



Pension Investment
Association of Canada

Association canadienne des
gestionnaires de caisses de retraite

November 14, 2011

British Columbia Securities Commission
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
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Department of Community Services, Government of Yukon
Office of the Superintendent of Securities, Government of the Northwest Territories
Legal Registries Division, Department of Justice, Government of Nunavut

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RE: Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers

This submission is made by the Pension Investment Association of Canada ("PIAC") in reply to the request for comments published on July 29, 2011 by the Canadian Securities Administrators ("CSA") on Proposed National Instrument 51-103 Ongoing Governance and Disclosure Requirements for Venture Issuers (the "Proposal").

PIAC has been the national voice for Canadian pension funds since 1977. Senior investment professionals employed by PIAC's member funds are responsible for the oversight and management of over \$1 trillion in assets on behalf of millions of Canadians. PIAC's mission is to promote sound investment practices and good governance for the benefit of pension plan sponsors and beneficiaries.

As noted in our response to the CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation* (the “Consultation Paper”), PIAC is generally supportive of regulatory changes that streamline disclosure requirements and reduce expenses for venture issuers, provided that investors remain adequately protected. We are pleased the CSA has reflected on the feedback received and made a number of changes from what was contemplated in the Consultation Paper. However, we still believe that some of the provisions outlined in the Proposal will unduly compromise disclosure and governance standards and it is unclear that the regime proposed will result in a less complex, streamlined system more manageable for venture issuers. We have provided comments in respect of the questions or issues where we felt that our perspective might be helpful.

Financial Reporting Requirements

We believe it is important for investors to be able to review the financial position of venture companies on a regular basis to manage investment risk and are of the view that the benefits of three and nine month interim financial statements and MD&A outweigh the time and costs of report preparation incurred by venture issuers. If full interim financial statements are not provided, we believe that at a minimum, investors should be provided with the cash and debt balances of exploration and development stage companies, which form a large part of the venture market.

Business Acquisition Reporting

In the event of a significant business acquisition, we believe that financial statements are useful because they provide certain asset specific information within the notes sections that would otherwise be unavailable post merger/amalgamation. We do not believe that issuers would incur additional cost from providing financial statements in this scenario given that they are historical and already filed. Given the value of the financial statements, we consider the proposed threshold of 100% of market capitalization of the issuer too high, as it would result in disclosure only within a limited set of circumstances. On the other hand, we are of the view that pro-forma financial statements provide limited value for investors of venture companies and we would not be opposed to excluding these reports given the extra costs involved in preparing these materials.

Exemption for IPO Prospectuses

We believe that the current exemption allowing “junior issuers” to provide only one year of audited financial statements together with unaudited comparative year financial information in their IPO prospectuses should be expanded to all venture issuers. In our view, with the exception of the notes to the financial statements, historical financial statements are generally not useful for investors of mining/materials companies, which comprise the majority of venture issuers.

Executive Compensation Disclosure

We suggest reinstating the requirement to disclose the grant date fair value of stock options, as we believe that these details provide useful information for investors of

venture issuers. The grant date fair value reflects the board's intentions with respect to compensation, and provides investors with a deeper understanding of the link between pay and performance.

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We appreciate this opportunity to comment. Please do not hesitate to contact Stéphanie Lachance, Chair of the Corporate Governance Committee (514-925-5441; slachance@investpsp.ca) if you wish to discuss any aspect of this letter in further detail.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'B. Miazga', written in a cursive style.

Barbara Miazga
Chair