IssuesCentral

June 29, 2005

Ontario Securities Commission
20 Queen Street West
Suite 1903
Toronto, ON M5H 3S8

Attention: Ms. Jo-Anne Matear, Senior Legal Counsel, Corporate Finance

Subject: Comments on the Proposed MI and CP 52-111 – Reporting on Internal Control Over Financial Reporting

Dear Ms. Matear:

We appreciate the opportunity to submit our comments to the OSC and other CSA members with respect to the Proposed Internal Controls Materials.

We applaud the majority of CSA members for seeking to improve the quality and consistency of the processes that control financial reporting. Investors are more likely to trust the financial information of an organisation with strong and formally documented internal controls than a firm that says "trust us". We only have to look to the fallout from the Enrons, Worldcoms, and our own homegrown Bre-Xs for evidence.

Investor trust is priceless, and ironically less expensive.

Our organisation, Issues Central, Inc., was created with the mission to provide leading products and techniques to facilitate effective and efficient financial compliance (in accordance with legislation such as the Sarbanes-Oxley Act of 2002) for mid to emerging public companies. Our comments in this letter are based on practical industry experience with firms listed on all major exchanges in North America.

To be brief our review of the proposed materials has led to the following observations:

Observation 1 – In our opinion the **proposed instrument is generally effective** in addressing key concern areas and control points.

Observation 2 – The **phase-in period** extending out to 2008/2009 is **too long** for the smallest organizations (i.e – market cap less than $ 250 million). This exposes investors to a greater degree of risk than they should be required to bear and provides too large a lag time for management teams. Inevitably, procrastination and staff turnover will cause these smaller organisations to lose momentum. We understand that the purpose of the phase-in is to help address compliance cost and available resources. The upcoming revision to the COSO framework for smaller companies will partially address this concern, while the market to supply internal control services staff and products is in the process of addressing the imbalance between supply and demand for these same services. Our discussions with many smaller Canadian issuers has revealed that many of them are starting the process earlier than expected, so we do not believe that you will run into significant resistance by reducing the phase-in period. Investors will only benefit.

Observation 3 – **Apply a limited variation on MI 52-111 to firms on the TSX Venture Exchange®.** Why? Canadian markets will only benefit longer-term from having higher standards and this will ultimately drop the cost of capital to the issuers while improving investor confidence. Let's face it, old impressions take a long time to change, and there is still a taste worldwide that Canada is the home of "VSE" type controls and reporting. Ironically, this proposed instrument as drafted and if implemented will no doubt further increase the long-term cost of capital for TSX Venture issuers leading to a further "ghettoization" of small issuers and reinforcing the "VSE" perception. We do not believe that this is good for investors, issuers, or the general perception of Canadian markets. If a company takes the public's money they should be held to a common standard.

Thank you for your time.

Please contact me directly at 800.410.6681 ext 112 if you require additional input on the items above.

Sincerely,

Charley Best

Charley Best
Vice-President
Issues Central, Inc.

Developers of the Compliance Playbook™
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