

July 13, 2001

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen St. W. 8<sup>th</sup> Floor  
Toronto, ON M5H 3R3

**Re: Proposed National Policy 51-201**  
**Disclosure Standards**

Dear Sirs:

Howson Tattersall Investment Counsel currently manages \$780 million on a fully-discretionary basis on behalf of pension funds, private clients and the Saxon family of mutual funds. Of this total, \$640 million is made up of Canadian “small cap” equity portfolios. This is a sector of the market in which we have developed substantial expertise over the past sixteen years.

Although virtually all of our small cap portfolio holdings are TSE – listed, many of them have little or no brokerage firm research coverage and only a rudimentary investor relations program. As a result, we are very dependant on direct contact with management if we are to develop an understanding of long-term trends in the industry, the competitive environment and other topics which are critical to an intelligent investment decision on behalf of our clients.

We are therefore alarmed at the suggestion (Part VI., s. 6.7) that management adopt “a quiet period” from the end of the quarter through to the release of the financial statements. Many companies take the best part of a month to prepare the quarterly financials (and even longer for the year-end audited statements), so this suggestion would create a “quiet period” for at least one month every quarter. In other words, for four months out of the year, management would be able to turn away any request for even the most basic information by asserting that they are in a “quiet period”.

In our judgment, this would not be conducive to the creation of an efficient market. In addition, investor relations presentations, such as those hosted by the Toronto Society of Financial Analysts, would run into logistical problems if there were only two months in each quarter during which most companies could make a presentation:

As a practical matter, the management of most small cap companies complain endlessly about their inability to achieve any profile in the investment community. To confine their opportunity for investor contact to a maximum of eight months out of the entire year would simply exacerbate the problems of illiquidity and obscurity for these companies.

We strongly suggest that all reference to a "quiet period" be dropped from subsequent material regarding fair disclosure. A simple statement that management should not release material information during private meetings at any time of the year would address this issue without discouraging legitimate information-gathering sessions.

Yours very truly,

Robert Tattersall  
President

RT/fdc