

May 20, 2008

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, ON M5H 3S8

E-mail: jstevenson@osc.gov.on.ca

Dear Mr. Stevenson:

Re: Proposed National Instrument 31-103

I am a retired Ontario resident, who primarily invests in small Canadian Mutual Funds, for my only pension income.

I am concerned that the new rule for mutual fund managers, as described in National Instrument 31-103, will reduce my retirement income due to increased costs that will be passed on to me. If I understand this document, my mutual fund manager will have to purchase various forms of insurance for handling of funds and securities, even though he never has direct access to them. How does this benefit me? It would appear to anyone who reads this N-S 31-103, other than the Ontario Securities Commission, that the only one to benefit from this would be the Insurance Industry. Perhaps I should sell the units of my Mutual Fund and invest directly in the Insurance Industry.

I fail to understand how “it is to foster fair and efficient markets” when in fact the burden to comply with continuing additional regulations will force entrepreneurial fund managers to fold, or prevent gifted fund managers from starting new funds. Why is the Ontario Securities Commission giving in to the large, underperforming Mutual Funds?

In my opinion the Ontario Government should not impose additional rules and regulations on the residents of this Province.

Sincerely,
Kathleen Heslip