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March 9, 2006

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Newfoundland and Labrador Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Dear Sirs/Mesdames:

Re**: Comments on Proposed Amendments to NI 51-102 Continuous Disclosure Obligations, Related Forms and Companion Policy, NI 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, and NI 71- 102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Companion Policy (collectively the "Instruments")**

I. INTRODUCTION

We are pleased to submit this letter to the Canadian Securities Administrators (the "**CSA**") in response to the Notice and Request for Comments published on December 9, 2005 (2005) 28 OSCB 9845 (the "**Notice**") on proposed amendments to the Instruments. Unless otherwise defined herein, defined terms used in this response letter will have the same meaning as used in the Notice.

PART II – Response to Specific Requests for Comments sets out our response to the CSA's request for comments on certain specific aspects of NI 51-102. **PART III – General Comments** sets out our general comments on NI 51-102.

II. RESPONSE TO SPECIFIC REQUESTS FOR COMMENTS

The following are our comments in response to certain of your specific requests for comments.

1. **Definition of "Venture Issuer"**

It is our view that an exchange listing of debt securities should not affect the ability of a debt-only issuer to have the benefit of exemptions from certain disclosure requirements accorded to venture issuers under NI 51-102 and related forms and other National and Multilateral Instruments[1].

We base this view on the understanding that (i) investors in debt securities have different informational needs and resources than investors in equity securities; (ii) investors in debt and equity securities have different investment expectations; and (iii) investors in debt and equity securities have different remedies against the issuer.

Typically, the reporting and other covenants of an issuer of debt securities are negotiated between the underwriters and the issuer after taking into account the results of diligence undertaken by the underwriters and their assessment of the credit risk of the issuer. Adherence to these requirements and the enforcement thereof is typically monitored and enforced by a custodian or trustee.

Furthermore, the investment goal of investors in debt and equity securities are different. Holders of equity securities participate in the increase or decrease in value of the equity securities - which tend to fluctuate in line with an issuer's prospects. As such, it is important for holders of equity securities to have timely and appropriate information on an issuer in order to ascertain the prospects of the issuer. However the investment objective of debt holders is the payment of interest and the return of capital at the maturity date. As such, a debt holder's primary concern is with the credit risk and solvency of an issuer. As discussed above, the reporting needs of debt investors are determined during the negotiation of the instruments creating the debt and the assessment by debt investors of the credit risk of the issuer is reflected in the cost of borrowing. Moreover, holders of debt securities are protected in a manner that holders of equity securities are not, in that debt holders' claims rank in priority to holders of equity securities.

In addition, to the extent that debt securities are rated, debt holders benefit from the assistance of rating agencies with respect to the agencies' assessment of the credit risk of the issuer and from the fact that the issuer must disclose a significant amount of information to the rating agencies in order for the rating agencies to make their assessment. The access to timely and relevant information by rating agencies provides a key protection and a source of relevant information to debt holders.

[1] MI 52-110 and NI 58-101.

Accordingly, based on the nature of debt securities, the protection mechanisms contained in the instrument creating the debt securities, the role of rating agencies and the fact that debt holders' claims rank in priority to holders of equity, the majority of the non-venture issuer requirements in the Instruments should not be applicable to debt-only issuers, as the benefits to be gained by the imposition of such requirements would increase the costs to such issuers without any of the co-related benefits, as is the case with equity issuers subject to such requirements. In fact there is a compelling reason to conclude that the exemptions applicable to debt-only issuers should be broader than those granted to venture issuers based on the protections already accorded to holders debt.

III. GENERAL COMMENTS

1. Definition of "venture issuer"

It is our view that issuers listed on the Berlin-Bremen Stock Exchange (and similar exchanges) should be considered venture issuers.

This is based on our understanding that the decision to list on the Berlin-Bremen Stock Exchange is that of the broker and not the issuer as the rules of the exchange permit the secondary listing in Germany at any time and without the approval of the issuer, as long as the stock is already listed on an internationally recognised regulated market. Accordingly, any broker can list any eligible foreign issuer on the Berlin-Bremen Stock Exchange without the issuer's permission and without filing any documents from or about the issuer. Moreover, the de-listing of the issuer's securities is solely up to the Berlin-Bremen Stock Exchange.

2. Additional Disclosure for Reporting Issuers with Significant Equity Investees:

It is our view that the requirement contained in section 5.7 (and related sections) of the proposed amendments to NI 51-102 should not be adopted.

It is our position that it is not appropriate to include the information with respect to significant equity investees in a reporting issuer's MD&A if the applicable accounting rules of the reporting issuer do not require the inclusion of such financial information in the consolidated financial statements of the reporting issuer.

Furthermore, the reporting issuer may not be involved in the preparation of the financial statements of the equity investee and may not be able to have access to the requisite information in order to verify the accuracy of the financial

information provided by the equity investee. As such, it would make it extremely difficult for the Chief Executive Officer and Chief Financial Officer of the reporting issuer to provide the certification with respect to the annual and interim filings required by MI 52-109.

In addition, to the extent that the equity investee is a private company, the annual financial information with respect to the equity investee may not be audited and the reporting issuer may not have sufficient voting control to cause an auditor to be appointed (as corporate legislation provides shareholders of non-distributing corporations with the right to dispense with the appointment of an auditor). Moreover, by requiring a reporting issuer to include financial information on the equity investee in its filings the proposed amendments effectively force private companies to prepare interim financial statements and force private companies (and possibly venture issuers) to prepare their financial statements in the time frame prescribed by NI 51-102 for non-venture issuers (being 90 days for annual filings and 45 days for interim financial statements).

It is also our view that it would be inappropriate to include financial information on an equity investee in the MD&A of a reporting issuer which may not be audited and which may not be verifiable by the reporting issuer in light of the potential liability of the reporting issuer for any misrepresentations in the information provided by the equity investee under the secondary market disclosure regime established in the Province of Ontario.

IV. CONCLUSIONS

We appreciate being given the opportunity to comment on the important and worthy initiatives contained in the Instruments. If you wish to discuss any of our comments please do not hesitate to contact Krisztian Toth or Richard Steinberg of our Toronto office. The contact particulars are set out below.

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Respectfully submitted,

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