**VIA FAX & ELECTRONIC MAIL**

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Dear CSA Member Commissions

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

Toronto Stock Exchange ("TSX") welcomes the opportunity to comment on the second version of Proposed NI 51-102 published by the Canadian Securities Administrators (the "CSA") on June 20, 2003.

As you know, TSX provided comments on the first version of Proposed NI 51-102 in our letters dated October 2, 2002 and February 5, 2003 to the CSA. We have reviewed the summary of comments the CSA received on the first version of Proposed NI 51-102, as well as the highlighted revisions which are reflected in the current version. Our comments are related those revisions, and to the comments provided earlier by TSX, and are limited to those areas of Proposed 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 "Venture Issuer"**

We understand that the CSA now proposes to implement the concept of "venture issuer" in place of the former concept of "senior issuer". Under the "senior issuer" concept, we previously provided comments that smaller issuers listed on TSX may have difficulties in meeting some of the more onerous and shorter time frame requirements proposed. The implementation of the concept of "venture issuer", which is defined by where the issuer is not listed or quoted, does not address our concerns for such smaller issuers on TSX.

Although we support the lower thresholds, longer timeframes and various exemptions provided throughout Proposed NI 51-102 for venture issuers, as defined therein, we suggest that the CSA will need to monitor the effect of Proposed NI 51-102 on smaller capitalization issuers who do not meet the definition of "venture issuer.

**Other Issues on Which Comments Requested**

*1. Filing Documents*

1(a) We do not support the current proposed approach to limiting the filing of copies of any materials sent to security holders to instances in which securities of the class are held by more than 50 security holders. Such disclosure, although directly affecting a smaller number of security holders, may reflect materials or information which affects the issuer itself, which therefore has implications on security holders of other classes. In addition, all security holders, even if there are less than 50, need to be able to access such materials easily and consistently, and all security holders should have equal access to such materials.

1(b) Consistent with our earlier comments, we support the filing of contracts that create or materially affect the rights of their security holders.

*2. Business Acquisition Disclosure*

2(a) We do not support the current proposed BAR approach. Consistent with our earlier comments, under the current prospectus regime, investors receive information before deciding to purchase the security, but under the proposed regime, 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 and the material change report.

We support the adoption of a more flexible disclosure regime that provides more timely information to the market. We agree that a more appropriate regime would be one where the BAR requirement is recast as subset of the material change reporting requirement, governed by the trigger of a material change and by the same filing time limit as the material change report. However, a direct implication of such a regime would be that the financial statement requirement would have to be more flexible, so as to allow alternative disclosure where the required financial statements do not exist, for example a summary of due diligence information that demonstrates the value of the acquisition.

2(b) If the BAR requirement is recast as a subset of the material change reporting requirement, the current thresholds of significance should not be retained. Rather, the thresholds should be guidelines to materiality, consistent with the definition of "material change" currently proposed and implemented in Part 7 of Proposed NI 51-102.

*3. Disclosure of Auditor Review of Interim Financial Statements*

To simplify this issue, we believe that the absence or presence of an auditor review, and the results of that review, in all cases should be disclosed.

*4. Added MD&A Disclosure*

We support the required discussion of off-balance sheet arrangements and changes in accounting policies.

Thank you for the opportunity to comment on the second version of Proposed NI 51-102. We look forward to the implementation of Proposed NI 51-102, subject to our comments as discussed above. 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