

TUPPER JONSSON & YEADON

BARRISTERS & SOLICITORS

AN ASSOCIATION OF LAWYERS AND LAW CORPORATIONS

CARL R. JONSSON* LEE S. TUPPER*
GLENN R. YEADON* PAMELA JOE
DAVID A. AUSTIN

1710 - 1177 WEST HASTINGS STREET
VANCOUVER, B.C., CANADA
V6E 2L3

Tel: (604) 683-9262

Fax: (604) 681-0139

E-mail: jonsson@securitieslaw.bc.ca

* denotes a Personal Law Corporation

REPLY ATTENTION OF: Carl R. Jonsson
OUR FILE:

July 12, 2000

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

Dear Sir:

Re: Proposed National Instrument 55-102

As an experienced securities lawyer I am writing to strenuously oppose the proposal to require Insider Reports to be filed electronically by SEDAR.

I must acknowledge that due to what I consider to be rather unclear wording of the Notice - compared to the draft 55-102 - there may be some doubt about whether the electronic filing of Insider Reports is to be compulsory. The wording in the first paragraph at the top of page 2 of the Notice says the objective is to "allow" insiders to electronically file. However, from the balance of the Notice and the draft Instrument, it seems that it is intended to make the filing by SEDAR compulsory. This I oppose! I am not opposed to a system which optionally allows filing electronically by those who wish to do so and have access to the technology.

The companies that the securities lawyers in this Firm act for have directors who live around the World. They do not all have computers and Internet access nor direct access to SEDAR. Most Insiders will, I expect, be compelled to have their electronic filing done through their companies. This will make filing within 10 days very burdensome. It will also add to the administrative burdens and costs of the SEDI issuers. They do not therefore all have the ability to file their Insider Reports electronically.

The various securities commissions and regulators in Canada have, in recent years by the imposition of growing obligations and liabilities on directors, discouraged many potentially competent directors from accepting director positions. Imposing compulsory electronic filing of Insider Reports is another burden which will simply drive more people to decline to act as directors of Canadian companies.

The obligation will also impose significant additional burdens on SEDI issuers. Public issuers are already paying significant and burdensome amounts to CDS for SEDAR filings. The CSA now blithely proposes that additional charges will be levied over a period of 5 years ranging from \$250 to \$2,500 per year. Those are not the only charges involved. Many companies use SEDAR Filers or, as many clients of this Firm do, our services as a SEDAR Filer. Every filing that is submitted is charged for, either on an individual or annual basis by a SEDAR Filer. I can hardly imagine the amount of additional costs that SEDAR issuers will incur in trying to handle or assist their insiders to file their Insider Reports electronically - or to file amendments thereto as the inevitable mistakes are made.

I submit that before the CSA proposes to burden virtually all of the public issuers in Canada with additional annual charges over a period of 5 years in the amounts referred to above they should publish the projected total costs that they are proposing to impose on the public issuers. How many SEDI issuers do we have in Canada? If each paid even an average of \$500 over 5 years - \$2,500 total - that would amount to a very significant aggregate total - surely many millions of dollars - being paid by the shareholders of all of the SEDI issuers - in addition to the incidental costs that they will incur referred to above. Do the people who comprise the CSA realize that every additional cost they impose is paid by the shareholders?

Page 7 of the Notice contains the "Anticipated Benefits" - which I believe to be of very limited value in relation to the costs that you are proposing to impose on the shareholders of SEDI issuers.

I particularly question the benefits in Clauses 4, 5 and 6. All of the functions referred to therein will still have to be carried out by the regulators if they elect to do so. I would question the likelihood that insiders being required to file electronically would make any of those functions easier to perform or unnecessary.

In conclusion - make electronic filing optionally available if the CSA wishes - but do not make it compulsory.

Yours truly,

Carl R. Jonsson
CRJ:lrh

P.S. While the Notice published in B.C. did not make it clear, it would appear that submissions are to be sent to you on behalf of all of the Securities Commissions of Canada - except Quebec. We are therefore enclosing this letter, in duplicate, as required by the Notice, together with a diskette which contains it. We are separately mailing a copy of this to the Quebec Commission.