June 28, 2007

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon

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Senior Vice-President & Controller
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Dear Sir & Madam:

RE: Notice and Request for Comments- Proposed Repeal and Replacement of MI 52-109, Forms 52-109F1, 52-109FT1, 52-109F2 and 52-109FT2, and Companion Policy 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings

This letter is provided on behalf of BCE Inc. ("BCE") in response to the Notice and Request for Comments made by the Canadian Securities Administrators ("CSA") on the proposed repeal and replacement of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the "Proposed Rule").

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BCE is Canada's largest communications company and has a market capitalization in excess of $30 billion. It is a reporting issuer in all provinces of Canada and its common shares are listed on both the Toronto and New York stock exchanges. BCE is therefore subject to the SOX 302 Rules and SOX 404 Rules, as such terms are defined in the Proposed Rule, and is making this submission with the benefit of already being subject to and complying with such U.S. requirements. We appreciate the opportunity to comment on this important proposal.

BCE has the following comments on the Proposed Rule. Please note that instead of addressing all of your specific requests for comment, we have only focused on those that are most relevant to BCE. The text of your requests for comment, and related number, addressed in this letter are reproduced below.

As an introductory remark, we believe that the Proposed Rule is well prepared, is easy to understand and generally lays out clearly what management is expected to do. However, and as discussed in more detail below, we have certain concerns with the Proposed Rule. In particular, we are of the view that the CSA's decision to base the disclosure requirements of the Proposed Rule on the definition of "reportable deficiency", which is substantially different from the U.S. notion of "material weakness", fails to harmonize Canadian and U.S. securities regulations in a significant manner and will result in uncertainty and interpretive issues.

1. **Do you agree with the definition of "reportable deficiency" and the proposed related disclosures? If not, why not and how would you modify it?**

Definition[(1)]

We do not agree with the definition of "reportable deficiency" because it lacks precision and, as a result, we believe will be subject to wide interpretation and varied application in practice. In our view, the definition of "reportable deficiency" and the accompanying guidance

[(1)] For purposes of clarity and ease of reference, and because of recent actions taken by the U.S. Public Company Accounting Oversight Board ("PCAOB") and the U.S. Securities and Exchange Commission ("SEC") subsequent to the release for comment of the Proposed Rule on March 30, 2007, the definitions of the terms "reportable deficiency" (set out in the Proposed Rule), of the terms "deficiency", "significant deficiency" and "material weakness" (set out in Auditing Standard No. 5 adopted by the PCAOB on May 24, 2007) and of "significant deficiency" and "material weakness" (set out in the SEC's Release No. 33-8811 and Release No. 33-8809, respectively, issued by the SEC on June 20, 2007) have been reproduced in Schedule A hereto.

contained in Part 8 of the Companion Policy 52-109 (the "Companion Policy") is confusing and will create significant difficulties for issuers, in particular for Canada-U.S. cross-border issuers that are already subject to the SOX 404 Rules, and their management in applying such definition.

The definition appears to scope in a broader range of deficiencies than a material weakness as defined by the PCAOB and the SEC. This is because the definition does not incorporate any concept of materiality and because it refers to the *"reliability of financial reporting"* rather than prevention or detection of a material error in the financial statements.

The Proposed Rule sets out that a reportable deficiency is a *"deficiency or combination of deficiencies…that would cause a reasonable person to doubt that the design or operation of internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP"*.

Nowhere in this definition is there a reference to the materiality of a deficiency or the materiality of a combination of deficiencies nor what standard is to be applied in determining whether there is an issue regarding the *"reliability of financial reporting"*.

We note that the Companion Policy seeks to provide some guidance as to what constitutes a reportable deficiency. Unfortunately, we find such guidance confusing. Section 8.1(1) first states that in order to have reliable financial reporting, there must be no misrepresentation in the annual or interim filings. We assume that in this context, the term "misrepresentation" must be read as defined in the Ontario and Québec Securities laws (i.e., an untrue statement of a material fact or omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made). However, section 8.1(1) further states that for an issuer's financial statements to be prepared in accordance with GAAP there must be no material misstatement. It is not clear whether "material misstatement" must be read as meaning a "misrepresentation" or something different than a "misrepresentation".

The absence of a concept of materiality in the definition of "reportable deficiency" combined with the use of the Companion Policy to seek to implement a materiality threshold is particularly confusing. We therefore believe the definition needs to incorporate a concept of materiality, preferably the same concept as used in the preparation and audit of financial statements. In fact, we respectfully submit that the CSA should have retained the American notions of “material weakness” and “significant deficiency” as the application of these concepts has become well-defined in practice, as compliance under SOX has evolved.

The definition of “reportable deficiency” refers to the “*reliability of financial reporting and the preparation of the issuer’s financial statements”*. This suggests that the documentation and evaluation of internal controls must extend beyond those related to financial statement preparation and will include internal controls over all continuous disclosure documents (MD&A, AIF, proxy circular, news releases, etc.). This is a very broad scope, well beyond that required by the U.S., and would result in substantial incremental work beyond documenting and evaluating the internal controls underpinning the preparation of financial statements. The PCAOB and SEC specifically limit the definition of a material weakness to errors in the issuer’s financial statements. If the CSA truly means to scope in all continuous disclosure documents, then the implementation of such a requirement should be in two phases – the first being internal control over financial reporting (“ICFR”) for financial statements and the second relating to the balance of the documents. Alternatively, if it is only disclosure controls and procedures (“DC&P”) that apply to continuous disclosure documents other than financial statements that limitation should be clearly stated. Obviously, this uncertainty would be clarified if the CSA would retain the U.S. definitions of “material weakness” and “significant deficiency”.

In addition, the use of different definitions in Canadian and U.S. securities regulations may result in different practices in application. We suspect that the Canadian definition is intended to result in the same disclosures as in the U.S. However, different words are interpreted differently. We are concerned that this may impose a second deficiency assessment process on cross-border filings in the event that the quantification of a “reportable deficiency” is different from that of a “material weakness.” Significant guidance exists in the U.S. with regards to the interpretation of similar concepts used in the SOX 404 Rules. If the CSA concludes that a different definition is to be used from those in the U.S., at a minimum, the Companion Policy should provide guidance as to how the definition of “reportable deficiency” compares with the U.S. concepts of “material weakness” and “significant deficiency”. This will enable issuers who have complied or will look to the U.S. experience in developing their control procedures to understand the key differences between the two systems, if any.

Furthermore, if maintained, the concept of a “reasonable person” should be developed as part of the Companion Policy. Do we refer to a “reasonable person” who is financially literate or any reasonable person? Since the concept of reasonable person is at the center of the proposed definition, guidance would seem necessary to better understand the proposed concept. We note that the PCAOB seems to have ceased to refer to the concept of a “reasonable person” in new Auditing Standard No. 5 when defining the term “significant deficiency” compared to Auditing Standard No. 2 (i.e., in a note to the definition of “significant deficiency”, the PCAOB indicated in Auditing Standard No. 2 that a misstatement was inconsequential if a “reasonable person” would conclude that a misstatement would clearly be immaterial to the financial statements).

We are also of the view that interpretive issues will result from the fact that the CSA has chosen not to define the term “deficiency” and has not introduced in the definition of “reportable deficiency” the concept of “reasonable possibility” on which the U.S. notion of “material weakness” is based. Without the concept of “reasonable possibility” it is unclear what test should be applied in determining whether a deficiency should be reported as far as assessing how likely it is that a misrepresentation and/or material misstatement might occur.

In summary, BCE believes that the CSA should adopt the US definitions of "material weakness" and "significant deficiency", rather than introducing new terminology.

Disclosures

We are concerned, in particular, that one disclosure requirement of the Proposed Rule may create difficulties for cross-listed issuers. Sections 5.2 and 5.3 of Form NI 52-109F2 require an issuer to publicly disclose reportable deficiencies in the design of ICFR on an interim basis. This requirement is a departure from the SOX 404 Rules which generally require only annual disclosure. The SOX 404 Rules do not require U.S. companies to make disclosure on a quarterly basis of whether there are any material weaknesses. In SEC Release No. 33-8810 issued on June 20, 2007, the SEC stated that: “If management’s evaluation process identifies material weaknesses, but all material weaknesses are remediated by the end of the fiscal year, management may conclude that ICFR is effective as of the end of the fiscal year”. The SEC then states that: “However, management should consider whether disclosure of such remediated material weaknesses is appropriate or required under Item 307 or Item 308 of Regulations S-K or S-B or other Commission disclosure rules" (see footnote 20). In practice, U.S. companies would report the interim material weakness to the audit committee and external auditor as required under the form of CEO/CFO interim certificate under the SOX 302 Rules and work to remediate the material weakness prior to year end. We submit that the CSA should also consider this approach. Interim disclosure of reportable deficiencies in the design of ICFR will be onerous for inter-listed issuers as they will most likely need their auditors to evaluate and confirm management's conclusions regarding control deficiencies, resulting in a significant increase in time and expense each quarter.

3. Do you agree that our proposal to provide a scope limitation in the design of the DC&P and ICFR for an issuer's interest in a proportionately consolidated investment or variable interest entity is practical and appropriate? If not, please explain why you disagree.

We agree that the certifying officers should be able to limit the scope of the design of DC&P and ICFR to exclude controls, policies and procedures carried out by a proportionately consolidated investment or a variable interest entity. We note that this would be consistent with the approach taken by the SEC's Office of the Chief Accountant and Division of Corporation Finance as reflected under FAQ No. 1, revised on October 6, 2004, relating to management's report on ICFR.

4. Do you agree that our proposal to allow certifying officers to limit the scope of their design of the DC&P and ICFR within 90 days of the acquisition of a business is practical and appropriate? If not, please explain why you disagree.

We do not believe that 90 days is a sufficient amount of time for a company to perform the necessary procedures in order to properly assess the design of DC&P or ICFR for a new acquisition, even considering the time available until the certifications are filed. Most companies find their resources significantly taxed during an acquisition. Management's primary objective prior to the acquisition date is to investigate, assess and verify information provided by the vendor that will affect the price and to determine whether the acquisition meets the company's financial and strategic goals.

Even in those instances where a purchaser may identify some deficiencies in ICFR or DC&P prior to the acquisition or shortly thereafter, we are of the view that the 90-day period would be insufficient to document and plan for remediation of deficiencies before these need to be disclosed. In the course of an acquisition, many deficiencies <u>are</u> remediated in the first year after the acquisition as reviews and audits are completed. . In our view, the shorter the period of compliance, the more expensive the compliance will be and the greater the likelihood that deficiencies will be identified out of an abundance of caution due to a lack of time to properly assess or address potential deficiencies. Such identification will likely create some uncertainties in the market and Canadian issuers will be disadvantaged compared to U.S. public companies. The 90-day period will be particularly problematic for acquisitions made later in an issuer's financial year.

In addition, many issuers change the financial systems of the acquired business to allow for integration into the consolidated operations and processes. Certifying the design of a system that is likely to change would be inefficient, uneconomical and uninformative to the reader.

Therefore, we believe the appropriate period should be a minimum of one year. This would be consistent with the one-year period referred to by the SEC's Office of the Chief Accountant and the Division of Corporation Finance in FAQ No. 3 revised on October 6, 2004 relating to management's report on ICFR.

6. Do you agree that the nature and extent of guidance provided in the Proposed Policy, particularly in Parts 6, 7, and 8 is appropriate? If not, please explain why and how it should be modified.

Reperformance

BCE is concerned with section 7.9 because it refers only to reperformance of controls. There are two approaches to the evaluation of ICFR – testing (reperformance) and management evaluation. Testing requires an additional step in evaluation, usually carried out by a team of testers or internal audit. Evaluation by management involves the documentation by the control owner that the control was executed as it should have been or, if it was not, reporting of the exception. BCE achieved SOX compliance using the management evaluation approach, which drives accountability for control through an organization. It would be an undesirable outcome to be required to revert to a testing approach to be compliant with Canadian regulations. We are of the view that this section should be redrafted so as not to appear to exclude the management evaluation process as an appropriate method to evaluate the effectiveness of ICFR.

Prescriptive Guidance

We are concerned that in certain instances, such as in section 9.1 dealing with the role of the board of directors, and as discussed above with respect to reperformance, the guidance appears to be mandatory and prescriptive. We are particularly concerned with the CSA prescribing the actions of directors and senior officers who are already the subject of fiduciary and other legal duties under corporate legislation. Accordingly, we believe that the Companion Policy should be amended to clearly state that it only provides guidance and does not prescribe any mandatory actions. We are also concerned that prescriptive guidance may have the effect of unnecessarily increasing the disclosure made by issuers. We draw to your attention the fact that the SEC has clearly indicated in its interpretive release issued on June 20, 2007 that such release only provides "guidance" for management regarding its evaluation of ICFR and that an evaluation that complies with such interpretive guidance is only one way to satisfy the SEC's evaluation requirements.

7. Are there any specific topics that we have not addressed in the Proposed Policy on which you believe guidance is required?

Departure from U.S. Regime

We respectfully submit that, should our comments previously made herein not be accepted, the CSA should explain in the Companion Policy the reasons why it has elected to depart from key aspects of the SOX 302 Rules and SOX 404 Rules (such as selecting the definition of "reportable deficiency" and using a 90-day period for the limitation on the scope of design of ICFR).

Concluding Remark

Canadian cross-border issuers like BCE are required to comply annually with the SOX 404 Rules and the SOX 302 Rules including CEO and CFO certification. The Proposed Rule indicates, as does the current MI 52-109, that cross-border issuers that comply with the above-mentioned U.S. requirements are exempted from the equivalent Canadian annual requirements.

However, Canadian cross-border issuers that file with the SEC annual reports under Form 40-F and provide to the SEC other information under cover of Form 6-K are not required to comply with the quarterly certification requirements under the SOX 302 Rules and must comply with the quarterly requirements of MI 52-109.

We draw to your attention the fact that failure by the CSA to address the principal concerns of Canadian cross-border issuers including, in particular, the failure to adopt the U.S. definitions of "material weakness" and "significant deficiency" and modify the form of interim CEO/CFO certificate as discussed under item 1 above, could result in the situation where most Canadian cross-border issuers would elect to voluntarily comply on a quarterly basis with the certification requirements under the SOX 302 Rules in order to avail themselves of the exemption contained in section 7.2(2) of the Proposed Rule and be entirely exempt from the requirements of the Proposed Rule. In that case, the Proposed Rule would, in practice, only apply to domestic Canadian issuers.

We thank you for having provided us with the opportunity to submit our comments on the Proposed Rule. Please feel free to contact the undersigned should you have any questions.

Yours truly,

BCE Inc.

By: *(signed) Karyn Brooks*___________
Karyn Brooks
Senior Vice-President & Controller
BCE Inc.

Schedule A

A. CANADA

Under the Proposed Rule, “reportable deficiency” would be defined as follows:

"A deficiency, or combination of deficiencies, in the design or operation of one or more controls that would cause a reasonable person to doubt that the design or operation of internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP."

B. UNITED STATES

Under PCAOB Accounting Standard No. 5, “deficiency”, “significant deficiency” and “material weakness” are defined as follows:

“Deficiency”

*"A **deficiency** in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.*

- *A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.*

- *A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively."*

"Significant Deficiency"

*"A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting".*

"Material Weakness"

*A **material weakness** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a **reasonable possibility** that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis."*

Under Release No. 33-8809, the SEC has adopted on June 20, 2007 a definition of "material weakness" that is identical to the definition contained in PCAOB Auditing Standard No. 5.

Furthermore, in Release No. 33-8811, the SEC has requested comments on a proposed definition of "significant deficiency" that would be identical to the definition contained in PCAOB Auditing Standard No.5.