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BY TELECOPIER AND E-MAIL August 10, 2001

Ontario Securities Commission
20 Queen Street West
Suite 1800
Toronto, Ontario M5H 3S8

Attention: Mr. John Stevenson, Secretary

Dear Mr. Stevenson:

Re: Proposed MI 33-105

This letter represents my personal comments (and not those of the firm) with respect to proposed MI 33-105. They are in no particular order, and I would preface them by commenting that the instrument is generally a very welcome addition to the landscape.

1. It would be very helpful if the reasons why the QSC is not proposing to adopt NI 33-105 were specified in some detail in order that parties may know where they are likely to experience divergence, if anywhere.

2. I am concerned that the distinction between issuers and selling securityholders, while clear in the definition of "connected issuer", is not clear in the definition of "related issuer". In addition, I am concerned that the distinction may be lost in the words "of or by" in s. 2.1(1) and by the word "or" in ss. 2.1(1) and (2)(a) and (b). It appears possible that if a registrant has a connected or related relationship with an issuer, but not a selling securityholder, in a purely secondary transaction, that the instrument could apply, which I do not believe is intended.

3. The words "may lead" in the definition of "connected issuer" are in my view too loose. The standard of "likelihood" suggests a greater than 50% test, as does the word "would" in s. 4.2 of the companion policy, whereas "may" is very open ended.

4. Shouldn't the definition of "independent underwriter" legally refer only to related, and not connected, issuers, given that connected issuers are under a disclosure-only regime?

5. Would the special warrant approach also be extended to non-prospectus qualification (e.g. a securities exchange issuer bid, an amalgamation circular, etc.)?

6. In section 2.2, it seems inappropriate to have a different test for Canadian vs. non-Canadian issuers where the result could be to put Canadian issuers at a disadvantage. I would suggest that, to avoid this, Canadian issuers be able to select either the "full deal" or "Canada-only" approach.

7. Regarding the definition of "influential securityholder", it seems very difficult (if not impossible) to determine the holdings of a particular company by all employees of a large registrant at any given time. This seems excessive. It would also, though the "power to direct the voting of " concept, extend to managed funds. This is inconsistent with NI 62-103 and the alternative monthly reporting system, which is designed to relieve passive institutional investors from the need to monitor their positions on a daily basis. The definition is in addition unnecessarily complex. A single 20% standard would be much preferred. Finally, in section 1.2(1)(a)(ii), does one include not currently exercisable securities? Also, the definition of "registrant", by adding the words "or required to be registered", seems to complicate the analysis tremendously by requiring all business activities to be reviewed.

8. Does section 1.3(a) intend to include exempt securities that are restricted in regulations or rules, such as subordinated bank debt?

9. What are the "management fees" in sections 2.1(a) and 2.2? Agents' fees or commissions may be a preferable term. In s. 2.2, is the test to be assessed against deal value, or fees received in Canada, or both? In certain cases, these may diverge.

10. Re section 4.1, valuators who are CICBV members should also be acceptable, as under OSC Rule 61-501. Also, section 4.1(a)(iv) should extend to take-over bids and mergers also.

11. In Appendix C, item 6(e) seems very difficult to answer, especially in the absence of a definition of "financial position". A materiality qualification would help.

I hope that these comments are helpful.

Yours truly,

Simon Romano

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