

October 31, 2005

Task Force to Modernize Securities Legislation in Canada  
Suite 1600, 121 King Street West  
Toronto, Ontario  
M5H 3T9

Attn: Thomas Allen, Q.C.  
Task Force Chairman

Dear Mr. Allen:

**Re: Invitation for comment to modernize securities regulation in Canada and to enhance or maintain the competitiveness of Canada's capital markets**

McLean & Partners Wealth Management Ltd. is pleased to respond to your request for comments with respect to modernization in securities regulation and enhancing or maintaining the competitiveness of Canada's capital markets. We wish to address three areas of the issues the Task Force will be examining, namely Investor protection, Finding a balance between cost and effectiveness of modern governance and Regulatory burden.

We feel the formula for the Canadian Investor Protection Fund fees should be reviewed. The calculation is currently based on gross revenues which we feel does not address the risk of the assets at Investment Firms. A more relevant formula would reflect not only Assets Under Management, but would also give consideration to risk associated with such items as accounts borrowing on margin and speculative stocks.

Member Firms attaining the 'low risk' category of the Compliance Risk Trend Reports by the Investment Dealers Associations are granted some fee and field audit relief. We would request that opportunities to grant further dispensation to 'low risk' firms be explored. Low risk firms demonstrate high standards of supervisory, risk management and internal control processes, which is critical to preserving investor confidence. We would ask if consideration could be given to relieving 'low risk' firms from the requirement to document weekly RAC. The CFO is responsible for RAC at all times, regardless of whether or not it is documented. 'Low Risk' firms could be subject to biennial examinations for both the financial and sales audits. These changes would free further resources to be devoted to monitoring compliance at higher risk firms.

Finally, we would like to request the opportunity for firms achieving the 'low risk' assessment to be permitted to share this information with clients and prospective clients. By not permitting any external communication of the risk rating, this policy has the perverse effect of protecting high-risk firms. Allowing the 13 'low risk' member firms the opportunity to benefit from this would surely offer greater encouragement to the 168

other Members to strengthen their governance and risk management practices and thereby directly support the objective of the RTR.

If you have any questions in regards to this subject matter, please do not hesitate in contacting me at 1-888-665-0005 or via email at [lthornborough@mcleanpartners.com](mailto:lthornborough@mcleanpartners.com)

Sincerely,

Leila Thornborough  
Chief Compliance Officer

Cc: Heather Gore-Hickman, Chief Financial Officer  
McLean & Partners Wealth Management Ltd.