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Dear Mr. Stevenson

Re: Comments on Proposed Multilateral Instrument 52-111

We are responding to the request for comments issued by the Ontario Securities Commission in respect of Multilateral Instrument 52-111 entitled *Reporting on Internal Control over Financial Reporting.*

Our comments focus on the scope of the application of the proposed instrument as it relates to joint ventures.

Joint venture agreements can be structured in many different ways, some of which will make compliance within the 52-111 requirements extremely challenging, if not impossible.

For example, joint venture agreements are often entered into where the reporting issuer is not the sponsor and, as a result, does not manage the financial records of the joint venture. In these situations, unless the other joint venture partner also has to comply with 52-111, it will be very difficult for the reporting issuer to force its joint venture partner to comply, and, in those rare situations where the joint venture partner agrees to comply, it will do so only if the cost of compliance is borne by the reporting issuer. Absorbing the full cost of compliance will significantly impact the reporting issuer's return from the joint venture project. A more serious negative impact is the fact that many potential joint venture partners, who are not required to comply with 52-111, will chose not to work with the reporting issuer if compliance costs are to be borne by the joint venture.

Although compliance will be administratively less difficult where the reporting issuer is the sponsor, it will still generally result in the full cost of compliance being borne by the reporting issuer.

Thus, whether the reporting issuer is or is not the sponsoring partner in a joint venture arrangement where the other partner is not bound by 52-111, the reporting issuer will, by virtue of having to absorb the full costs of compliance, be competitively disadvantaged.

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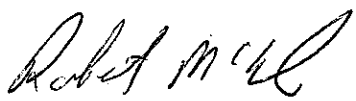
Although the 52-111 guidelines state that management is expected to have access, or be able to negotiate the necessary access, to the joint venture in order to evaluate the issuer's internal control over financial reporting as it pertains to the joint venture, this will sometimes not be possible, even if the reporting issuer is prepared to absorb the full costs of compliance. Perhaps the best example of a situation where it will be almost impossible to comply with the 52-111 guidelines is where the reporting issuer is the non-sponsoring partner in a multi-partner joint venture arrangement that is located in a foreign jurisdiction where 52-111 or equivalent requirements are not in force. Getting buy-in from every partner would be impossible unless there is some quid pro quo. Even with buy-in, dealing with local management, who are typically not driven by the same control considerations as the reporting issuer, and communicating in a foreign language, adds an immeasurable amount of difficulty to the task.

We recommend that the decision to include all joint ventures within the compliance rules of the multilateral instrument be revised to reflect a more practical and reasonable approach for those joint venture arrangements where one of the partners is not bound by the requirements of 52-111. In these situations we believe that such joint venture arrangements be excluded from the requirements of 52-111.

Sincerely,



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