



CIBC
World Markets

Robert Antoniuk
Director, Institutional Compliance
BCE Place
161 Bay Street
5th Floor
Toronto, ON M5J 2S8

Phone: (416) 956-6913
Fax: (416) 956-6366
Email: robert.antoniuk@cibc.com

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James E. Twiss
Chief Policy Counsel, Market Policy and General Counsel's Office
Market Regulation Services Inc.
145 King St. West, 9th Floor, P.O. Box 939
Toronto, ON M5H 1J8

Dear Mr. Twiss:

Via e-mail - james.twiss@rs.ca

Re: Amendments Respecting Trading During Certain Securities Transactions

CIBC World Markets Inc. is pleased to provide its input in response to the September 10, 2004 request for comments on amendments to UMIR 7.7 and 7.8 issued from Market Regulation Services Inc. ("RS"). CIBC World Markets Inc. is generally in agreement with the comments provided, the changes made and the direction of this initiative. We wish to provide comments on the following:

The dealer-restricted person's ability to bid or purchase a restricted security

The proposed exemption provides that a dealer-restricted person ("Participant"), in a distribution, may bid or purchase an offered security at a price which does not exceed the lesser of: 1) the offered security's issue price (if determined), 2) the last independent sale price, and 3) the highest bid at that time in the marketplace. This proposed exemption will apply to market stabilization activities for securities or trades that do not fit within one of the other enumerated exemptions. Under the proposal these bid or purchase restrictions will apply to "less liquid" securities. In a falling and/or a thinly-traded market the Participant may find itself only able to enter bids at levels below the last trade. For example, if the market on a stock, whose offering price was determined to be \$10.00 were \$9.90 to \$9.95, last traded at \$9.98, a Participant could only enter a stabilizing bid at \$9.90. Under the current rule, the Participant would be able to enter a bid to stabilize at the lesser of the issue price (if determined) and the last independent sale price. Using the numbers above, a stabilization bid could be entered at \$9.98.

Stabilizations bids and purchases are meant to support trading levels and impede any downward price movement pressure that may exist as a result of the distribution announcement. This pressure may be even greater for less liquid, thinly-traded securities. We feel that lesser of the issue price (if determined) and the last independent sale price is the fairest indicator of the market's impression of the distribution announcement.

Therefore, entering stabilization bids based on these criteria is more relevant and would accomplish more meaningful stabilization activities.

Research during a distribution

The revised proposal will only permit research on restricted securities in the form of compilation reports if such reports have been previously published in the normal course of a Participant's business and no materially greater space or prominence is given to the restricted security. Equity offerings or distributions, from a research perspective, are viewed as material events and require analysts to revisit current assumption, numbers, and estimates, which may, in turn, change the analyst's opinion or recommendation. IDA Policy 11, Guideline 3 requires analysts to adopt standards of research coverage requiring them to maintain and publish current financial estimates and recommendations following the release of material information or material events of an issuer. The investing public demands and expects clear explanation of all such changes. It would extremely difficult for an analyst of a "restricted" Participant to provide the investing public with timely, meaningful and useful research on a restricted security if such research must be in compilation report. As a result, we do not believe that "restricted" Participants will make meaningful use of the proposed carve-out.

We again thank you for the opportunity to comment on this proposal. If you wish to discuss these issues further please do not hesitate to contact me directly at (416) 956-6913.

Yours truly,

"Robert Antoniuk"

Robert Antoniuk
Director, Institutional Compliance

Cc Ms. Cindy Petlock
Manager, Market Regulation, Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8

Via e-mail – cpetlock@osc.gov.on.ca