

September 6, 2000

DELIVERED

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- and -

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Dear Sirs and Mesdames:

Re: CSA Staff Request for Comment 13-401 - Request for Changes, Additions or Improvements for a Revised SEDAR System (the “Request for Comments”)

This is our firm’s submission in response to the above-noted Request for Comments, which was published in the June 30, 2000 issue of the OSC Bulletin. We appreciate being given the opportunity to make this submission.

We regard SEDAR as a giant step forward from the old paper-filing system. We are also pleased to see that the system will be updated to make it more efficient, and to keep pace with developing technology.

As you requested, we have formatted our responses below within the three general areas outlined in the Request for Comments.

AREA ONE - PROPOSED CHANGES, ADDITIONS AND IMPROVEMENTS IN SEDAR II

Internet-based system

In principle, we support the proposal to develop SEDAR II as an internet-based system, thereby eliminating the need for SEDAR filers to have special hardware or software. Our primary concerns relating to an internet-based system would be:

- the security of the system to ensure that: (i) confidential data that is transmitted over the Internet remains confidential; and (ii) that the data on the system is not subject to attack or corruption by hackers and that filings cannot be made by unauthorized individuals; and
- potential disruptions in service or the ability to file documents, caused by problems on the Internet or with particular Internet service providers. For example, we have had two Internet outages this week that were beyond our control and which lasted for several hours on the day of each outage. Although any computer system - including the current SEDAR system - is subject to unforeseen service interruptions, we believe that back-up systems should be in place to permit direct “dial-up” access to the SEDAR II system as necessary.

Deletion of current functionality

We agree that it would not be detrimental to delete the “E-mail between filers” function. In addition, the “Address book” function is seldom used and could be deleted.

Changes to filing process, fee payment process, access to profiles or searching process

It would be very helpful if filers could refresh a profile from within the filing management module. Currently at the creation of a new project, there is a pop-up window which asks: “Have you verified that the profile(s) you intend to use for this filing are current in Profile Management?”. Perhaps this could be extended to ask the filer: “Would you like to refresh the profile(s) now?”

The current process for attaching filing fees can be very onerous, especially for large mutual fund groups. For example, entering the pro forma filing fees for a prospectus filing with 20 funds requires making 260 entries on the fee payment screen. It would be helpful if:

- it were possible to highlight all the funds in a mutual fund group, enter the appropriate fee amount (e.g., \$800 for a prospectus in Ontario) and have the system calculate the fees for that jurisdiction (e.g., for a group with 20 funds, a total fee of \$16,000); or
- at the very least, the system would return to the same fee selection after the dollar amount is entered rather than returning to the top of the fee schedule every time.

The fee schedules for each province are not consistent. For some jurisdictions the applicable fee is listed for each type of filing however for others no fee is listed at all. We submit that a consistent approach would be beneficial for filers.

Currently, users can search for profiles using a wildcard character on the end of the search term they are using (e.g., Test*). We suggest that users be able to add a wildcard character to the beginning of the search term as well (e.g., *Test). In the Search Profiles module, problems often occur when searching for profiles because of the inability of the system to ignore the word “The” at the beginning of an issuer name.

We also suggest that the print options in the Payment Status Detail screen should be improved to permit font control and the flexibility to print only certain pages of the report at a time. Currently, the Payment Status Detail screen only permits users to print the entire report which on some projects, such as large mutual fund prospectus renewal filings, can be over 100 pages.

Changes to information currently captured in user profiles

It would be beneficial to clarify the “Jurisdiction Where Formed” and “Governing Jurisdiction” areas in the user profile. Often, a corporation is formed in one jurisdiction and then continued in another. Currently, the Profile Management function in SEDAR requests “Jurisdiction Where Formed” but the SEDAR Web site lists that information as the “Governing Jurisdiction”.

In the address sections of the profile, the fields should be more general (e.g., instead of postal code, it should be postal code/ZIP code) since a number of filers have offices located outside Canada.

Proposal that all reporting issuers, including foreign issuers, file on SEDAR

We submit that requiring all reporting issuers to file using SEDAR II may impose substantial costs on those reporting issuers that are currently eligible to file paper copies of documents filed with regulatory authorities in their home jurisdiction under the OSC’s deemed rules *In the Matter of Certain Reporting Issuers* (1997) 20 OSCB 1219 (March 1, 1997), as amended, and *In the Matter of Certain Reporting Issuers* (1997) 20 OSCB 1218 (March 1, 1997), as amended, and corresponding provisions in other jurisdictions. Although these costs are mitigated by the absence of special software or hardware required to access the SEDAR II system, additional professional fees and internal resources would likely be expended in preparing and verifying the accuracy of a separate Canadian filing, as opposed to filing a paper copy of the document filed with the Securities and Exchange Commission (the “SEC”) through its EDGAR system. This issue is of greatest concern in respect of “Category D” reporting issuers that are registered with the SEC, to the extent that the EDGAR filing system is not compatible with SEDAR document filing formats. Obviously, paper filings increasingly will be an anachronism, and ongoing modernization of the EDGAR filing system may ultimately allow for the ready conversion of an EDGAR filed document to a legible PDF or PDF-compatible format that could be filed through the SEDAR system in satisfaction of Canadian reporting obligations. As foreign-incorporated SEC registrants represent a significant proportion of the reporting issuers that are currently exempt from mandatory filing through SEDAR, we submit that it would be appropriate to

defer any changes in the current paper filing regime until the proposed modernization of the EDGAR filing system has been completed.

Ability to calculate fees payable to the CSA

The ability of SEDAR II to calculate CSA fees would be extremely useful. However, it would be necessary for the user to be able to make changes to these “pre-determined” fees, in the event of any unique or unusual circumstances.

Ability to search for profiles from within profile management or filing management modules

It would be very useful and time efficient to be able to search for profiles from the profile management module and filing management module, instead of having to go to a different module altogether.

Ability to retain historic information on issuer profiles, etc.

Having a system in place to prevent duplicate profiles from being created would be an excellent feature. In addition, maintaining historic information such as name change information would be beneficial. Currently, the only way to maintain a reference to a previous name of the issuer is by creating a new profile. If you choose to update the existing profile to reflect the change of name, all references to the previous name are removed from SEDAR.

The ability to change an “Other Filer” profile to an “Other Issuer” profile without having to create a new profile would be a good idea. It would also prevent the accumulation of obsolete “Other Filer” profiles on the system.

Addition of wizards for common tasks

We do not feel that “wizards” are a necessary feature in SEDAR II. We believe that the addition of wizards would only slow down the project creation process.

Searching by document type

The ability to search by document type as in SEDAR.com would be a useful addition.

Additional Mandatory SEDAR II Filings

It would be desirable to be able to file other documents such as all exemptive relief applications and private placement forms via SEDAR.

Mutual Fund Groups

Organizing mutual funds in groups permits single filings by multiple issuers that can be logically grouped under a common “family” name. The current rule that “any particular Mutual Fund Group Profile should only reference those mutual funds that distribute their securities together under a single prospectus” found in section 6.3(a)(i) of the SEDAR Filer Manual, sometimes necessitates the creation of mutual fund group profiles that are only used for the initial public offering of new mutual fund(s). Soon after the prospectus for the new funds is cleared by

the regulators and the funds become reporting issuers, the profiles for the new funds are transferred to the existing mutual fund group profile for subsequent renewals and continuous disclosure filings. The mutual fund group profile created for the initial offering is left “empty” on the system.

We support the proposal to delete the concept of mutual fund groups, subject to the introduction of a suitable alternative system. We do not believe that it would be in the best interests of the user to have to file documents for each fund individually.

AREA TWO - CHANGES THAT COULD RESULT IN ADDITIONAL DEVELOPMENT AND FILING COSTS

Notification to user if document sent to user’s workspace

We believe that this is an extremely important feature. It is costly for law firms to have to dedicate resources to one or more individuals who have to refresh the SEDAR screen routinely to check whether or not a document has arrived. It would be convenient if the filing agent could enter their e-mail address (and perhaps also the e-mail addresses of other members of the firm filing team) for notification of submissions on a project. This way, the notification could be received on a per project basis and would enable all the members of the team to receive the notification. This would enhance supervision by more senior lawyers and would be useful in providing timely communication of filing developments when team members are away from the office.

Tagging documents

We do not feel that “tagging” documents would be a useful function. All documents are now filed in PDF and are full text-searchable within the ADOBE reader.

AREA THREE - PREMIUM SERVICES

We believe that the ability to perform full text searches of documents is very important. It should be possible to perform a full text search to identify documents containing the searched for terms, before incurring any costs for downloading documents from the site.

Today, Torys uses various on-line search services (including 10-K Wizard, FreeEDGAR, LiveEdgar, etc.) to retrieve documents filed with the SEC. They are extremely useful because they are full-text searchable. LiveEdgar is a user pay service (U.S.\$10 for each log in, and U.S.\$1 per minute thereafter) which we anticipate using heavily. We also believe that consideration should be given to simply permitting a third-party (such as LiveEdgar) to extend their software to Canada.

As mentioned above, an e-mail notification indicating that a comment letter or MRRS Decision Document has been sent from the securities regulators would be very useful. If this were a premium service, we believe that clients would want us to use it, because in the long-run, electronic notification would reduce the likelihood of error and would be cost effective.

Subject to the implementation of proper protections to avoid improper disclosure of non-public material, we believe that the availability of documents on the public Web site on real-time would be an excellent enhancement to the system.

It is difficult to conduct a cost-benefit analysis on these proposed enhancements without an indication of the “premiums” involved. Generally, we think it reasonable to expect that the benefits will outweigh the costs for each of the enhancements discussed above.

GENERAL COMMENTS

Since the implementation of SEDAR, there have been numerous instances where documents that were filed in support of a prospectus have inadvertently become publicly available on the SEDAR Web site. This is a source of concern to both us and our clients. We strongly suggest that safeguards be implemented which prohibit supporting documentation from inadvertently becoming part of the public file.

We would be pleased to discuss any of these comments with you further.

Yours truly,

Glen Johnson
Lawyer

Mary Thomas Nagel
Securities Law Clerk