

October 10, 2002

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5H 3S8
Email: jstevenson@osc.gov.on.ca

Dear Mr. Stevenson:

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

Canadian Imperial Bank of Commerce ("CIBC") appreciates this opportunity to provide comments with respect to the Ontario Securities Commission (the "Commission") Proposed Rule 13-502 Fees (the "Proposal").

Our response is on behalf of and takes into account the impact that the Proposal will have on CIBC Wealth Management which includes CIBC in its capacity as an unregistered investment fund manager and the following registered dealers and advisers, each of which is a wholly-owned subsidiary of CIBC:

- CIBC World Markets Inc.
- CIBC Financial Planning Inc.
- CIBC Investor Services Inc.
- CIBC Securities Inc.
- Talvest Fund Management Inc.
- TAL Global Asset Management Inc.
- TAL Private Management Ltd.
- CM Investment Management Inc.

General Comments

We believe that the Proposal represents a fairer, more equitable basis upon which fees are calculated and assessed to capital market participants, including CIBC Wealth Management. Further, we are of the view that the Commission's objectives of simplifying, clarifying and streamlining the current fee structure and ensuring that fees more accurately reflect the Commission's cost of providing services have been achieved in the Proposal.

Although we acknowledge the impact the Proposal will have on mutual fund managers by shifting the burden to pay participation fees from mutual funds to the managers of the mutual funds, we believe this enhanced burden will be offset in reduced fees payable by

other registrants. For this reason, we support the Proposal and believe that it will reduce the overall fees charged to capital market participants.

We have the following additional specific comments.

Regulatory Costs Not Shared Equally

We agree with the IFIC Submission that it is inequitable that other beneficiaries of the capital markets in Ontario such as insurance companies and pension funds, because they are not registered with the Commission or remain beyond the purview of the Proposal, do not pay participation fees.

Harmonized Regulatory Regime

Although the Commission has indicated that it was taking the lead in discussions with the CSA with respect to revisions to the fee schedule, in our view it is unlikely, given the methodology used in determining participation fees, that other Canadian securities regulators would adopt a similar regime.

For example, currently the securities regulators in British Columbia, Alberta and Quebec levy fees based on mutual fund sales. If the securities regulators in each of these jurisdictions were to adopt a participation fee model used in the Proposal, they would forego some very significant fees. Moreover, as the key variable in the determination of the amount of participation fees payable is the percentage of gross revenue earned in the province, given the concentration of mutual fund and other capital markets activity in Ontario, the securities regulators in the other Canadian jurisdictions in our view would likely be unwilling to adopt a model similar to that of the Proposal.

While the Commission's objectives in trying to reduce the fees paid by capital markets participants are laudable, the end result is that absent regulatory harmony in Canada the overall fee burden across the country will not be reduced.

Calculation of Gross Revenues for IDA Members

The Commission previously received a comment regarding Proposed Rule 13-502 that the fee model did not deal with the situation where a capital market participant earns revenues that are not attributable to capital market activities. The Commission has addressed this concern in respect of non-IDA and non-MFDA members by defining gross revenues in note 1 under Notes and Instructions – Part III of Form 13-502F3, as “all revenues earned from *capital markets activities* reported on a gross basis as per the audited financial statements”. Capital market activities are defined in Part 1 of Rule 13-502 to include “trading in securities, providing securities related advice, portfolio management, and investment fund management and administration”. It is clear that non-capital markets activities can be excluded in determining gross revenues for non-MFDA and non-IDA members.

However, this is not the case for IDA members. Section 3.4 (a) of Rule 13-502 requires IDA members to use the “Total Revenue” figure on the summary statement of income contained in the Joint Regulatory Financial Questionnaire and Report of the IDA for the financial year (the “JFQR”). However, Total Revenue on the JFQR includes non-capital markets activities such as revenues earned through underwriting debt and equity and corporate advisory fees. As these activities do not fall within the definition of capital markets activities as set out in Rule 13-502 they should be excluded in the calculation of specified Ontario revenue for IDA members.

We have appreciated the opportunity to express our comments regarding the Proposal. We would be pleased to discuss any of the foregoing with you at your convenience.

Yours truly,

“Peter Moulson”

Peter J. Moulson
Senior Counsel