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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

Ms. Anne-Marie Beaudoin, Secretary
Autorité des marchés financiers
Stock Exchange Tower
800, Square Victoria,
P.O. Box. 246, 22nd Floor
Montréal, Québec H4Z 1G3

Ms. Rosann Youck, Chair of the Continuous Disclosure
Harmonization Committee
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2

Dear Sirs and Mesdames:

Re: Request for comments to Proposed Amendments to *Regulation 51-102 respecting Continuous Disclosure Obligations* ("Regulation 51-102"), Form 51-102F1, Form 51-102F2, Form 51-102F3, Form 51-102F4, Form 51-102F5, Form 51-102F6 and Proposed Policy Statement to Regulation 51-102

Reference is made to the Request for Comments dated December 9, 2005 issued by the Canadian Securities Administrators with respect to proposed amendments to Regulation 51-102. We appreciate the invitation to provide comments with respect to Regulation 51-102.

We have not provided comprehensive comments with respect to all amendments to Regulation 51-102 but rather address only the specific issue of venture issuers and debt-only issuers.

In general, we support the philosophy behind the various exemptions and longer reporting timeframes set out in Regulation 51-102 for venture issuers. We understand the reason for such treatment is largely that venture issuers lack the financial and internal resources to support the same level of continuous disclosure obligations as imposed to issuers other than venture issuers.

This being said, we submit that another category of issuer, for other reasons, also merits similar accommodations under Regulation 45-102. We believe that the same accommodations should be granted to debt - only issuers for the reasons set out below.

a) Debt and Equity Securities

A debt security establishes a debtor/creditor relationship over a determined period of time between the debt security holder and the issuer. Basically, the issuer borrows money from the holder with an obligation to reimburse the amount borrowed, with interest, at maturity. Although debt securities often carry with them sophisticated characteristics, the basic obligations of the parties remain that of a creditor and debtor.

Equity securities grant the holder an ownership interest in the issuer and do not result in the issuer having obligations towards the holder, not even with respect to dividends.

It is the existence of ongoing rights and obligations under a debt issue that requires that a form of agreement (usually a trust indenture) be entered into between the issuer and the holders, usually represented by a trustee. It is within this framework that the issuers' obligations and holders' rights are set out in detail. The conditions of the trust indenture address those matters which are necessary to give the holders the information, protection and comfort with respect to the investment.

The framework of rights and obligations provided for in trust indentures does not exist for equity security holders otherwise than rights and obligations enacted by securities regulators for the benefit and protection of equity security holders.

The specific nature of debt securities creates the need for a framework to be put in place to govern the ongoing relationship between the issuer and holders. It is within this framework that the holder benefits from a series of rights and remedies. For this reason, we see no need or real benefit to further subject debt-only issuers to the same level of regulation as is put in place for those security holders that rely solely on such regulation.

b) Nature of the investment

The holder of a debt security is looking to have both the capital invested and the interest thereon paid at the expiry of the term. The preoccupation of a debt security holder is therefore the ability of the issuer to meet its debt obligations.

The holder of an equity security is looking to speculate on the value of the ownership interest it holds in the issuer. The preoccupation of the equity security holder is the overall financial performance of the issuer and the market perception of same, as it is ultimately the market which determines the value of an equity security at a given point in time.

Because the nature of the investments and resulting security holder expectations and preoccupations are different, the obligations of disclosure should be consistent with those differences.

As the creditworthiness of the debt issuer is the ultimate measure of the issuer ability to meet its debt obligations, the credit rating afforded the issue by a rating agency is a most appropriate tool on which investors may rely, in conjunction, of course, of the trustee role under the trust indenture. This information is far more pertinent and practical as well in comparison to an annual information form for example.

c) Exchange Listing

At the outset, we believe in this case it is the very nature of the investments that dictates the degree and extent of disclosure which is required for the benefit and protection of investors. Debt securities simply do not require the same level of information disclosure as do equity securities for reasons discussed above.

In 2003, the Canadian Securities Administrators saw fit to make the distinction between venture and non-venture issuers by applying a listing test rather than a market value test. Without making any comment on the merits of that choice, its sole purpose was to distinguish the relative size of various issuers and their resulting status as venture issuer or non-venture issuer and therefore their ability to comply with certain disclosure obligations.

In 2006, our focus is debt-only issuers and is therefore a function of the type of security issued as opposed to relative size of the issuer as was the case for the venture issuer classification in 2003. Therefore, a benchmark for size (listing test) in a classification based on security type is of questionable relevance.

Moreover, at a more practical level, we find it difficult to reconcile or justify the listing distinction when one considers the possibility of a debt-only issuer listing on an exchange being subject to continuous disclosure obligations, while a similar issuer with similar debt, not listed, might be subject to lesser ongoing disclosure requirements, all the while the profile of the issuers, the nature of the debt and the information requirements of investors are the same.

We consider that debt-only issuers merit similar accommodations as are offered to venture issuers. Because the nature of the security being issued, as opposed to the nature of the issuer, is at the heart of the analysis, we would suggest that a similar but separate treatment be incorporated into Regulation 51-102. This addition would require a definition of what would constitute a “debt-only issuer” regardless of its listing status.

Thank you for the opportunity to address this matter. If you have any questions relating to the foregoing, please do not hesitate to contact the undersigned.

MILLER THOMSON POULIOT

Chantal Joubert
CJ:ss