

# Tradex<sup>®</sup>

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## VIA ELECTRONIC MAIL

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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 Territories  
Registrar of Securities, Nunavut

Dear Canadian Securities Administrators (CSA) Members,

I am writing to advise the CSA that Tradex Management Inc. supports the proposed changes to National Instrument 81-106 regarding Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 since the changes proposed seem to be the most sensible way for the CSA to handle this very technical matter.

I would like to go on record, however, as stating that the new treatment the CICA is insisting upon for mutual funds will result in the production of audited financial statements that do not properly reflect the reality of the situation, i.e., the new treatment will result in audited financial statements that materially undervalue the assets owned by Canadian mutual fund investors. In addition, the fact that there will be a difference between "GAAP net assets per unit" and "trading net asset value per unit" will lead needlessly to a great deal of confusion among investors. By insisting that the audited financial statements for mutual funds must be prepared using exactly the same rules as audited financial statements for other entities even though the statements serve a somewhat different purpose (as recognized by the Canadian Securities Administrators), I believe the CICA is doing a disservice to Canadian mutual fund investors, the Canadian mutual fund industry and itself.

Yours truly,



Robert C. White  
President, Tradex Management Inc.