



I.A. MICHAEL INVESTMENT COUNSEL LTD.

May 7, 2001

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Dear Mr. Stevenson

Re: Proposed OSC Rule 45-501 – Exempt Distributions

Please excuse the one day delay of our submission on the proposed OSC Rule 45-501. Mr. Erez Blumberger told me yesterday that I should use his name/permission in the event of a problem with this delay.

My company, I.A. Michael Investment Counsel Ltd. is registered with the OSC since 1985 as Investment Counsel, Portfolio Manager, and Limited Market Maker in the management of the three ABC pooled funds. The management of these three-pooled funds is all that we do.

Our are three ABC funds were setup in 1988, 1989, and 1996 respectively to manage individual monies through a pooled fund vehicle. They were setup by my lawyers at Fogler, Rubinoff - Lloyd Fogler and Lawrence Haber. We used the Form 20 format, had a \$150,000 minimum initial investment and obtained from the OSC a \$ 1000 minimum additional contribution permission. We are fully eligible for RSP, RRIF's and small pension funds.. We are no load and charge a fixed 2% management fee. Royal Trust is our trustee/ custodian. We manage approximately \$225-250 million. Our intention over the past 13 years has been to provide top quartile personal investment management via the pooled fund concept. Incidentally my wife and I do not trade for our own accounts. We are the largest ABC Fund clients. In total, I estimate, we have over 700 investors with an average of \$ 300, 000 per account. While we do not follow any strict income or net worth guidelines, we interview prospective clients to ensure the ABC Funds are compatible to their needs. We refuse funds in certain cases.

The bottom line is that we will not be in compliance with the proposed OSC Rule 45-501. Many of our clients do not have huge net worth. But they trust us to manage their RSP's, RRIF's, etc. A perfect example would be my widowed mother or my children's trust funds. At the extreme we may have to shut down our company for non-compliance.

I believe that the ABC Funds may fall between the cracks with regard to the intent of the new OSC Rule 45-501. Incidentally we had a long meeting with Rebecca Cowdery, three months ago, and she is quite aware of our situation. While I am in complete agreement with the IFIC comments (which incidentally we are a member). I would like to offer the following additional recommendations and commentary.

- Leave the pooled fund regulation as is, otherwise grandfather these funds so that we may continue to offer our services until the OSC refines further the pooled fund guidelines.

I have tried to keep my comments very brief. However, I would be pleased to meet with you, Rebecca and any OSC staff to further discuss our particular situation and offer additional commentary.

Yours Truly,

Irwin A. Michael, CFA