



August 22, 2001

Submitted in Adobe PDF via e-mail

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
Department of Government Services and Lands, Newfoundland and Labrador
Registrar of Securities, Government of the Northwest Territories
Registrar of Securities, Government of the Yukon Territory
Registrar of Securities, Nunavut

c/o: John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8

Commission des valeurs mobilières du
Québec

c/o: Sophie Jean
Policy Advisor
Commission des valeurs
mobilières du Québec
Stock Exchange Tower
800 Victoria Square
P.O. Box 246, 22nd Floor
Montréal, Québec H4Z 1G3

Re: *Notice of Proposed National Policy 51-201 Disclosure Standards and
Proposed Rescission of National Policy 40 Timely Disclosure.*

A recent query from a CIRI member about the extent and nature of quiet periods surrounding the release of quarterly earnings results has sparked a discussion about the issue within our National Policy 51-201 submission committee. As a result, CIRI would like to make this additional comment to the Canadian Securities Administrators on Part 6.7 of the Proposed Policy regarding "Quiet" Periods.

Specifically, our concerns focus on two areas:

- First, the CSA's tacit recommendation in the phrase "...you should consider stopping all communications with analysts, institutional investors and other market professionals during that period, not just those involving the quarterly."
- Second, the examples provided in the corresponding footnote which indicate that, among a number of options, quiet periods may reasonably extend from one month before quarter end to release of results.

Our concerns revolve around the extent to which the CSA's wording may lead some companies to restrict their reasonable communications with the investment community.

For instance, if a company wished to take the strictest interpretation of the CSA's discussion on quiet periods, it could decide to cease all communications with investors from one month before quarter's end until it released its results, which normally occurs from three to eight weeks after quarter's end. In effect, this could cause a company to cut itself off from speaking to investors, either by phone or in individual or group meetings, from seven to 13 weeks each quarter – or from roughly 50% to 100% of each quarter.

Admittedly, the latter scenario is extreme, however we think the CSA should avoid any discussion that opens the door to companies' being too restrictive in their interpretation of the length of time involved in quiet periods.

In addition, with so many companies having quarter ends at March 31, June 30, September 30 and December 31, there is a danger that investor meetings would be condensed into a highly constricted timeframe, potentially overloading market professionals and reducing the opportunity for companies to meet with them.

Our recommendation is that either Part 6.7 or the corresponding footnote be amended to indicate that, while issuers should be cognizant of the difficulties in speaking to investors during periods when the materiality of pending quarterly results becomes clear, they should ensure that any self-imposed restrictions do not unduly limit their normal course communications with investors. The quiet period should not prevent an issuer from conducting other discussions (not related to financial results) with analysts or investors so long as the issuer makes clear to the investors that it will not discuss matters related to financial prospects or related metrics.

CIRI's *Model Disclosure Policy* recommends a less restrictive approach, suggesting that “the Company will not initiate or participate in any meetings or telephone contacts with analysts and investors and no earnings guidance will be provided to anyone, other than responding to unsolicited inquiries concerning factual matters.”

The key difference lies in CIRI's belief that it can be useful for companies to continue to offer specific factual assistance to investors during quiet periods. We believe that shutting off all contact in this way is not in the best interests of issuers, investors or Canadian capital markets as a whole.

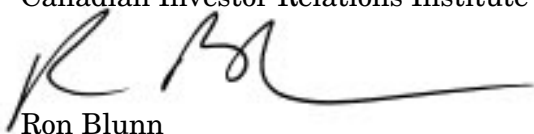
Invariably, any communication during quiet periods would be the responsibility primarily, if not solely, of trained IR professionals, where the risk of inadvertent disclosure of quarterly results, direct or otherwise, is minimal. In addition, recognized remedies exist in the event of inadvertent disclosure.

Finally, as indicated in CIRI's submission to the CSA dated July 25, we suggest the terminology “analysts, institutional investors and market professionals” in Part 6.7 be changed to “analysts and investors” so as not to exclude retail investors from this group and unfairly single out larger, professional market participants.

We thank the CSA for the opportunity to further provide our views on disclosure issues and hope that this subsequent submission offers a useful perspective for your own deliberations.

Yours truly,

Canadian Investor Relations Institute



Ron Blunn
Chair, Issues Committee
(416) 368-8545, extension 222