

# STIKEMAN ELLIOTT

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**VIA EMAIL AND ORDINARY MAIL** February 20, 2006

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia  
V7Y 1L2

Attention: Rosann Youck,  
Chair of the Continuous Disclosure Harmonization Committee

Autorité des marchés financiers  
Stock Exchange Tower  
800 Victoria Square  
P.O. Box 246, 22<sup>nd</sup> Floor  
Montreal, Quebec  
H4Z 1G3

Attention: Anne-Marie Beaudoin, Secretary

Dear Sirs/Mesdames:

**Re: Proposed Amendments to NI 51-102, etc.**

This letter represents my personal and without prejudice comments (and not those of the firm or any client). My comments (in no particular order) are:

1. I have not yet seen very much written about the proposed new statement of comprehensive income. However, as Nick LePan of OSFI stated on February 16, 2006, we have reached "new rule overload". He called on all regulators to avoid more rules where possible. This concept is particularly applicable to the CSA, who have been creating new rules and amending existing rules at a prodigious pace since obtaining rule-making powers. Each change costs a lot in terms of transitional expenses and time and energy. I would suggest that the

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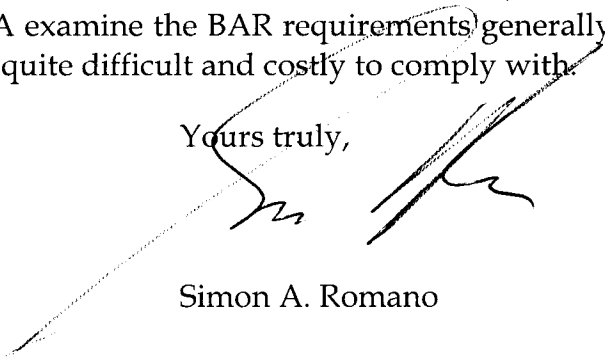
time has come to see where rules can be reduced. Perhaps, in addition to a rigorous cost-benefit analysis of new rules, a working principle would be to try to eliminate a requirement if a new one is to be introduced.

2. The definition of “executive officer”, in para. (d), seems incorrect. Also, should it use the term “senior officer” in para. (c)?
3. The additional words in the definition of “recognized exchange” are difficult. Dealers engage in trading, stock exchanges merely execute transactions (and are not registered as dealers because they do not trade, as defined). The new words seem to make every dealer a recognized exchange.
4. In the definition of “restructuring transaction”, para. (b) suggests that every amalgamation or reorganization would be caught. If a reporting issuer amalgamates with one or more wholly-owned subsidiaries, or engage in another form of internal reorganization not involving its securityholders, that should probably not be caught. In para. (c), does this refer to the legal ability (at over 50%) or the factual ability (at a lower level) to elect the majority of directors, and does one consider any holdings the “new securityholders” (which is an unclear term) hold otherwise?
5. Does the term “significant equity investee” in Section 5.7 need to be defined? Also, the word “known” should be added before the words “contingent issuance” in S. 5.7(1)(b), as the reporting issuer may not be aware of the equity investee’s plans.
6. I would suggest that beyond constating documents (e.g. articles and by-laws), material contracts should not need to be filed on SEDAR, as the costs related to that (including the cost of disclosing to competitors and others otherwise confidential details) seem to outweigh the benefits. A requirement to summarize any material contracts with change of control provisions, coupled with the existing disclosure requirements, would seem to satisfy most legitimate interests in material contracts.
7. It should be clarified that business acquisition reports are not required if the acquisition of the business in question was described (and appropriate financial statements included) in a prospectus or information circular. This is particularly burdensome in the context of income trust IPOs or take-over bids where largely (but not entirely)

duplicative materials are required to be filed with the BAR, at a cost of course.

8. The addition to Section 6.1 of CP 51-102 should in my view confirm that it does not apply where only part of another document, which part does not incorporate other documents by reference, is incorporated by reference. Incorporation by reference can cause severe translation difficulties and costs.
9. Query whether S. 8.1(5) of CP 51-102 is going overboard by potentially requiring two BARs. I am not sure that the benefits outweigh the costs and encourage you to re-consider this. An alternative could be for the parent to simply alert the public by press release to its subsidiary's BAR.
10. Query whether S. 8.10(2) of CP 51-102 is excessive. The acquired business could have had a different auditor, a different reporting currency and/or different GAAP. BARs generally, and auditor review, should be relaxed in such situations. In fact, I would recommend that the CSA examine the BAR requirements generally, as they seem to be proving quite difficult and costly to comply with.

Yours truly,

  
Simon A. Romano

SAR/he

- cc.: Alberta Securities Commission  
Saskatchewan Financial Services Commission - Securities Division  
Manitoba Securities Commission  
Ontario Securities Commission  
New Brunswick Securities Commission  
Registrar of Securities, Prince Edward Island  
Nova Securities Commission  
Newfoundland and Labrador Securities Commission  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Registrar of Securities, Nunavut