



Office of the
Director

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January 2, 1986

Mr. Stephen A. Jarislowsky
Jarislowsky, Fraser & Company Ltd.
Investment Counsel
1110 Sherbrooke St. West
Montreal, Quebec
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Dear Mr. Jarislowsky:

Thank you for your recent letter in response to my remarks to a meeting of the Canadian Bar Association. I sincerely look forward to working with you as representatives of investors in the battle for shareholders' rights. I would much rather be your partner than your adversary!

The Commission's resources are limited and the issues (non-arm's length transactions, non-voting shares, take-over bid defensive tactics, internationalization of markets, uniformity (and simplification) of legislation and policies, the structure of the financial services industry (including non-resident participation), COATS, etc.) are endless. As with the Unicorp/Gordon settlement, we are trying to achieve the maximum return from these limited resources with the objective of fair and efficient capital markets in mind. By settling Unicorp/Gordon with what I believe was a major victory, we are better able to proceed with other hearings (e.g. Calgroup, Canada Malting, Torstar/Southam etc.) and policy issues (take-over bid defensive tactics, etc.). As you get to know us better (and I would invite you to stop in to see us anytime) I hope you will conclude that we have made good use of these resources.

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In your letter you asked about reaction to my remarks. At the meeting, the audience neither rushed forward to embrace me nor protested that the comments were unfair or improper. I took it as a tacit acknowledgment that the remarks were accurate and reasonable. Although the Chairman and the Commission were not aware of my remarks prior to the meeting they are supportive of staff firing a few missiles to remind the Street that we are watching and ready to act.

Looking forward to an active 1986.

Best wishes!

Yours very truly,

Ermanno Pacutto,
Director