

Box 348, Commerce Court West  
199 Bay Street, 30<sup>th</sup> Floor  
Toronto, Ontario, Canada M5L 1G2  
www.cba.ca

**Warren Law**

Vice-President, Corporate Affairs, Treasurer,  
General Counsel and Secretary

Tel.: [416] 362-6093 Ext. 214  
Fax: [416] 362-7708  
wlaw@cba.ca

May 30, 2001

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1903, Box 55  
Toronto, Ontario  
M4H 3S8

Dear Sir:

**Re: Request for Comments 11-901**  
**OSC Fee Schedule Concept Proposal**

We are pleased to have this opportunity to comment on the OSC's Fee Schedule Reform Concept Proposal. We consider the Concept Proposal a step in the right direction, as it will simplify, clarify and streamline the current fee structure. However, we are concerned that the proposed fee structure will penalize a category of reporting issuers, namely some inactive special purpose vehicles.

The current fee structure places the financial burden on active reporting issuers by imposing high fees for offerings and low annual fees for standard continuous disclosure documents. Therefore, under the current structure those reporting issuers that have made one or only a few public offerings and are now inactive except for their continuous disclosure activity (the "Dormant Issuer"), such as certain special purpose vehicles, are subject only to the relatively low annual fee associated with continuous disclosure documents.

The proposed fee structure will reverse this practice by substantially lowering the fees paid for offerings and raising the annual fees paid by all reporting issuers. These increased annual fees will penalize Dormant Issuers. We believe this penalty is unjustified because Dormant Issuers are not putting any strain on the resources of the OSC and are deriving minimal ongoing benefit from Ontario's capital markets. Generally speaking, pursuant to the current fee system these issuers already paid significant fees to make their public offerings and have, therefore, already compensated the system for their participation in Ontario's capital markets.

As we understand the aim of the policy is to reduce fees for issuers, we submit that the

Concept Proposal should be revised to:

- a) on a going forward basis, lower the annual participation fee to be paid by a reporting issuer if that reporting issuer has not paid any activity fees during the previous eighteen months (i.e. has not actively participated in Ontario's capital markets); and/or
- b) provide a "grandfathering" mechanism for issuers in existence at the time of coming into force of the new fee structure who have not accessed the capital markets in the eighteen months prior to the coming into force of the new fee structure, allowing such issuers to pay lower participation fees until such time as they make a new public offering.

Thank you for the opportunity to submit our comments. We would be pleased to answer any questions that you may have about our comments.

Your truly,

WL/DI:sh