

TRAPEZE



ASSET MANAGEMENT

June 20, 2007

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8
Via email: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse, 800, square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3
Via email: consultations-en-cours@lautorite.qc.ca

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Re: RESPONSE TO REQUEST FOR COMMENTS – PROPOSED NATIONAL INSTRUMENT 31-103

We have read proposed National Instrument 31-103, and appreciate the opportunity to be able to comment. Trapeze Asset Management Inc. is registered under the legislation of several Canadian jurisdictions in the categories of “investment counsel” and “portfolio manager” (or the equivalent) and under the legislation of Ontario in the category of “limited market dealer”.

We wish to focus our comments on section 6.4 of the proposed rule, regarding the issuer disclosure statement. Section 6.4 is an improvement over current securities legislation, since the proposed rule removes the requirement to obtain each client’s specific and informed written consent prior to the exercise of discretionary authority with respect to securities of related and connected issuer. However, we respectfully submit that section 6.4 does not adequately address the practical issues faced by portfolio managers. Portfolio managers with numerous separately managed accounts would continue to be required to send a notice to each client prior to purchasing additional securities of an issuer, when a portfolio manager passes certain thresholds of collective ownership by their client accounts and personal accounts of certain employees, resulting in becoming “related” to that issuer pursuant to securities legislation.

ASSET MANAGEMENT

We would suggest that section 6.4 be redrafted to require:

1. Account opening documents to:
 - a. disclose that a portfolio manager may cause a client to invest in a “related issuer” or “connected issuer”;
 - b. outline the general relationships that may make an issuer related or connected to the portfolio manager;
 - c. obtain the client’s consent to the portfolio manager exercising their discretionary authority with respect to securities of related and connected issuers; and
 - d. provide a list of the portfolio manager’s related and connected issuers at such time; and
2. On an annual basis, clients would receive an updated list of related and connected issuers.

The requirement for portfolio managers to send a notice describing a new related or connected issuer on each occasion that an ownership threshold or relationship changes, prior to being able to invest client assets in that related or connected issuer, is both impractical and costly. In addition, we receive constant feedback from our clients that they desire less written material from our office.

Thank you again for the opportunity to comment on the proposed rule.

Yours very truly,



Adam Abramson
Vice President