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June 14, 2007

John Stevenson  
Secretary  
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To: British Columbia Securities Commission  
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Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité de marchés financiers  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Superintendent of Securities, Newfoundland and Labrador  
Registrar of Securities, Northwest Territory  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

Dear Sir/Mme.:

**RE: RESPONSE TO REQUEST FOR COMMENTS – PROPOSED NATIONAL  
INSTRUMENT 31-103**

I would like to thank you for giving me the opportunity to comment on the proposed National Instrument 31-103.

**general comments**

I am very concerned about the growing trend in North America towards increasing regulation of commerce by government regulators. This trend has a number of disturbing consequences. Adding layers of regulation to an industry places a disproportionate burden on smaller players in the industry. These smaller players, who are often the most innovative, are effectively shown the door by increasing regulation. This results in less competition and less innovation in a particular industry. In my view some irresponsible government regulators in North America are acting like a large python squeezing the life out of the economic health of North America.

Have government regulators clearly defined the problem that exists that gives rise to Proposed National Instrument 31-103? Furthermore, have government regulators consulted industry participants to determine what are the various options available for dealing with the aforementioned problem Proposed National Instrument 31-103 purports to address?

I would like to make the following comments with respect to the following sections of Proposed National Instrument 31-103.

**Section 4.14**

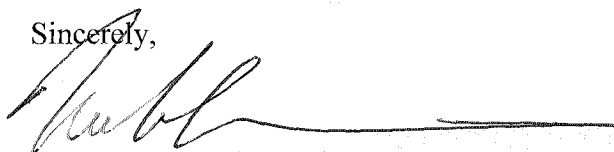
The current working capital level requirements are sufficient for firms that do not hold investor money and use third party custodians. Increasing working capital requirements will reduce competition and place a disproportionate burden on small funds.

**Section 4.18**

Insuring assets of a fund that has a quality third party custodian does not provide any additional protection to investors. Why should unitholders pay for insurance that they do not want nor need?

Sections 4.14 and 4.18 are unnecessary. Implementation of these two sections will only place a disproportionate burden on small funds. Implementation of these two sections will only result in reducing investors' returns and making Canadian capital markets less attractive.

Sincerely,



Mark Silverthorn, LL.B.  
Barrister & Solicitor and Attorney-at-Law