

19 May 2000

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
Office of the Administrator, New Brunswick  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut

c/o John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 800, Box 55  
Toronto, Ontario M5H 3S8

and

Claude St. Pierre, Secrétaire  
Commission des valeurs mobilières du Québec  
800 Victoria Square  
Stock Exchange Tower  
P.O. Box 246, 17<sup>th</sup> Floor  
Montreal, Québec H4Z 1G3

**Re: Concept Proposal for an Integrated Disclosure System (IDS) Notice and Request for Comment 44-401, 51-401**

Dear Sirs:

The Canadian Advocacy Council (CAC) of the Association for Investment Management and Research (AIMR)<sup>1</sup> is pleased to respond to the request for comments of the Canadian Securities

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<sup>1</sup> The Association for Investment Management and Research is a global, nonprofit organization of over 42,000 investment professionals in over 70 countries. Through its headquarters in Charlottesville, Virginia and 95 Member Societies and Chapters throughout the world, including 12 in Canada, AIMR provides global leadership in investment education, professional standards, and advocacy programs.

Administrators (CSA) regarding the proposed Integrated Disclosure System (IDS). The CAC represents members of AIMR and its Member Societies and Chapters across Canada. Members include financial analysts, portfolio managers, and other investment decision makers. The CAC reviews major new regulatory, legislative, and standard setting developments affecting AIMR's Canadian membership of over 5,200 members.

## **General Comments**

The CAC supports the concept proposal to improve information available to investors in the secondary market by enhancing the continuous disclosure system while, at the same time, streamlining the offering process. We strongly support the CSA's efforts to ensure that investors have access to complete and timely information on a broad spectrum of issuers. Such information allows investors to make better and more informed investment decisions. It is particularly gratifying that this enhancement comes with a reduction in regulatory complexity.

## **Comments on Specific Issues**

### *Eligibility*

The proposal would require participating issuers to be "reporting issuers" in all jurisdictions. The CAC believes that this requirement is unnecessary and may impose unnecessary additional costs on issuers. Although many issuers would most likely want to become reporting issuers in all jurisdictions, whether the benefit of all-jurisdiction reporting always justifies the cost is not clearly apparent. The current short form system requires reporting issuer status in only one jurisdiction and appears to us to have functioned well. Accordingly, we recommend that an issuer under the proposed IDS be required to be a reporting issuer in only one jurisdiction that has agreed to be a principal jurisdiction under the Mutual Reliance Review System.

The CAC also supports the CSA's proposal to allow broad access to the IDS by not imposing size or seasoning requirements on issuers. While we believe that the existence of an analyst following is likely to lead to improved market information concerning the issuer, the decision as to whether an issuer will be covered by one or more analysts is a complex one, involving factors beyond size and the length of time the issuer has been reporting. In addition, analyst research is primarily used by institutional investors and may be costly to acquire by individual or "retail" investors. We believe that the proposed enhanced disclosure from a broad range of issuers is particularly beneficial to these investors.

### *Incorporation by Reference of the IDS Disclosure Base Filings*

The CAC strongly supports allowing issuers to incorporate by reference all of its IDS disclosure base filings, including marketing communications, in the prospectus. We believe that this measure will allow issuers and underwriters to provide information in simplified and, hence, more readable formats during the marketing of an offering. Incorporation by reference would also benefit investors by enhancing the reliability of any marketing communications they receive because incorporated documents must be certified.

We believe, however, that all information incorporated by reference should be readily and widely available to ensure that investors have full access to the information. To achieve this goal, we recommend that issuers be required to provide investors with any information that is incorporated by reference on request and in a timely manner. Incorporated information should also be attached as an electronic file to the Annual Information Form. Finally, we recommend that when incorporating by reference, issuers should be required to (1) provide specific information on how to access the referenced information and (2) provide a hyperlink from the issuer's Web site to these reports.

### *Reduction in Time Periods for Filings*

The CAC strongly supports the proposed reduction in the time periods for filing annual and interim financial statement filings from 140 and 60 days to 90 and 45 days respectively. The current time periods do not adequately provide investors with the ability to make timely and informed investment decisions. Canadian requirements have lagged behind those required in the United States and we believe that investors in Canadian companies should receive information in at least as timely a fashion as investors in U.S. companies. We also encourage the CSA to consider further reducing these time periods if the U.S. Securities and Exchange Commission's "Aircraft Carrier" proposal is adopted and U.S. time periods are reduced.

### **Concluding Remarks**

The CAC appreciates the opportunity to comment on the CSA's proposed Integrated Disclosure System Concept Proposal. If you or your staffs have any questions or would like additional information, please do not hesitate to contact Andrew Grasby at 1.403.260.3530 or Philippa Hughes at 1.804.951.5332.

Sincerely,

Andrew D. Grasby, LLB, CFA  
Canadian Advocacy Council Co-Chair

Philippa P.B. Hughes, Esq.  
Associate, Advocacy