STIKEMAN ELLIOTT

Stikeman Elliott LLP Barristers & Solicitors
5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9
Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

Direct: (416) 869-5596
Fax: (416) 947-0886
E-mail: sromano@stikeman.com

VIA FACSIMILE AND MAIL July 28, 2003

Canadian Securities Administrator
c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
P.O. Box 55, Suite 1903
Toronto, ON M5H 3S8

Dear Sirs/Mesdames:

Re: MI 55-103

These are my personal comments (and not those of the firm) on MI 55-103. I apologize for their lateness.

In general, mandatory disclosure of insiders' equity monetization transactions is very desirable in order to seek to ensure accurate public information on their parties.

I have the following comments, however, on the proposed rule as drafted.

1. Pre-effective date equity monetizations should, if they will be required to be disclosed, not be subject to post-effective date reporting under ss.2.3 and 3.2 if they have already been reported prior to the effective date. In other words, insiders that filed insider reports with respect to an equity monetization should not be required to incur the cost and expense of another filing. In any event, 90 days or longer should be given for a s.3.2 filing, especially for non-residents of Canada. Ten days is too short.

2. Does an "economic interest in a security" include a *bona fide* loan secured by a pledge of securities? Does it matter whether the loan is legally non-recourse, structurally non-recourse (but legally full recourse), or full recourse legally and structurally? If so, then section 2.2 should include an appropriate exemption (see s.8.2 of NI 62-103) for financial institutions who grant loans in the ordinary course of their businesses, since they will not likely have the ability to monitor such transactions on a country-wide or world-wide basis, whether or not the financial institution is an insider

of a reporting issuer. S.2.2(e) exempts full recourse pledges by the borrower, but apparently not the receipt of a pledge by a financial institution granting a loan. See also paragraph 8 of s.2.8 of NI 55-103 CP.

3. The second paragraph of s.4 of Part 2 of MI 55-103 CP is unclear. Why is a "naked short" not an alteration of economic interest. One has effectively "gone negative" on the issuer, and would be very seriously affected by changes in its share price due to the need to replace the borrowed securities used to settle the short sale. I do not think that the "economic exposure" test is needed, and it adds much uncertainty, in my view.

4. MI 55-103 CP should in my view address the disclosure required by control block holders engaging in equity monetizations (see s.2.8 of MI 45-102), and the obligation of 10%-plus shareholders to update early warning reports if they wish to engage in equity monetization when the possibility of doing so was not disclosed in a prior early warning report (thus potentially triggering the "change in another material fact" disclosure obligation under OSA s.101(2)).

I trust that these comments are helpful.

Yours truly,

Simon Romano

SAR/he

cc.: Paul Hayward – OSC
Iva Vranic - OSC