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

c/o Mr. Peter Brady
Chair of the Continuous Disclosure Harmonization Committee
British Columbia Securities Commission
PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
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c/o Ms. Denise Brosseau
Secretary
Commission des valeurs mobilières du Québec
Stock Exchange Tower, 800 Victoria Square
P.O. Box 246, 22nd Floor
Montreal, Quebec
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Dear Sir/Madam:

Re: Proposed National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") and Companion Policy 51-801CP

The Toronto Stock Exchange ("TSX") appreciates the opportunity to provide comments on proposed NI 51-102 published by the Canadian Securities Administrators (the "CSA") on June 21, 2002. The TSX has reviewed the impact of proposed NI 51-102 on our over 1300 issuers. We have also reviewed the TSX Venture Exchange's submission on the impact of NI 51-102 on its emerging issuers.

The TSX strongly supports the CSA's goal of developing consistent disclosure standards and requirements in the primary and secondary markets for all Canadian jurisdictions. We applaud the CSA's efforts to simplify and reduce the regulatory regime without compromising the rights of investors.

Our comments are limited to those areas of NI 51-102 that are of particular concern to TSX issuers. We endorse, however, the comments of TSX Venture Exchange as applied to their issuers.

Definition of Senior Issuer

We understand that the CSA proposes to use the TSX exempt criteria to define a senior issuer. Senior issuers must meet the proposed compressed filing timeframes for annual and interim financial statements.

The TSX assigns "exempt"/"non-exempt" status at the time of listing. The exempt status is not reviewed annually and an issuer retains that status unless it is suspended and delisted. Over 320 exempt TSX issuers have market capitalizations below $75M that could suggest that exempt issuers do not have the necessary resources to meet the compressed timelines. Accordingly, we do not believe that the CSA should rely on the TSX definition.

As an alternate, we would suggest that the CSA adopt one standard, such as the $75 million public float test, to govern the filing of the Annual Information Form (AIF), the use of the short form prospectus and the filing of financial statements within the proposed compressed timeline. Using one standard will simplify the regime for issuers and investors and is an appropriate cost/benefit allocation.

We appreciate the CSA's concern that issuers must have the resources to meet the collapsed timeframe. We ask the CSA to provide sufficient advance notice before implementing the new timeframes in order that all issuers can put procedures in place to meet the new filing deadlines.

While we believe material information must be provided to the market as soon as possible, issuers must be confident in the accuracy of that information before releasing it. We are concerned that the new US filing deadlines may compromise the accuracy of information released into the marketplace and challenge the audit committee's ability to properly achieve its newly strengthened mandate. We will, however, be monitoring the effects of the US model closely as it is phased-in over the next three years.

Business Acquisition Reports ("BAR")

We agree with the CSA that the secondary market needs to have detailed information about significant transactions involving issuers. We question, however, whether the proposed BAR system best achieves the CSA's goal.

Under the prospectus regime, investors receive information *before* deciding to purchase the security. As proposed, issuers must file a BAR 75 days *after* closing the acquisition. The historical nature of this information significantly reduces its value. The secondary market will already have assessed the transaction as a result of press release disclosure.

In addition, we think that the 20% threshold is too low to trigger the filing requirement. While suitable for prospectus disclosure where the issuer has or will gain access to new financing to offset the costs of the requirement, to satisfy the secondary market BAR, the issuer must spend existing funds to obtain audited statements without a clear benefit to the market. If the acquired company has audited financial statements, the cost to comply with the BAR are minor, however, significant costs will arise if audited statements do not exist or have not been prepared according to GAAS.

As proposed under NI 51-102, we believe the current BAR asks issuers to bear an unnecessary cost given the incremental benefit to investors. We ask the CSA to review the BAR requirements to determine if a more flexible disclosure regime can be adopted that provides more timely information to the market. For example, if the required financial statements do not exist, a possible alternative could be to have the issuer provide a summary of due diligence information that demonstrates the value of the acquisition.

Other Issues on Which Comments Requested

2. Elimination of Requirement to Deliver Financial Information

We support the CSA's decision to eliminate the costly requirement for issuers to deliver financial statements and MD&A to all security holders. We would encourage the CSA to require issuers to broadly disclose to investors throughout the year where they can obtain the information, rather than on an annual basis. For example, issuers could reference the information in all news releases about financial results.

4. Combination of Financial Statement and MD&A Filings

We support the CSA's proposal to require financial statements and MD&A to be filed as one filing. As stated earlier, we ask the CSA to give issuers sufficient advance notice in order that they can put processes in place to meet these new requirements in the proposed tighter timeframes.

5. Disclosure of Restructuring Transactions in Information Circulars

5 (a) While, we support the definition of "restructuring transaction", we suggest that the CSA consider carving out arrangements and reorganizations done strictly for tax structures that do not affect the equity held by current shareholders.

5 (d) The new disclosure standard for Information Circulars provides little guidance with respect to what must be provided. We are concerned about the use of two distinct standards which essentially have the same purpose, namely to allow an investor to make a reasoned decision. Without more guidance, we believe the requirement for 'full, true and plain' disclosure should remain the standard.

7. Requirement to File Material Documents

We support the CSA's proposal to require issuers to describe rather than file constating documents and other instruments that materially affect the rights of security holders or create a security.

11. Credit Supporters and Exchangeable Shares

We support the CSA's proposal to require the filing of continuous disclosure documents about the parent issuer rather than the exchangeable share issuer since the information about the parent is more relevant to the shareholder. Before supporting the proposal to exempt SEC reporting issuers from filing its CD documents with the CSA, we would need to better understand investors' views about ease of access to that information.

Thank you for the opportunity to comment on proposed NI 51-102. We hope that the committee will find them useful. Should you wish to discuss them with us in more detail, I would be pleased to respond.

Yours very truly,

TORONTO STOCK EXCHANGE

Robert M. Fabes