little guy given it is difficult to get on any distribution lists if you are not of a significant size and can not pay out significant dollars in trailer fees. Small companies often need to go out to gather their our own clients who choose us despite being inundated by the big bank and asset management companies. We are unlikely to take market share away from them but they would certainly like to take this small slice of clients from the small asset managers. This would promote less competition and less choice for the individual investor. Many of these larger known funds began small before becoming what they are today.

It would also take away from the entrepreneurial spirit for portfolio managers some used to be with big fund management companies and would like to go it alone. This capital requirement would discourage many from trying to break away. Therefore, they would have to be with the same few large companies. This would also close the door on the many aspiring portfolio managers who would like to break into the industry because if there are fewer companies around the less opportunities for new entrants. We know the scaling in this business, which is why it is so financially appealing. One portfolio manager can manage \$5mn, \$50mn or \$500mn without increasing staff. However, more asset management companies would lead to more demand for portfolio managers, research analysts, compliance officers, traders etc.

I appreciate the opportunity to comment on this proposed rule change. Thank you.

Sincerely,

Gerald Yung
President