

Mr. John Stevenson
Secretary
Ontario Securities Commission
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Re; Fair Dealing Model

Dear John,

I would like to applaud yourself and the commission for what has obviously been an enormous amount of effort and work. My comments and concerns relate to proposals put forth regarding the second principle of the Model, transparency.

On February 16, 2004 the SEC issued a press release recommending the disclosure of mutual fund costs based on a 'hypothetical' \$1,000 investment. I am concerned that the OSC will follow suit. This approach is not only less than fully transparent but it might also be subject to abuse. As an example, one Canadian mutual hedge fund has a management fee of 1.25%, an MER of 2.89% and a performance fee of about 12% (last year). Which hypothetical figure will that company be allowed to use and which do you think they would prefer to use? Why not simply insist that fund companies show investors what they actually paid?

Separately, page 63 of the Fair Dealing Model addresses the issue of disclosure of fees as regards underwritings. What it seems to suggest is that only the gross amount credited to the IA needs to be disclosed and not the entire amount earned by the IA's firm.

While it can be credibly argued that both of these views are reasonable it nevertheless leaves both government and non-government regulatory bodies open to serious criticism. That is, stopping short of full disclosure opens the way for critics to suggest that we are acting in a self-serving way or that we are 'hiding' something.

We have an opportunity to demonstrate to the public that we are above reproach. It would be a shame not to seize this especially at time when corporate scandals are still prime time news.

Karl Larson
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CC. David Beazley, NS IDA

