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January 6, 2009

BY ELECTRONIC MAIL

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8
Email: jstevenson@osc.gov.on.ca

Dear Sir:

Re: OSC Rule 13-502 - Fees

We are writing in response to the Request for Comments issued by the Ontario Securities Commission (the "OSC") and dated October 3, 2008 with respect to the proposed revisions to OSC Rule 13-502 – *Fees* (the "Revised Fee Rule"). We appreciate the opportunity to comment on the Revised Fee Rule.

ABOUT FIDELITY INVESTMENTS

Fidelity Investments Canada ULC ("Fidelity") is the 7th largest mutual fund management company in Canada managing almost \$40 Billion in assets through approximately 130 mutual funds and corporate pension plan assets. Fidelity is part of the Fidelity Investments organization based out of Boston, which is one of the world's largest providers of financial services.

GENERAL COMMENTS

The Revised Fee Rule will maintain activity fees at current levels in a number of cases, which we welcome, but for others, including participation fees and certain other activity fees, the amounts payable will see a noticeable increase.

In general we support the OSC's goals of having market participants pay fees that are a reflection of the costs of regulating Ontario's capital markets. However, we are concerned that mutual fund industry registrants continue to shoulder a significant portion of the OSC's operating costs. Under the proposed changes, particularly with respect to the changes in the participation fees (as discussed below), many mutual fund registrants will actually pay much higher fees over the next two years than would otherwise have applied under the current fee schedule.

We submit that given current market turmoil, this is not the time for the OSC to impose (in some cases) significant fee increases on market participants relative to the current fee structure.

Our more specific comments are below.

SPECIFIC COMMENTS

Participation Fees

We note the proposed change in Fee Rule in which participation fees would be calculated using data from a fixed “reference year” instead of the current method of determining those fees based on data from a participant’s most recently completed financial year. This reference year (and thus participation fees payable) would be fixed until the next fee review by the OSC, which under the Revised Fee Rule, would take place every two years, instead of every three years.

The OSC in its commentary has indicated this change will provide some degree of revenue certainty for the OSC and should minimize the accumulation of large surpluses or deficits by the OSC. The participation fees are described as a measure of the market participant’s size, which is used as a proxy for its proportionate participation in Ontario capital markets. The current method of calculating participation fees is a reflection of this notion, since changes in a participant’s revenues or market capitalization (and thus its proportionate use of capital markets) are almost immediately reflected by changes in its fees payable, whether increased or decreased. In our view, the proposed change is inconsistent with this philosophy since participation fees will be fixed and therefore year to year changes in a participant’s relative participation in Ontario capital markets may not be reflected in the fees payable.

Additionally, the choice of the financial year ended before January 1, 2008 (the “2007 Financial Year”) is, in our view, the wrong choice as the reference year. Capital markets are down considerably in 2008, due to historic market turmoil and are expected to continue this way at least into 2009. We now know that the 2007 Financial Year represents a peak in the market cycle and does not reflect current conditions. Fees payable based on revenues and market capitalizations from that year will likely be much higher than current conditions warrant, which could result in much larger surpluses for the OSC in the coming years.

We recommend maintaining the current calculation methodology for participation fees if only until the markets stabilize. This way, fees for participants will be based on their current financial conditions and not based on a reference year tied to the peak of the market cycle. Alternatively, we recommend selecting the financial year ending before January 1, 2009 (the “2008 Financial Year”) as the

reference year. The goal of revenue certainty will still be achieved, while the reference year will be a more accurate reflection of the markets as they exist today, instead of how they were at a very different point in the market cycle. Given that most participants will have paid their fees for 2008 already, the OSC will still be in a position to estimate its revenues going forward from the 2008 financial year. Given the unprecedented market turmoil, many participants are not in a position to absorb significant fee increases.

Proposed Refund

In the Request for Comments, the OSC notes that it expects a surplus of approximately \$49 million for its fiscal year ended March 31, 2009 and expects to refund approximately \$22 million to market participants, to be divided between registrants and reporting issuers. We recommend that the OSC use this refund amount to reduce the fee bands or provide a discount on participation fees.

Alternatively, we recommend the OSC re-allocate the refund payment to reflect the higher proportion of fees paid by registrant firms, who currently pay the majority of fees to the OSC annually, but, under the proposed refund, would receive less than 1/3 of the refunded surplus.

CONCLUSION

In light of current market conditions, we believe that this is not the time to impose significant fee increases when registrants can least afford to absorb these increases. We ask that the OSC reconsider its proposed changes to the method of calculating participation fees, and to reconsider its use of its accumulated surplus, in the manner recommended in this comment letter.

We thank you again for the opportunity to comment on the Revised Fee Rule. Please feel free to contact the undersigned should you wish to discuss our comments any further.

Yours sincerely,

(signed) "*W. Sian Burgess*"

W. Sian Burgess
Senior Vice-President & Deputy General Counsel

c.c. Robert Strickland, President