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Sent: Friday, October 28, 2005 11:04 AM
To: info@tfmsl
Subject: Fidelity Investments Comment

October 28, 2005

Task Force to Modernize Securities Legislation in Canada
Suite 1600, 121 King Street West
Toronto, ON M5H 3T9
EMAILED to: info@tfmsl.ca

Re: Response to Invitation to Comment

Dear Sirs:

This letter is in response to your September 16, 2005 invitation for comments on the issues to be examined by the Task Force to Modernize Securities Legislation in Canada (the “Task Force”). The following are the comments of Fidelity Investments Canada Limited (“Fidelity”).

Output Regulation

We are pleased to note that the Task Force is seeking comments on the role of principle based regulation. Fidelity believes that it is generally preferable to frame legislation as “output regulation”, rather than detailed regulation of specific inputs. In our view, properly designed output regulation combined with effective regulatory oversight results in principled-based behaviour that is consistent with consumers’ best interests, but not overly burdensome to market participants.

Costs vs. Benefits

It is a fundamental principle of regulation that the benefits associated with any initiative should outweigh its costs. This principle is not region specific; in other words, it is as relevant in Canada as it is in other jurisdictions. We believe that this basic cost-benefit analysis ought to be applied with respect to both the overall impact of any regulation and, in general, we support the notion that a regulator should be required to engage in such an analysis at the time it is developing new rules.

Electronic Enabling

We believe that there is an opportunity for Canada’s regulators to make significant improvements to the way investors are permitted to communicate with financial services companies. Investors who are able to provide electronic signatures and who are able to receive information about investments in an easy and effective way are investors who are better protected and who are subject to lower costs. The current Canadian regulatory

regime falls well short of effective investor electronic communication and transacting. In our view, there is no purpose served by anachronistic requirements to require “wet signatures” on any document. We submit that improvements to technology-related rules will enhance the competitiveness of Canadian capital markets, both in terms of improving investor access and in terms of reducing the cost and paper burden on financial intermediaries.

Conclusion

Fidelity supports initiatives that seek to enhance market integrity or improve the fairness and efficiency of capital markets, as long as they do so in a way that is effective and efficient. In our view, the Task Force is examining the right issues in its quest to improve the competitiveness of Canada’s capital markets.

Thank you for the opportunity to comment on the issues the Task Force will examine. We look forward to a continuing dialogue.

Yours very truly,
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