

April 30, 2004

Mr. John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
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Fair Dealing Model Concept Paper Comments

I am pleased to provide, on behalf of the Pacific District Council (“PDC”) of the Investment Dealers Association of Canada (“IDA”), our comments on the Fair Dealing Model (“FDM”) Concept Paper. The PDC directly represents sixteen IDA member firms and the interests of our colleagues in British Columbia and the Yukon.

We support many of the core principles espoused in the Fair Dealing Model (FDM) Concept Paper. We find that many points raised in the FDM are consistent with the current IDA rules that we now all abide by. These are some of the more specific concerns:

I. Harmonization

We are concerned with the lack of harmonization between the FDM, prevailing regulatory systems and regulatory proposals, specifically the British Columbia Securities Commission’s *BC Model*, the corresponding draft legislation, and the Canadian Securities Administrators’ Uniform Securities Legislation.

We know that the OSC supports the principle of harmonization as this was emphasized in the OSC’s January 29, 2004 News Release on Fair Dealing, where David Brown stated “Ontario does not intend to implement the Fair Dealing Model without the participation of other regulators.” Our concern is how these opposing views will be harmonized. We view harmonization as a key issue that requires co-operation across all jurisdictions in order to reach resolution. We do not believe that multiple regulatory regimes will result in effective or efficient regulation.

II. Costs

We are concerned with the potentially high cost to associate with the implementation of the FDM, as proposed, and the impact of those costs on our clients. For example, the adoption of all the requirements proposed in the Concept Paper would result in significant costs to make technical changes to service provider systems that generate client statements. Under FDM, client statements would be expanded to include information such as risk disclosure, performance measures, incremental costs of each transaction and all amounts of compensation paid (by the client). The costs to make these technical changes will ultimately be borne by investors.

The Concept Paper noted that a cost-benefit analysis has not yet been done. We encourage its completion in order to make informed decisions on the benefits of these proposed changes. We understand that IDA Members and staff representatives are participating on the FDM Implementation Working Groups. These groups should be good sources of information on the potential costs to amend existing statement-generating systems. We also suggest that investors should be surveyed to determine whether they want and are willing to pay for this additional information.

III. Co-ordination with Self-Regulatory Organizations

Self Regulatory Organizations are responsible for regulating the advisory and sales activities of registrants dealing with the public; therefore, they should play an active role in any development of the FDM. The work of the FDM Implementation Working Groups can offer valuable input to the process. Their input is vital to avoid duplicative or potentially conflicting rules between the FDM and the IDA. We support the initiative to create these groups and trust that their input will be considered in the further revision of the model.

IV. FDM Structure

It is our opinion that more rules do not necessarily increase investor protection. We submit that it is the fair and consistent application and enforcement of existing regulations and rules and enhanced investor education that will improve overall investor protection. Investors would then be better equipped to manage their investments (and their client-advisor relationship). We hope that if the FDM is implemented, FDM concepts would allow for flexibility and customization of relationships between advisors and clients. Some clients will demand hybrid services, and thus, we do not feel all clients can be categorized within one of the advisor-client relationships as described in the FDM.

We very much look forward to continuing to offer our comments on the Fair Dealing Model. We also look forward to the refinements developed by the Implementation Groups and the release of the second concept paper on licensing of firms and individuals.

Please do not hesitate to contact me to further discuss any of the above.

Sincerely,

A handwritten signature in black ink that reads "Debra Hewson". The signature is written in a cursive, flowing style.

Debra Hewson
Chair, Pacific District Council

The Pacific District Council:

Debra Hewson, Odlum Brown Ltd. (Chair)
Douglas MacKay, Credential Securities Inc. (Vice-Chair)
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John Brighten, Global Securities Corp.
Lloyd Costley, Raymond James Ltd.
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cc: Douglas Hyndman, Chair - British Columbia Securities Commission
Glenn Knowles, Pacific Regional Director - IDA