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Alberta Securities Commission
Financial and Consumer Affairs Authority (Saskatchewan)
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

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Dear Ms. Streu and M[e] Beaudoin:

Re: Proposed Amendments to NI 51-102, NI 41-101 and NI 52-110 ("Proposed Amendments")

The Small Company Advisory Group (SCAG) of the Chartered Professional Accountants of Canada (CPA Canada) provides CPA Canada with advice about the needs of small and medium Canadian public companies. Members of the SCAG all work in this important sector of the Canadian economy as senior executives, financial management, directors and audit committee members, or auditors.

In general, the SCAG is supportive of the Proposed Amendments as they are meant to help venture issuers focus on the disclosures that reflect investor needs and eliminate disclosures that may be less valuable to investors while also streamlining the disclosure requirements and enhancing governance requirements in a cost efficient manner.

Venture issuers are significant value and job creators in the Canadian economy. It is important that these organizations operate in a reporting and regulatory environment that is both attractive and protective of investors' interests. Accordingly, the SCAG welcomes the Proposed Amendments outlined in the CSA Notice and Request for Comment.

We also would like to provide comments on the specific questions outlined in the Request for Comment.

Quarterly Highlights

1. a. Do you agree that we have chosen the correct way to differentiate between venture issuers?

Comments: *We do not agree with the use of significant revenue as the only metric to differentiate between venture issuers. A venture issuer could have significant capital expenditures or research and development costs but have no revenue – each of these venture issuers should be complying with the existing interim MD&A disclosure requirements.*

We also believe that more guidance should be provided on what constitutes significant revenue. Metrics used to differentiate venture issuers should include significant capital expenditures and research & development costs to determine which issuers would be permitted to do the quarterly highlights instead of the MD&A.

1. b. Should all venture issuers be permitted to provide quarterly highlights disclosure?

Comments: *Given there are some larger public companies on the venture exchange, we do not think that all venture issuers should be permitted to provide the quarterly highlights disclosure. We believe that only the venture issuers that meet the criteria outlined should be allowed to do the interim highlights disclosure.*

Executive Compensation

2. What is the most appropriate deadline applicable to venture issuers for filing executive compensation disclosure: 140 days, 180 days or some later date? Please explain.

Comments: *In terms of the most appropriate deadline applicable to venture issuers for filing executive compensation disclosure, we recommend 180 days as the most appropriate deadline to align the financial reporting deadlines with the executive compensation disclosures. If an earlier deadline of 140 days was used, venture issuers may have to file the same information twice, which is not a value-added activity and increases the chances of error.*

BARs – on proposed and recently completed acquisitions

3. Do you think that a prospectus should always include BAR-level disclosure about a proposed acquisition if

- it is significant in the 40% to 100% range, and
- any proceeds of the prospectus offering will be used to finance the proposed acquisition?

Why or why not?

Comments: *If the essence of the transaction is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then BAR disclosure would not always be required.*

4. Do you think that an information circular should always include BAR-level disclosure about a proposed acquisition if

- it is significant in the 40% to 100% range, and
- the matter to be voted on is the proposed acquisition?

Why or why not?

Comments: *If the essence of the acquisition is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then BAR disclosure would not always be required.*

5. Do you think we should require BAR-level disclosure in a prospectus where

- financing has been provided (by a vendor or third party) in respect of a recently completed acquisition significant in the 40% to 100% range, and
- any proceeds of the offering are allocated to the repayment of the financing.

Why or why not?

Comments: *If the essence of the financing is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then BAR disclosure would not always be required.*

6. If we were to require BAR-level disclosure in the situations outlined above in questions 3, 4 and 5, the significance threshold for prospectus and information circular disclosure will not be harmonized with the threshold for continuous disclosure. Is this a problem?

Comments: *This question is not applicable as our answers are the same for 3, 4 and 5.*

7. If we do not require BAR-level disclosure in the situations outlined above in questions 3, 4, and 5, do you think an investor will be able to make an informed investment or voting decision?

Comments: *Once again, if the essence of the transaction is disclosed through satisfying the requirement for **full, true and plain disclosure**, then an investor should have sufficient information on which to make an informed investment or voting decision.*

Audit Committees

8. Do you think we should provide exceptions from our proposed audit committee composition requirements for venture issuers similar to the exceptions in sections 3.2 to 3.9 of NI 52-110? If so, which exceptions do you think are appropriate?

Comments: *We believe all these exceptions should be allowed for venture issuers.*

Closing

We support these steps being taken by the Canadian Securities Administrators to help venture issuers manage their reporting requirements on a cost effective basis while maintaining appropriate disclosures.

Yours truly,

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