



Heathbridge Capital Management Ltd.

141 Adelaide Street West, Suite 260, Toronto, Ontario, Canada M5H 3L5
Tel (416) 360-3900 Toll-free 1-800-446-3819 Fax (416) 360-5566

November 9, 2005

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, ON
M5H 3S8

Dear Mr. Stevenson:

Re. Proposed Revocation and Replacement of OSC Rule 13-502 Fees (Proposed Materials)

We commend the general thrust of the Proposed Materials. We have three specific comments and suggestions for you to consider.

1. **Participation Fees for Registrants:** We strongly commend the addition of an extra tier for participation fees for registrants with revenue between \$1 million and \$3 million. This addressed two problems we highlighted in our letter of March 11th to Charlie McFarlane: i) the unfairly high percent of revenue firms in that tier faced compared with all other fee levels (the fee is 1 percent of the lower level revenue threshold compared with 0.25 percent to 0.50 percent of revenue for all but one other tiers) and ii) the great disparity between firms with just over \$1 million of revenue and those with \$4 million who both had to pay the same new increased fee under the existing tiered fee structure. This is a simple and fair solution to those problems.
2. **Calculation of Participation Fees for Registrants:** We feel that the methodology for calculating revenue attributable to Ontario is faulty. The methodology currently used requires that registrants attach their Ontario income tax return and assumes that all of this is attributable to revenue from Ontario clients. This is clearly not true for Investment Counselor/Portfolio Managers who have their main/sole office in Ontario but have clients in other jurisdictions and hence pay fees in these jurisdictions – double taxation in effect. It appears that this methodology was applied to due to its benefits of simplicity and easy verification. We propose an alternative that is consistent with these benefits. Registrants should be allowed have a geographic breakdown (specifically their Ontario component) of their revenues verified by a third party such as their auditors. Our auditors suggested that this be included as a footnote in our audited financial statements which would therefore be part of their statements approved by our auditors.

Michael R. Graham, Ph.D., Chairman
Robert F. Richards, CFA, President
Rupel M. Ruparelia, CFA, Vice-President, Finance
Richard M. Tattersall, CFA, Vice-President

3. We commend the fee reductions for registration-related activity given the efficiencies created by the National Registration Database.

Thank you for considering our comments and suggestions in this letter. We hope that you will implement the proposed changes and consider the modified method of calculating Ontario revenues as recommended above. We continue to support the OSC in its efforts to regulate the capital markets and to eliminate duplication under our current federal system.

Sincerely,

Robert F. Richards, CFA
President

Richard M. Tattersall, CFA
Vice-President & Compliance Officer