

May 5, 2005

British Columbia Securities Commission
Alberta Securities Commission
Manitoba Securities Commission
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c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H3S8

Ontario Securities Commission
SECRETARY'S OFFICE

Re: Concept Paper 23-402 – Best Execution and Soft Dollar Arrangements

Dear Sirs/Mesdames:

RBC Global Services is pleased to take this opportunity to respond to certain of the questions contained in the concept paper issued by the Ontario Securities Commission ("OSC") entitled Best Execution and Soft Dollar Arrangements (the "Concept Paper"). As a provider of commission recapture services, we are pleased that the OSC is looking into the commission recapture business. We view commission recapture as a beneficial tool, which assists our pension and fund clients in reducing costs for their participants/beneficiaries.

We are limiting our response to Questions 18 and 19 from the Concept Paper, which specifically relate to commission recapture and directed brokerage.

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Question 18: Should directed brokerage or commission recapture arrangements be limited or prohibited?

Response: No. We believe that commission recapture arrangements are generally beneficial to the underlying beneficiaries of a fund. When used as a part of an advisers' obligation to provide "best execution", commission recapture can be one element that contributes to an adviser getting the best net result for its clients. Conversely, as the Concept Paper notes, if commission recapture, in isolation, is used solely as a vehicle for dealers to charge higher commissions for clients, then it would be prudent for the regulators to monitor these practices and limit the circumstances where these arrangements are used. As a commission recapture service provider, we view it as the adviser's obligation to understand its clients' objectives and to choose options that will obtain the best net result for its clients. We see commission recapture arrangements as one element that may contribute to achieving best execution.

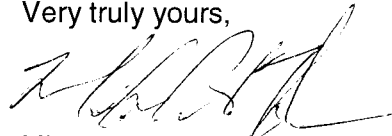
Question 19: Should disclosure be required for directed brokerage or commission recapture arrangements?

Response: A certain level of disclosure to underlying clients should be required. The beneficiaries should be made aware that the adviser will be participating in a commission recapture program and further disclosure should be made of how the rebated commissions will be used (i.e. whether they will benefit the fund (and, ultimately, the beneficiaries) or be paid to the advisers to defray fund expenses). Since brokerage commissions are generally paid out of the assets of a fund, the beneficiaries of a fund have an interest in knowing how the assets of the fund are being managed and invested and it should be up to the adviser as to whether to disclose that they have entered into a commission recapture arrangement.

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Thank you for allowing RBC Global Services to comment on the Concept Paper. We would be pleased to discuss these matters further with you.

Very truly yours,



Michael A. Taylor
Director & Global Head
Trade Management Services
RBC Global Services