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To: <jstevenson@osc.gov.on.ca>
Subject: Rule 32-501 submission

John Stevenson,
Secretary, OSC,
20 Queen St. West.,
Ste. 800, Box 55,
Toronto, ON M5H 3S8
February 10, 2001
Re: Rule 32-501

Mr. Stevenson,

I would like to strongly support the proposal (32-501) to permit companies to offer Direct Purchase Plans of their shares to the public. Dividend Re-Investment Plans (DRIPs) are useful to teach new investors about the benefits of equity investing, as well as an economical and effective way for small investors to build a diversified portfolio over the long term. A direct purchase plan would simplify and help to popularize this kind of investing.

I think that there are sufficient resources and information currently available to investors to guide them in their choosing and purchasing DRIP shares, so that the issue of danger to investors acting on their own apart from a broker is not significant. Our Ottawa Canadian MoneySaver ShareClub, for example, of which I am coordinator, has over 100 members a number of whom have organized themselves to share information and strategies for this type of investing. And I know that similar groups exist elsewhere.

The benefits of direct purchase for current and future DRIP investors are those of convenience and economy. At present, the most economical way an individual to start a programme is to go in with a group who make one purchase of shares that are then re-registered at no cost in each individual's name. This procedure saves most of the cost certificate fees (\$35-\$50 per company) that each would have to pay separately if each were to purchase a single share on their own from a brokerage, fees that in some cases exceed the cost of single shares being obtained. But a group purchase and free re-registration still is somewhat cumbersome, since various purchase and certificate fees must be calculated and split among participants. A direct purchase option would be much less daunting in terms of organization and paperwork

If there is a concern that direct purchase would be abused by frequent traders, I suggest that any initial purchase be limited to 1 to 10 shares only and that larger subsequent purchases be restricted to the Share Purchase Plans (SPPs) that usually complement DRIP programmes.

Let me congratulate the OSC on this initiative. Such programmes have been available in the USA for some time and DRIP investors have long sought to see them established in Canada.

Sincerely,

Robert MacKenzie, PhD, CFP, CIM
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