



April 29, 2004

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto, Ontario M5H 3S8  
Email: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

Dear Mr. Stevenson:

On behalf of the Newfoundland District Council, we wish to thank you for the opportunity to provide the Ontario Securities Commission (“OSC”) with our comment on the Fair Dealing Model (“FDM”). Managers and Investment Advisors from the local offices of our member firms have reviewed the FDM and we have highlighted below some of their comments and concerns.

### **Harmonization**

It is our understanding that the FDM would be harmonized with the provincial regulatory structure. At this time, has the OSC met with the Newfoundland regulators to discuss the implementation of such a plan? Which regulator would bear the cost of such implementation, given our recent budgetary constraints?

### **Costs**

The FDM’s additional burden of regulatory compliance will increase industry costs, which are ultimately born by the investor. What, if any, cost-benefit analysis has the OSC implemented to measure the FDM’s effectiveness? If such a project has been undertaken, have the regulators received details on the findings?

### **FDM Structure**

From the Newfoundland District Councils’ perspective, the actual structure of the FDM places tremendous rigidity on the members day-to-day business. The FDM should permit flexibility and allow for individual customization of relationships between advisors and their clients.

We also question whether the FDM can achieve its desired results. More regulation will not dissuade unscrupulous advisors nor will it protect the most naive investor. Is it not the advisors role to further educate and work closely with their clients to bridge this gap?

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Excessive disclosure, such as mailings of prospectuses, notices of annual meetings, financial statements, etc., is a constant complaint we hear daily from our clients. Ask any client who has checked his mailbox lately to see if this is not already too much – many feel that it is information overload.

### **Co-ordination / Self-Regulatory Organizations (SROs)**

At present, the Newfoundland District Council is still awaiting recognition of the IDA within our Province. The co-ordination of multiple governing bodies must consider the existing IDA rules that regulate our client-advisor relationship. As the SROs are responsible for governing these regulations, it is important that these organizations play a pivotal role in the development and implementation of the FDM.

We look forward to further discussion and the progressive development of the FDM.

Sincerely,

Ronald P. Beer, B.A.(Econ.) CIM, FCSI  
Chair, Newfoundland District Council

cc. Winston Morris, Chair, Newfoundland Securities Commission