



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

CSA Multilateral Consultation Paper 51-403 *Tailoring Venture Issuer Regulation*

A Canadian Securities Administrators consultation by the securities regulatory authorities of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan. Although Ontario and Québec are not fully participating in this consultation, they are encouraging their market participants to review the proposals and provide comments.

May 31, 2010

About this paper

This consultation paper:

- is intended to assess market interest in pursuing a more tailored approach to regulation of the venture market that we think could benefit both issuers and investors, and
- seeks the views of venture market stakeholders, including investors and investor associations, venture issuers and their professional advisers, exchanges, dealers and industry associations.

Consultation rationale

As regulators that deal extensively with Canadian venture issuers and investors, we want to know if there are additional steps we could take to develop a regulatory regime that is directed at and tailored to the venture market.

With the participation of market participants, we hope to answer that question.

We look forward to rigorous discussion and participation in this process.

The consultation process

Consultation paper

The securities regulatory authorities in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan, are publishing this consultation paper to assess market interest in pursuing a more tailored approach to regulating venture issuers. We think that a more tailored approach to venture issuer regulation could enhance investor protection in this market, and reduce regulatory costs for venture issuers, allowing management to focus more attention on business development.

For the purpose of this consultation paper, “venture issuer” means reporting issuers that trade on the Canadian junior exchanges, i.e., the TSX Venture Exchange (TSXV) and the Canadian National Stock Exchange (CNSX) as well as other reporting issuers whose equity shares trade over the counter in Canada or on certain international junior markets, such as the London Stock Exchange’s Alternative Investment Market (AIM).

Currently our proposals do not extend to reporting issuers that are subject to BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets*. That new rule already imposes tailored disclosure requirements for that group of issuers. We think it appropriate to assess how those tailored requirements are working before we consider including those issuers in these more general proposals for venture issuer disclosure.

Our proposals would:

- tailor regulatory requirements to the needs and expectations of investors in the Canadian venture market through
 - varying or eliminating certain costly requirements, and
 - introducing supplemental disclosure that may be more relevant for venture issuers and their investors; and
- reinforce governance standards in the venture market through substantive obligations, certification and disclosure.

We have developed proposals:

- for an alternative continuous disclosure and governance regime for venture issuers, and,
- to coordinate the alternative continuous disclosure requirements for venture issuers with the disclosure required of venture issuers in the context of a prospectus offering and certain exempt offerings.

We invite market participants to provide input on the proposals outlined in this consultation paper. We are particularly interested in hearing from those participating in the venture market. We also invite ideas for other possible regulatory reforms directed at the venture market.

Please click [here](#) to access the proposals.

Consultation sessions

In addition to soliciting written comments, we will conduct consultation sessions to engage with venture market participants across Canada to facilitate further feedback and identify any regional differences.

Although not all CSA jurisdictions participated in developing the consultation proposals, our CSA colleagues have expressed interest in the market response to the proposals. The Ontario Securities Commission and the Autorité des marchés financiers are very supportive of the effort to widely consult with all affected market participants on these proposals, will continue to have an interest in the development of regulation tailored to venture issuers and intend to cooperate with CSA participating jurisdictions in the consultation process.

We will be coordinating our consultations with the local securities regulatory authorities (e.g., the Ontario Securities Commission and the Autorité des marchés financiers) and will share the results of our consultations with all of our CSA colleagues.

If you want to participate in the consultation sessions on these proposals, please click [here](#).

Comments and submissions

You may provide written comments in hard copy or electronic form. The comment period expires on September 17, 2010.

We cannot ensure the confidentiality of written comments. We anticipate sharing comments with our CSA colleagues.

Please **address** your comments to each of the following:

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Nova Scotia Securities Commission
New Brunswick Securities Commission
Saskatchewan Financial Services Commission

Please **send** your comments **only** to the following address. They will be shared with the other jurisdictions.

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