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c/o Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 1903, Box 55  
Toronto, ON, M5H 3S8

RE: National Instrument 23-102 Comment (For Distribution)

October 16, 2006

Dear Mr. Stevenson,

As a long-time OSC (and Quebec and SEC) registered IC/PM, we very strongly support your efforts to protect the public, investors, and our clients by eliminating conflicts of interest and self-dealing.

Here is our submission on National Instrument 23-102 "Use of Client Brokerage Commissions" and its companion policy. We would like to make three major points:

1. We believe that principle based regulation, coupled with meaningful oversight, is a more effective route than rule based regulation. Rules can never be all-foreseeing, therefore require frequent revisions, and invite a never-ending quest for loopholes. Principles ("thou shalt not cheat your client") are clear to the vast majority of honest operators; unfortunately neither principles nor detailed rules will stop the dishonest.
2. We believe that the proposed definition of research is inadequate. We completely agree that research must apply to investments but do not accept that research need express an opinion. We want basic data, arranged in a consistent manner, with which we, as experienced analysts, can do our own value added work. In our case, that is economic, accounting, and market data feeds. We are not interested in most broker generated "research" since it consists of 'me too' reporting by analysts whose opinion are mass marketed and frequently out of date, by the time they are published.
3. The record keeping for generating allocation guesstimates will be time-consuming, expensive, and confusing for many clients. We have provided this breakdown on a trial basis to 2 sophisticated clients, both of whom said "what for?". As managers with clients in Canada, USA, Caribbean, South America and Europe, we comply with SEC "soft dollar" standards.. We are extremely concerned that making compliance different, more complicated, and more expensive will put us Canadians at an unnecessary disadvantage to US and British based competitors.

We currently disclose our directed commission policies in our annual statement of policies. We have discussed the suggested level of complexity of disclosure with some of our sophisticated clients who found it meaningless. Our clients include S&P/TSX chairmen/CEO's (active and retired), senior executives in the financial business, owners of private businesses and their families. All have been happy with the knowledge that some of their commissions are used to purchase international economic advice and data services we use to search out appropriate investments. Please note that we only direct commissions to pay for information feed from 1 economic service (covering global political and economic trends), Reuters ,and Bloomberg. We own the requisite hardware and pay for all communications lines.

We attach some comments keyed to specific Parts of the proposed National Instrument and also the Companion Piece.

Yours Truly,

Alfred G. Wirth  
President & Director  
TAS/AGW/bm

## Keyed comments

### National Instrument 23-102:

#### Part 1

- Definitions: In addition to execution and research services, commissions sometimes include other services paid by the broker. An example is compensating the broker for providing legal advice to defend the value of an investment.

#### Part 4 Disclosure

##### 4.1 (1)

- (b) We see no advantage to the client from this level of information, let alone providing data by class of security.
- (c) (iii) Directed and non-directed commissions should suffice.

#### Part 5 Exemption

##### 5.1 (2)

- Why should a client not have a right of declining such information, say on an annual basis?

### Companion Policy:

#### Part 3

##### 3.3 (1)

- Specific research should include raw data as it is already (above) permitted for order execution.

##### 3.5 (1)

- Mass marketed or publicly-available information may be very valuable information to those knowledgeable enough to draw conclusions from them. Mass marketed material, from say, a European source (possibly in a foreign language) is often not generally known, especially among English speaking North American analysts.

#### Part 5

##### 5.2 (2)

- We construct portfolios with different types of securities and we report on a portfolio basis. The types of securities can change over time making comparisons meaningless

##### 5.2 (3)

- We have no objection to providing the material on an estimated basis but we maintain that for our clients the splits would not be as useful as a simple differentiation between directed and non-directed commissions.

##### 5.2 (4)

- We regard cents/share as a misleading number for comparisons between periods or advisers and we strongly recommend this be shifted to commissions expressed as a % of value.