

Richard M. Barnowski, C.A.
Secretary-Treasurer

BY COURIER

February 13th, 2001

Ontario Securities Commission
Suite 800, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Attention: John Stevenson, Secretary

Dear Sirs:

Re: Notice of Proposed Rule 32-501 Direct Purchase Plans

This letter is submitted in response to the request for comments issued on November 17, 2000 by the Ontario Securities Commission (the "Commission") in respect of proposed Rule 32-501 Direct Purchase Plans. This submission is provided to you by the Securities Transfer Association of Canada ("STAC").

Before presenting its specific comments, STAC wants to commend the Commission for its work on this initiative to date. STAC continues to believe that direct purchase plans will become a major part of the Canadian investment landscape, just as they are in the United States, and will provide a useful and important investment alternative to investors. STAC encourages the Commission to proceed with this initiative and to finalize the rule.

We have three specific comments on the proposed rule.

1. Bank Sponsored Plans

The Commission specifically requested notice on whether the rule should be amended to permit the operation of "bank/agent sponsored plans". The Commission noted that bank/agent sponsored plans raise some different regulatory issues from issuer sponsored plans.

STAC recommends that the rule not be amended at the present time to accommodate bank/agent sponsored plans. The proposed rule currently contains the requirement that a prospectus be provided to a purchaser in connection with the sale of securities under an issuer sponsored plan, a requirement that clearly presupposes the involvement of the issuer of the securities. In a bank/agent sponsored plan, the

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issuer has only minimal involvement with the plan and therefore it would prove difficult to create a prospectus. STAC understands that the OSC believes that the use of a prospectus is fundamental to the operation of issuer sponsored plans, and would expect that similar principle would apply to a bank/agent sponsored plan. STAC believes the risk of dealing with this regulatory issue could impair the swift implementation of this rule and for that reason recommends that it not be considered at the present time.

2. Account Statements

Section 3.5 of the proposed rule provides that the administrator of a direct purchase plan shall send to each investor in the plan statements of account referred to in subsections 123(1) to (4) of the Regulation. These provisions require that a statement of account be sent to each client at the end of each month in which the client has effected a transaction. Where the client has not effected a transaction, the dealer is required to send a statement of account not less than quarterly.

STAC recommends that the account statement requirements be relaxed to permit a minimum of quarterly reporting, removing the requirement to provide monthly statements if activity took place in an account during the month. STAC believes that this is justified for two reasons. First, this would be an identical approach as is currently used in dividend reinvestment plans, which are plans that bear substantial similarities to direct purchase plans. Second, as electronic communication becomes more widely used it is likely that plan administrators will develop electronic account access which will provide immediate account information to investors. The advantages of electronic access compare favourably with the disadvantages of paper based reporting which are timeliness of information and cost to investors.

3. National Initiative

STAC encourages the Commission to work with the other members of the CSA to ultimately ensure that a national instrument permitting direct purchase plans is in place across Canada. STAC is eager and willing to work with commissions in any province to achieve this goal. However, STAC urges the Commission to continue to implement the rule and not hold up implementation pending its recreation as a national instrument.

Thank you for your consideration of these comments. We would be pleased to meet with you at your convenience to answer any questions that you may have.

As requested in your notice, we enclose a diskette containing an electronic copy of this submission.

Yours very truly,

A handwritten signature in black ink, appearing to be a stylized 'B' or similar character, located at the bottom left of the page.