



**December 12, 2012**

**BY EMAIL**

Alberta Securities Commission  
British Columbia Securities Commission  
Manitoba Securities Commission  
New Brunswick Securities Commission  
Nova Scotia Securities Commission  
Saskatchewan Financial Services Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
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 Mesdames/Sirs:

**Re: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers ("NI 51-103") – Republication and Request for Comment**

We appreciate this opportunity to comment on the changes to proposed NI 51-103 republished for comment on September 13, 2012. CNSX Markets Inc. ("CNSX Markets") is supportive of CSA's initiative to rationalize regulatory requirements and improve the quality of disclosure provided by venture issuers.

**Background – CNSX Markets**

CNSX Markets is a recognized stock exchange in Ontario, and authorized or exempt in Quebec, British Columbia, Alberta and Manitoba. We operate two distinct markets: the Canadian National Stock Exchange ("CNSX") and the Pure Trading facility ("Pure").

## **General Comments**

CNSX supports the change to eliminate the mid-year report and reinstate the requirement for quarterly interim financial reports without having to file associated MD&A (at the discretion of the issuer) but rather interim reports must include “quarterly highlights”. This addresses the concern raised in our previous comment letter that mid-year and annual reporting is too long a period between meaningful disclosure on the financial condition of an issuer. Quarterly financial reporting is a settled and well understood practice so any utility derived from transitioning to 6 month reporting periods is far outweighed by a potential loss of confidence in regulatory efficacy.

On the whole, we believe the CSA changes as set out in part (4) of the Notice are beneficial for venture issuers and investors. CNSX particularly agrees with the changes to exclude control persons as being considered independent in the composition of audit committees and the enhanced guidance to venture issuers to assist them in complying with their governance responsibilities. CNSX also supports proposed change to exempt venture issuers from the NI 43-101 requirement to file a technical report with its annual report but instead reinstate it in cases where the issuer plans to raise additional capital via a short form prospectus offering.

CNSX supports the CSA’s move toward proportionate regulation as not all issuers are created equal when it comes to the resources at their disposal to deal with the growing complexity of the capital markets and their ongoing disclosure obligations. We believe the changes to proposed NI 51-103 are in keeping with the CSA’s goal to “tailor and streamline” regulatory requirements for venture issuers.

Yours truly,

CNSX Markets Inc.

|  
“Rob Theriault”

Director – Listings & Regulation

cc: Richard Carleton, CEO  
Robert Cook, President  
Mark Faulkner, Vice President, Listings & Regulation  
Cindy Petlock, General Counsel & Corporate Secretary