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September 27, 2002

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8

Dear Mr. Stevenson,

Re: Ontario Securities Commission Proposed Rule 13-502 – Fees

We appreciate the opportunity to submit comments on the proposed Ontario Securities Commission Rule 13-502 Fees (“the Proposal”) on behalf of Capital International Asset Management (Canada), Inc. (“CIAM”). CIAM is registered as an investment advisor in Ontario and British Columbia, and currently operates five mutual funds in Canada with a total of \$180 million in assets under management.

We support the endeavor of creating a comprehensive fee structure that meets the needs of the OSC for providing services and that creates a fair assessment environment for all market participants. CIAM is particularly interested in addressing the method of determining assessment levels for participation in capital markets.

Please note we have had the opportunity to review The Investment Funds Institute of Canada (IFIC) comment letter on the Proposal and generally support their opinions on all issues. There are a couple of points we would like to especially comment upon as critical in our opinion to establishing a fair and reasonable fee structure.

As an Ontario based company we are particularly concerned about the equitable impact of the proposed basis of determining participation fees. As we understand the Proposal, utilizing a firm’s Ontario based gross revenues would tend to prejudice firms with a permanent establishment in Ontario. Further we question the high level of fees Ontario based firms would pay to Ontario under the Proposal, while still needing to pay fees to the other provinces on the level of their mutual fund sales in those provinces. Accordingly we would suggest an alternative methodology be used possibly as suggested in the IFIC comment letter.

In our view, shifting the burden of paying participation fees to fund managers would impact the pricing structure within the entire mutual fund industry. The increased regulatory cost imposed upon fund managers will add to their cost of providing investment management fund services to mutual funds. Over the long term, as investment management firms offer new products an increasing amount of these increased expenses will be borne by unitholders. Thus we urge the

commission to further assess the impact of this significant shift in costs that would occur from the Proposal.

Further we also have concerns about the nature of the proposed tiered fee schedule. As we understand it the level of fees is quite inconsistent and often disproportionate to a firm's level of revenues and assets under management. With the proposed tier structure, these regulatory costs will act as a disincentive to expand business and revenues, as a slight revenue increase could result in a dramatic increase of the participation fee. Accordingly we would suggest the Commission adopt a fee schedule that would be more consistently proportionate and equitable.

Finally, it has come to our attention that based on the proposed participation structure, other market participants such as insurance companies and pension funds would not be bearing any cost for market participation. From this perspective mutual funds would be unfairly disadvantaged in the marketplace and disproportionately bearing the regulatory costs of the capital markets of Ontario.

Thank you for allowing us the opportunity to comment on the Draft rule 13-502. If you have any questions, or require additional information, please do not hesitate to contact the undersigned at 213-615-0150.

Yours truly,

As signed in original document

Michael D. Beckman
Chief Financial Officer