December 11, 2012

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

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Dear Sirs/Mesdames:

Re: CSA Notice of Republication and Request for Comment Regarding Proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers,* Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short-Form Prospectus Requirements* and National Instrument 45-106 *Prospectus and Registration Exemptions* and Proposed Related Consequential Amendments ("Proposed NI 51-103")

The Canadian Advocacy Council[1] for Canadian CFA Institute[2] Societies (the CAC) appreciates the opportunity to comment on Proposed NI 51-103.

[1] The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada. See the CAC's website at http://www.cfasociety.org/cac. Our Code of Ethics and Standards of Professional Conduct can be found at

General Comments

The CAC continues to disagree with the concept of a separate disclosure regime for venture issuers. Many inexperienced retail investors purchase securities of venture issuers on speculation of large investment returns. These are the type of investors which stand to lose the most from reduced disclosure requirements. We believe that the reduced disclosure standards in Proposed NI 51-103 will result in a loss of investor protection and, potentially, lower confidence in Canada's capital markets.

In addition, one of the standards contained in the CFA Institute's Code of Ethics and Standards of Professional Conduct requires members to exercise diligence in analyzing investments, and to have a reasonable and adequate basis, supported by appropriate research, for any investment recommendation. We are concerned that a disclosure regime for venture issuers which results in less public information being available than what is available for more senior public issuers could, in some cases, result in insufficient information for the necessary due diligence analysis.

With respect to specific comments on Proposed NI 51-103, the CAC generally supports the use of the annual report for venture issuers on the basis that a consolidated report, with limited ability to incorporate information by reference, will be easier for retail investors to use to find and understand key information about an issuer. We also support the retention of the 3 month and 9 month interim financial reports, which should provide additional transparency to potential investors. Those venture issuers contemplating becoming senior listed issuers should also benefit, as the availability of such statements should help ease the transition to a senior market.

We are strongly supportive of the new substantive governance standards relating to conflicts of interest, related party transactions and insider trading, as well as the enhanced requirements for independence for audit committee members. Strong corporate governance is key to the integrity of issuers and enhances investor confidence in the capital markets.

Significant Acquisitions

We continue to believe that the Business Acquisition Report requirement should remain intact and should not be replaced with other continuous disclosure documentation.

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http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx.

[2] CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 113,000 members in 140 countries and territories, including 102,000 CFA charterholders, and 137 member societies. For more information, visit http://www.cfainstitute.org/.

Proposed NI 51-103 provides that the acquisition of a business by a venture issuer would be a major acquisition if the pre-announcement value of the consideration to be transferred is 100% or more of the market capitalization of the venture issuer. We do not believe that only requiring financial statements for business acquisitions that are 100% significant based on a market capitalization test is sufficient. It is important that potential investors be able to view historical financial information rather than focus on prospective statements made by management in the annual report and interim commentaries. While we appreciate that the CSA is trying to balance an investor's need for disclosure and a venture issuer's need for a streamlined system, we do not believe that a venture issuer's disclosure preferences should trump investor protection.

Furthermore, we do not believe that a market capitalization test is the appropriate measure of a major acquisition. While the set percentage would seem to indicate a transformational transaction for an issuer, the test would constantly be affected by outside market forces. As a result, we believe that the asset test should continue to be used in connection with significant acquisitions.

Prospectus Requirements

In connection with the proposed long-form prospectus requirements, we believe that venture issuers should be required to provide three years of audited financial statements, which would provide a more accurate financial picture of an issuer and is more difficult to influence.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Ada Litvinov*

Ada Litvinov, CFA
Chair, Canadian Advocacy Council