

[BMO Investments Inc.]

June 15, 2001

VIA EMAIL jstevenson@osc.gov.on.ca

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

Dear Sir:

11-901 Concept Proposal to Revise Schedule 1 (Fees) to the Regulation of the Securities Act (Ontario) (the “Concept Proposal”)

We have reviewed the above Concept Proposal and thank you for providing us with the opportunity to comment on the proposal. In almost all respects we strongly support the provisions of the Concept Proposal and the economic and practical reasoning which underpin it. We also share your hope, that the more rationale approach to fees set out in your model, will form the basis for revisions to the fee schedule in each of the other Canadian Securities Administrators (the “CSA”) jurisdictions. Given our general support of the Concept Proposal, we only wish to offer the following few comments at this time:

- 1) As a mutual fund dealer, we note that our Participation Fee will be based on Gross Revenues Attributable to Ontario and that the calculation of Gross Revenues to be used is that set out in Statement D of the Mutual Fund Dealers Association Financial Questionnaire and Report. It appears that the Gross Revenue figures used in Statement D are based on our audited financial statements. As required by Income Tax Rules, I believe that 100% of our gross revenue is reported as earned in or attributable to the Province of Ontario. For this reason, especially if we wish to encourage other CSA jurisdictions to adopt this fee model, you may wish to adjust the basis for calculation of the Participation Fee. Perhaps you could continue to base fees on the Gross Revenue figure but allocating the amount payable to each Province, by the proportion of total assets held by clients in each Province based on client account addresses.
- 2) Under the Concept Proposal, a \$100 per day addition fee will be levied against a registrant for each day that it is late in filing required notices, amendments to registrations and financial statements. It appears this fee may apply to our

obligation to file Uniform Termination Notices (“UTNs”) on behalf of individual mutual fund registrants. Given our large number of registrants in Ontario, and the tight 5 day UTN filing deadline, I trust that some administrative restraint will be exercised in imposing this late charge fee.

- 3) As you know, as a mutual fund dealer we are required to join the Mutual Fund Dealers Association (“MFDA”) and have recently applied for membership. If we are accepted as MFDA members this year, before the Concept Proposal is implemented, then we will face a substantial increase in the combined regulatory/SRO fees paid by us this year compared to previous years. For this reason we hope that you will move quickly to implement the Concept Proposal as soon as possible to help defray the regulatory costs of the MFDA.

Thank you for the opportunity to submit our comments. Should you have any questions, please give me a call (416) 867-5724.

Yours truly,

Darcy M. Lake
Director, Regulatory Affairs & Compliance
BMO Investments Inc.