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Ontario Securities Commission
SECRETARY'S OFFICE

May 27, 2005

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

Anne-Marie Beaudoin, Directrice du secrétariat
Autorité de marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3

I write to make comment upon your Proposed Internal Control Materials, specifically Multilateral Instrument 52-111.

I am a Chartered Accountant, and serve on a number of boards of public companies, albeit on ones smaller in size with market capitalizations from \$10 million to \$50 million. I also serve on two audit committees, one as a chairman.

My comments are made in the context of many recent developments arising from and falling out of Sarbanes-Oxley legislation in the USA, and similar derivative developments in Canada. Unless one takes into account the cumulative effect of all the changes and developments, one cannot comprehend the burden, cost and complexity that has been imposed and continues to be imposed by legislatures, and security commissions. Even though the goals of the new rules and changes are laudable, the collective benefit of them cannot, in my opinion, outweigh their collective costs.

Without meaning to be rude, rules are made and promulgated with little consideration of their direct costs, and certainly no consideration of indirect costs and other consequences not intended. If you step back and look at the regulatory environment for public companies in Canada, it is clear that the pendulum of reform has swayed too far. For example, commencing January 1, 2005, deadlines for quarterly and annual

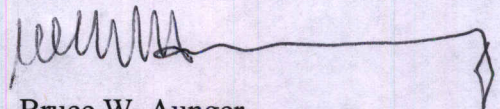
submission of financial information was shortened which has led to additional costs and increased potential for financial statement error due to the fact that companies and the professional accounting firms were already stretched to the limit.

You should remember that the jurisdiction wherein events that led to Sarbanes-Oxley, was then the most rule-bound jurisdiction with the most oversight for investor protection in the world. The numerous US rules in my view assisted in the above and did not provide the desired investor protection. We, in Canada must not follow that path.

I support the BC Security Commission proposals where full disclosure is to be made rather than implementing detailed rules proposed in Multilateral Instrument 52-111. In my view, you cannot legislate morality, and you merely will substantially increase the cost of capital for Canadian public companies, without concomitant benefit. Already there have been cases of public companies going private due to the high costs of overregulation.

Please step back and reconsider. Do not implement these proposals, but rather, follow the BCSC suggestion of fuller disclosure, and let investors who should make these decisions, sort out which companies should or should not be rewarded for having proper internal controls suitable for the particular circumstances of their business operations, size, risk profile, etc.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce W. Aunger', with a long horizontal line extending to the right and ending in a small diamond-shaped flourish.

Bruce W. Aunger