

June 3, 2005

BY FACSIMILE: 416.593.2318  
Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8

BY FACSIMILE : 514.864.6381  
Mme Anne-Marie Beaudoin, Directrice du secrétariat  
Autorité des marchés financiers  
Tour de la Bourse  
800, square Victoria  
C.P. 246, 22<sup>e</sup> étage  
Montréal, Québec H4Z 1G3

**Re: Submission to**

Alberta Securities Commission  
Saskatchewan Securities Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
New Brunswick Securities Commission  
Office of the Attorney General, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice, Government  
of Nunavut

Dear Mr. Stevenson and Mme Beaudoin,

High Liner Foods Incorporated, a public company listed on the Toronto Stock Exchange, submits to the Canadian Securities Administrators the following comments on proposed Multilateral Instruments 52-111 and companion policy 52-111CP and proposed repeal and replacement of Multilateral Instrument 52-109 and its companion policy 52-109CP.

**Specific Request for Comment # 13 – Are exemptions appropriate?**

We agree that all issuers as presently identified in the proposed instrument should prepare the internal control report. However, it should not be a requirement that there be an internal control audit report. It should be sufficient for management to prepare and certify the internal control

report in the manner proposed in 52-111. Having the company's auditors audit this report will significantly increase audit fees. In the U.S. companies are indicating an increase in audit fees of 50% to 100%. The additional costs associated with layering yet another audit requirement on issuers would not be justified with any perceived or actual increased benefit to investors.

**Specific Request for Comments # 15 and # 16 – Is the phase-in period appropriate?**

Phase-in should be longer in order to ensure there are sufficient resources, including personnel with proper training, at both issuers and audit firms, to meet the deadlines. There is an increasing shortage of resources in both public accounting and within issuers, which is further driving up compliance costs. The dates in all instruments should be moved out one year.

**Specific Requests for Comments # 17 and #18 – Unidentified Costs and Benefits.**

One significant cost not identified is the overall negative impact this will have on the economy. Companies like High Liner are spending disproportionate resources to meet new compliance initiatives. It affects an issuer's ability to expend on profit-generating investments in new machinery and equipment, new products, research and development, and other growth initiatives. These are investments that have a significant multiplier effect on the economy and these will now be reduced, to the direct detriment of investors. While we support initiatives to protect the integrity of Canada's capital markets, measures should be proportionate.

While it is obvious that the cost of compliance will have a disproportionate negative impact on companies with smaller market capitalization, we believe that the costs for all issuers will significantly outweigh any "potential" gains. The current proposals will act as a further deterrent to new issuer listings for smaller cap entities, and may also result in an increase in going private transactions for those organizations where the cost of compliance can no longer be justified as in the best interests of investors. The hoped for increase in capital flowing to Canada and a lower cost of capital may not materialize but the increase costs of compliance have a 100% certainty.

Sincerely,

HIGH LINER FOODS INCORPORATED



H.E. Demone  
President and Chief Executive Officer