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DELIVERED

October 10, 2006

Ontario Securities Commission
20 Queen Street West
P.O. Box 55, Suite 1903
Toronto, ON M5H 3S8

Attention: Mr. Naizam Kanji

-and to -

Autorité des marchés financiers
Stock Exchange Tower
800 Victoria Square
P.O. Box 246, 22nd Floor
Montreal, Quebec
H4Z 1G3

Attention: Anne-Marie Beaudoin, Secretary

Dear Sirs/Mesdames:

Re: Comment Letter regarding Proposed MI 61-101

This letter represents my personal and without prejudice comments (and not those of the firm or any client). There have been a number of difficulties interpreting OSC Rule 61-501 that it would be useful to revisit in the context of the proposed MI, some of which are discussed below.

My comments (in no particular order) are:

1. The addition of the provision of services to the definition of related party transactions is worrying. Many entirely legitimate ordinary course services may need to be excluded from this concept, including services in the capacity of directors (or trustees), officers, employees and independent contractors of an issuer and/or its subsidiary entities. In addition, exclusions may be required for assistance with financial,

financial reporting, banking and cash management, borrowing, tax, compliance, public relations or legal matters (as well as others) in consolidated groups. Pre-existing agreements would also need to be grand-fathered.

2. The proposed prohibition against independent directors receiving special benefits could also be problematic if it would extend to their continuing role as directors (or acting in similar capacities, such as on an advisory board) of the issuer or its affiliates or their successors or assigns. Investment Canada often wishes there to be a continuing "Canadian" involvement in such capacities. As for the suggestion that it would also apply subsequent to the completion of the transaction, this does not appear to be reflected in the language of the rule and would seem to be completely unworkable. At most, it would appear reasonable, as with collateral benefits, to capture agreements, arrangements or understandings existing at the time of the transaction (again, carving out directorship, advisory committee or similar roles, perhaps subject to their being at not materially different compensation levels than those previously in place at the issuer or the acquirer).

3. Using a beneficial ownership approach to the de minimus exemption in sections 4.1(c) and 5.1(c) is not advisable, in my view, because obtaining accurate beneficial ownership information, especially with respect to a non-Canadian company (but also with respect to Canadian companies!), especially where it must be done quietly, can be very difficult in our book-entry dis-intermediated OBO/NOBO world. The existing "no knowledge to the contrary" standard is preferable. In addition, should the threshold not be 10%, to be consistent with the proposals in NI 62-104 (section 5.5)?

4. Removing the exemption for pre-Dec. 15, 2000 transactions is not advisable, as there will be agreements entered into prior to that time that have not been fully performed (e.g. leases, contract renewal commitments, options, indemnities under prior agreements, borrowings that still need to be repaid, long-term service agreements, etc.). Their legal validity could be retroactively thrown into doubt. The related costs would seem to far outweigh any benefits.

5. In the definition of "beneficial ownership", it would seem important in para. (a) to exclude shares owned by an affiliate from those deemed to be beneficially owned, as in the past. Otherwise all sorts of problems could well arise. In para. (b), should this apply for minority approval purposes also?

6. In the definition of "connected transactions", it has proved very hard in practice to apply the language of "negotiated or completed at approximately the same time". It seems to potentially catch entirely independent transactions where one begins negotiations, with no assurance of reaching an agreement, when an earlier transaction has been signed and is in the process of being closed, for example. If it suddenly makes the earlier transaction subject to minority approval and/or an independent valuation, which was not contemplated at the time, then this could cause very substantial difficulties. Inter-conditional transactions are one thing, but otherwise separate transactions should not be lumped together in my view.

7. I do not support extending the issuer insider definition to officers, rather than just senior officers, especially with respect to subsidiaries. In fact I would also limit it to senior officers of the issuer or its principal (i.e. over 50% of the business) subsidiary. I recently participated in a transaction in which a lesser subsidiary's business was sold to the management of that subsidiary. It was caught by the related party transaction rules, even though the issuer's board and management were completely unconflicted. This concept seems overly broad. Yet to try to convince OSC staff of a "negative" would have been a difficult thing, so we complied, at significant cost.

8. I would propose keeping the old s. 5.5(9) (Amalgamation, etc.) as not all such transactions would, for tax or other reasons, be business combinations. For example, this exemption is not infrequently used for so-called "tuck-ins" whereby the shareholder is acquired by the reporting issuer in return for additional shares, and then the shareholder is wound up and its previously owned shares of the reporting issuer are cancelled. This would not seem to be a business combination, and this exemption has been used and should continue to be available for such purposes.

9. Should London's AIM stock market be treated as akin to the TSX-V and CNQ for purposes of section 5.7(1)(c)(i) and similar exemptions?

10. The "Chinese wall" aggregation relief in Part 5 of NI 62-103 should also be extended to the minority approval requirements of MI 61-101.

11. Finally, shouldn't the Commission itself be authorized to grant exemptions under Part 9 in Ontario, as in Quebec?

Thank you for the opportunity to comment.

Yours truly,

Simon Romano

SAR/he