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March 18, 2009

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VIA E-MAIL AND COURIER

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Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

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Re: Proposed NI 55-104 and Companion Policy 55-104CP

Dear Sirs/Mesdames:

I respond to your request for comments from the viewpoint of a practitioner with significant practical experience in assisting issuers in complying with these requirements. I comment as follows with reference to your specific requests for comments:

1. I agree with the proposal to limit the insider reporting requirements to persons who are "reporting insiders" as defined in the Proposed Materials, subject to my comment on 2 below.

2. It is arguable that the automatic inclusion of officers from major subsidiaries as reporting insiders should be eliminated. If this concept is maintained, however, I concur with increasing the threshold for the definition of "major subsidiary" from 20% of consolidated revenues or assets to 30%.

3. I am concerned that accelerating reporting deadlines from 10 days to five calendar days will inadvertently place a number of insiders off-side the reporting requirements and increase compliance costs, time and stress. In my experience, insider reports are late for a large number of reasons, many of which are completely innocent and without fault, such as:

   (a) a misunderstanding of when deferrals are available, for example, under the exemptions relating to automatic securities plans;

   (b) misunderstandings over the application of the requirements to compensation arrangements;

   (c) misunderstandings over the application of the requirements to equity monetizations arrangements;

   (d) misunderstandings as to proper completion of reporting, such as for compensation arrangements and equity monetizations;

   (e) grants of securities such as options or RSUs made to insiders when the issuer does not, and it is not practicable for the issuer to, provide all required information on grants to insiders with sufficient time to meet the deadlines;

   (f) trades made in discretionary accounts which do not immediately come to the attention of the insider; and

   (g) executives being unavailable for a variety of reasons, including business travel, illness, etc.

   Accelerating the deadlines will accordingly not necessarily accelerate reporting, it will simply make it more difficult and stressful for insiders (and issuers) to comply. It will certainly not make the information provided more accurate if, in a rush to complete filings, advice is not obtained as to the application of the requirements.

8. I do not agree with the proposal to require issuers to disclose in shareholder meeting information circulars whether insiders have been subject to late filing fees. As noted above, insider reports are late for many reasons, many of which are innocent or inadvertent. If a securities regulatory authority wishes to institute proceedings for late insider filings where they believe that the infraction is not inadvertent or innocent and is serious, then that information will be appropriately, publicly and properly disclosed. If the late filing does not rise to that level of materiality, it is not clear what useful purpose, overriding the additional paper, costs and time, is served in providing disclosure to investors of circumstances where late filings were done inadvertently or innocently, together with a myriad of explanations, e.g. illness, in circumstances where no securities commission has seen fit to bring any proceedings. In fact, requiring such disclosure may imply a degree of materiality to the information which is in and of itself misleading.

   In addition, implementing this proposal effectively imposes a "sanction" where the adjudicative process is essentially driven, initially, by a computer application. Disclosure would be required when in fact there is no substantive adjudication of wrong-doing.

   I note that a result of requiring such disclosure will be to provide a significant incentive for everyone subject to a late insider reporting fee with an explanation to contest that finding, adding more cost and stress to the system, to little benefit to anyone.

   This type of information will not generally come within the categories of information which meet the primary objective of the preparation and distribution of an information circular, which is to provide information reasonably relevant for shareholders to vote in respect of the election of directors. I also note there has been a proliferation of the amount of information now subject to disclosure in information circulars, where the overall cost is now outweighing its benefit. The more information which is required to be disclosed, the less useful any of it becomes.

As an additional comment, I strongly recommend that the grant of all compensation arrangements, be they options, RSUs or DSUs, whether settled in cash, securities acquired in the market, or shares issued from treasury, be exempt from insider reporting requirements. These do not provide any meaningful information relating to discrete investment decisions. All of these arrangements are fully disclosed in the proper factual and legal context as executive and director compensation in management proxy circulars for directors and the five key named executive officers.

I note, for example, that the current rules (and Proposed Materials) exempt from insider reporting DSUs granted to directors which are settled in cash based on whole share values, while requiring reporting for DSUs settled in shares acquired in the market or issued from treasury. This illustrates why insider reporting for grants of compensation arrangements should simply be eliminated.

This suggestion would also obviate to some degree the problems raised by accelerating filing deadlines.

Yours very truly,

John M. Tuzyk

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