



November 23, 2004

Mr. John A. Carchrae  
Chief Accountant  
Ontario Securities Commission  
20 Queen Street West, Suite 1903  
P.O. Box 55  
Toronto, Ontario M5H 3S8

Dear Mr. Carchrae:

**Canadian Coalition for Good Governance - Response to SOX 404**

The members of the Canadian Coalition for Good Governance are entirely supportive of all listed companies having robust internal control systems in place and examined as a part of the audit process. Indeed, every Chief Executive Officer and Chief Financial Officer who must now certify the accuracy of the financial statements has a deep personal interest in ensuring such controls are in place.

At the moment some 175 (or so) companies that are inter listed with an American exchange are in the process of coming to terms with the demands of SOX 404. From a poll of our members, discussions with Chief Financial Officers and members of various audit committees it seems clear that there are advantages to waiting before imposing the full SOX 404 in Canada:

1. The costs of compliance are material – estimated to be at least 40% above the current audit fee, while the benefits are difficult to quantify.
2. The lack of a materiality threshold makes the work more onerous than perhaps it needs to be.
3. The accounting firms are “out of capacity” to assist as they are more than fully engaged with the inter listed companies.

Waiting for the experiences and judgments of the 175 or so “course forerunners” will be of significant interest to the rest of Canadian publicly listed companies.

We believe that the most prudent and most productive way to proceed on this issue is to make a general declaration of intent to move to an audit of documented internal controls, but to do so in a time frame that allows lessons to be learned.

Perhaps calling for a conference on implementation challenges and opportunities in the middle of 2005 would provide sufficient insight to allow Canadian rules on this matter to become more cost effective.

Yours sincerely,

A handwritten signature in black ink that reads "David R. Beatty". The signature is written in a cursive, flowing style.

David R. Beatty  
Managing Director