

Tradex Management Inc.  
50 O'Connor Street, Suite 920  
Ottawa, Ontario  
K1P 6L2

VIA ELECTRONIC MAIL

November 10, 2005

John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
19<sup>th</sup> Floor, Box 55  
Toronto, Ontario  
M5H 3S8

Dear Mr. Stevenson,

I am writing on behalf of Tradex Management Inc. to provide you with our comments regarding the proposed changes in the fee structure under Rule 13-502.

By way of background, Tradex was created in 1960 and is therefore one of the oldest mutual fund groups in Canada. Tradex Management Inc. is both a mutual fund management company (registered with the OSC under the category "market participant") and a mutual fund dealer (registered with the Mutual Fund Dealers Association of Canada as a dealer).

We welcome the OSC's initiative to lower fees for market participants and market activity. Our only concern is that we believe that the fee schedule should be much more graduated. For example, in the category of "Capital Market Participation Fees", if a firm's Ontario revenue is \$999,999 the proposed fee is \$3,100 whereas if the firm's Ontario revenue is \$1,000,000 the fee is \$6,900. In this example, a firm must pay \$3,800 more in participation fees for simply increasing its revenue by \$1. This does not seem to be fair. (In addition, if a firm's revenue increases by \$1 from \$1,999,999,999 to \$2,000,000,000 its participation fee increases by the huge sum of \$620,000.)

...../2

Our proposed solution to this inequity is to introduce a graduated scale such that a firm pays more incrementally as its revenue increases, rather than having a fee schedule that is based on giant steps. For example, the proposed capital market participation fee structure for smaller firms is as follows:

Revenue under \$500,000	\$900 in fees
Revenue from \$500,000 to under \$1 million	\$3,100 in fees
Revenue from \$1 million to under \$3 million	\$6,900 in fees
Revenue from \$3 million to under \$5 million	\$13,200 in fees

A structure that we believe would be much fairer would be along the following lines:

For revenue of under \$500,000 the fee is \$900. On each \$100,000 in incremental revenue until \$999,999 the incremental fee is \$440 (at total revenue of \$900,000 the fee is \$3,100).

For revenue between \$1,000,000 and \$1,099,999 the fee is \$3,445. On each \$100,000 in incremental revenue up to \$2,999,999 the incremental fee is \$190 (at total revenue of \$2,900,000 the fee is \$6,900).

For revenue between \$3,000,000 to \$3,099,999 the fee is \$7,215. On each \$100,000 in incremental revenue up to \$4,999,999 the incremental fee is \$315 (at total revenue of \$4,900,000 the fee is \$13,200).

We realize that to make this proposal “cost neutral” versus the OSC proposal it would be necessary to increase the level of fees at the upper end of each step in the OSC’s proposed fee grid. For example, at the revenue level of \$4,900,000 to \$4,999,999 the fee grid might call for fees of, say, \$18,000 rather than \$13,200. While this would result in higher fees than proposed for firms with \$4,900,000 to \$4,999,999 in revenue it would also mean lower fees for those firms that had revenue in the lower portion of the \$3 million to \$5 million category. Obviously, a firm that has almost \$5 million in revenue has a greater ability to pay higher fees than a firm with revenue of just over \$3 million.

We wish to thank you for the opportunity to comment on the OSC’s fee proposal. Should you wish any further information on our views, please contact me at 613-233-3394.

Yours very truly,

*Original signed by  
Robert C. White*

Robert C. White  
President, Tradex Management Inc.