

**Ministry of
Consumer and
Business Services**

Office of the Minister

35th Floor
250 Yonge St
Toronto ON M5B 2N5
Tel: (416) 326-8500
Fax: (416) 326-8520

**Ministère des Services
aux consommateurs
et aux entreprises**

Bureau du ministre

35^e étage
250 rue Yonge
Toronto ON M5B 2N5
Tél: (416) 326-8500
Télééc: (416) 326-8520



APR 26 2005

MC-2005-493

Mr. David G. Butler
McMillan Binch
Barristers and Solicitors
BCE Place, Suite 4400
Bay Wellington Tower
181 Bay Street
Toronto ON M5J 2T3

Dear Mr. Butler:

Thank you for your recent letter urging the modernization of Ontario's business laws and the attached business law reform documentation.

I appreciated having the opportunity to meet with you and your colleagues in January and your efforts to further the standards of business law in Ontario.

As the Minister responsible for the administration of a number of business-related statutes, I am aware of the importance of a modern commercial law framework to the economic prosperity of Ontario. Our government understands the need for modern business laws that reflect current market realities and that embody high standards of investor protection and corporate governance in Ontario. We also recognize that international developments are a key consideration in developing a legal framework that supports a competitive Ontario business environment.

I have heard from a number of experts and business leaders on the need for significant changes to Ontario's business laws. In recent months, I have met with representatives from the Ontario Securities Commission, the Ontario Bar Association and the Institute of Chartered Accountants of Ontario, all of whom are strong proponents of legislative reform. Following these discussions, I identified commercial law reform as one of the Ministry's priorities over the next few years. We are committed to a reform agenda.

My Ministry staff are already working closely with its counterparts at the Ministry of Finance and other ministries to ensure a consistent and coordinated approach to the reform of Ontario's commercial, securities and accounting laws.

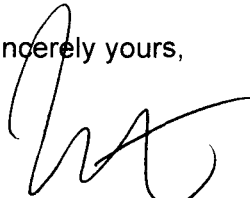
Representatives of the financial and business community in Ontario have expressed some urgency in the enactment of securities transfer laws. As you are aware, the report of the Standing Committee on Finance and Economic Affairs on the Five Year Review of the Securities Act recommended that the government introduce securities transfer legislation modeled on the provisions that apply in the United States. In his response to this report, my colleague, the Honourable Gerry Phillips, Chair of the Management Board of Cabinet, noted that he had no major problems with the direction of the Committee's recommendations.

Based on this feedback, the first phase of the reform initiative would focus on the introduction of securities transfer legislation, including complimentary amendments to the Ontario Business Corporations Act ("OBCA") and the Personal Property Security Act. This will be followed by a broad OBCA modernization project. Once these reforms are completed, we will target other business law reforms, such as the updating of Ontario's not-for-profit corporate law.

In summary, I agree that Ontario is in need of business law reform. The relevant ministries are now assessing and analyzing the specifics of this proposal. Once the government's consideration is complete, I would support beginning the reform project by developing updated securities transfer legislation for introduction at the earliest opportunity in the government's legislative agenda.

Thank you again for taking the time to write to me on this important matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Jim Watson', written over the words 'Sincerely yours,'.

Jim Watson, MPP
Minister

c: The Honourable Greg Sorbara, Minister of Finance
The Honourable Joe Cordiano, Minister of Economic Development and Trade
The Honourable Gerry Phillips, Chair of the Management Board
The Honourable Michael Bryant, Attorney General
Chair and Members of the Standing Committee on Finance and Economic Affairs