1 – Size test – shouls a size test be included as a condition of IDS eligibility?

I am concerned that the availability of IDS to all juniors, and the *significant* increase in administrative time and cost and involvement of accountants that comes with IDS, will have an overall negative effect. Initially, only those juniors with significant cash will have the luxury of being able to take advantage of IDS. They will therefore have easier access to capital. Smaller juniors will have to take steps to follow suit.

This raising of the bar will tend to pull along a lot of juniors that cannot really afford all these extra costs but must, just to 'keep up with the Jones' " and have access to capital. In some ways then, a size test could work by making most juniors ineligible for IDS.

However, could this also lead to the demise of, or at least a serious restriction in access to capital for junior companies as investors would prefer to purchase free trading shares in large and mid-size companies that qualify for IDS?

2 - SIF's comments

Cannot these be tied/rolled into the Material Change requirement to make it just one issue for Companies to deal with?

The requirement for 3 separate SIF's for material acquisitions seems to be overkill. ?For the requirement that an SIF is needed within 10 days of a bus. combo becoming probable, who can decide what is 'probable' – wouldn't most directors just take the view that nothing is probable until the document is signed? This requirement could also be abused by promoters as they would be required to make a news release/SIF if it looked like an agreement was pending.

I assume the definition of a 'material acquisition' would be well defined and, hopefully quite high and similar to the CDNX RTO requirements? To leave it vague or tied to something small in the 20% of assets or market value range would impose a huge burden on companies if prospectus like disclosure must follow.

3 – 90 and 60 day limits for junior companies

I do not believe a reduction in filing times to 90 and 45 days should be imposed. Some of my reasons include:

- smaller companies are already poorly served by their auditors and rarely get their financials more than a day before the printing deadline. A reduction for the annuals to 90 days would greatly increase the difficulty and costs. In the US they have had to go to a mini audit ½ way or 3/4 of the way through the year to get the final audit done at all. This means a *significant* increase in overall time commitment and cost for the companies
- 60 days for quarterlies is, generally, an easy number to keep track of, being roughly two months from the quarter end. The odd 45 day requirement will lead to a lot of wasted time checking calendars and counting out to see if it falls on a weekend etc. This waste of time is not to be underestimated and makes it much more administratively difficult to track.
- Current management time is already at a premium. To suggest that both the quantity of information in quarterlies be increased significantly and that the time frame for preparing be reduced significantly is *very* unreasonable.
- Even if these new time frames are tied only to the IDS there is a strong incentive to apply them to all filers eventually. I would be against this.
- I do not see the need to reduce the reporting time frames. Why not just make it 14 days? Sure it can be done and hey, we will get the information to the public quicker. It is all too easy to justify quicker response times as internet, computers and email make things lightening fast but smaller companies need a minimum amount of time to get things done and still attend to business and the other day to day emergencies that pop up. Management's time is already stretched to the limit! A reduction in the time frames by 2 weeks or 50 days takes away a built in buffer that lets companies cope with these emergencies, day to day business and the ever increasing regulatory burden. Don't make it worse. While I do not know the background of the US system, and their shorter requirements (other than the need for mini audits), it is too easy to say that we must go along with this just because they have imposed them. We are a junior market here and we are talking apples and oranges when we talk about the different business environment that US and Canadian companies must work in. I am sure that there are numerous reasons, including the tax burden here, which makes it much it much harder for

Canadian companies to be profitable and to have the resources to meet these proposed increased time constraints.

General Comments

Increased Quarterly Disclosure

I am not in favour of an MD&A or an ongoing update of SIF's in the quarterlies. This is a *significant* increase in administrative time and cost and involvement of internal and external accountants and lawyers. This means less money spent on the company and its business. It also means, and I believe regulators gloss over this, is that directors and management are *forced* to cut corners more and more in all other administrative functions. By this I mean:

- less detailed review;
- use of boiler plate disclosure – despite whatever the regulators say or do managements time is , even currently, so limited that they must rely more and more on boilerplate for such things like the 'corporate governance disclosure", "risks" and the like. All this amounts to is additional work for lawyers and more paper for everyone. For example, one of our current TSE companies has over *3 pages* now of corporate governance disclosure in its AGM material and AIF. This ongoing disclosure (not even really relevant for a junior) was, generally, quickly reviewed by management and the Board the first time the lawyers presented the new requirements and then, out of necessity, ignored and relegated to useless boilerplate that NO ONE ever reads! This increasing need to rely on lawyers and accountants to do the ever increasing disclosure gets away from the initial goal – the involvement and thoughts of management on important information to be given to the public.
- delegation of the duties to junior unqualified staff or external counsel as set out above.

This all leads to greater potential liability on management and their external counsel.

Need for reporting issuer status in all CSA jurisdictions?

- Absolutely not