August 7, 2014

BY EMAIL

British Columbia Securities Commission
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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and

Me Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
consultation-en-cours@lautorite.qc.ca

Dear Sirs/Mesdames:

Re: Proposed Amendments to NI 51-102 Continuous Disclosure Obligations, NI 41-101 General Prospectus Requirements and NI 52-110 Audit Committees (the "Proposed Amendments")

The Canadian Advocacy Council[1] for Canadian CFA Institute[2] Societies (the CAC) appreciates the opportunity to comment on the Proposed Amendments and wishes to provide some general comments on the Proposed Amendments.

[1]The CAC represents the 13,000 Canadian members of CFA Institute and its 12 Member Societies across Canada. The CAC membership includes portfolio managers, analysts and other investment professionals in Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital

We understand that the purpose of the proposed amendments is to focus the disclosure for venture issuers on valuable information reflecting the needs of venture issuer investors, while also streamlining the requirements for the issuers themselves. While we support the change from the original proposal which would have placed all the venture issuer continuous disclosure obligations in an entirely separate regulatory instrument, we remain concerned about placing too high a distinction on the nature of the issuer with respect to continuous disclosure requirements. While we appreciate the time and costs involved in maintaining robust disclosure and the resulting impact on the ability of small issuers to access the public markets, we do not believe that those considerations should outweigh the benefits to investor protection that arise through fulsome disclosure. As a result, we continue to believe that venture issuers should be required to provide the same level of disclosure as other issuers.

As previously noted in our comments on the 2013 proposals, one of the standards contained in the CFA Institute's Code of Ethics and Standards of Professional Conduct requires members to exercise diligence in analyzing investments, and to have a reasonable and adequate basis, supported by appropriate research, for any investment recommendation. A disclosure regime for venture issuers which results in less public information being available than what is available for more senior public issuers could, in some cases, result in insufficient information for the necessary due diligence analysis.

In the event that the reduced disclosure regime for venture issuers proceeds, we have the following comments on some of the proposed specific requirements.

It is proposed that venture issuers without significant revenue can complete their quarterly interim MD&A using a streamlined disclosure document. In the very early stages of a venture issuer's existence post-IPO, it is particularly important for investors to become comfortable with the issuer's continuous disclosure record. Investors should be given an opportunity to determine whether or not the issuer is expending cash in the manner it disclosed in its IPO prospectus, and thus in the streamlined document the CSA should require robust disclosure with respect to capital expenditures in each quarter. While arguably issuers would have to discuss material changes in expenditures, the Companion Policy could clarify this expectation. In addition, guidance should be provided with respect to the term "significant revenue" such that only the smallest issuers would be exempt from the full MD&A requirements (and the determination of significant revenue is less subjective).

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markets in Canada. See the CAC's website at http://www.cfasociety.org/cac. Our Code of Ethics and Standards of Professional Conduct can be found at http://www.cfainstitute.org/ethics/codes/ethics/Pages/index.aspx.

[2] CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behavior in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 119,000 members in 147 countries and territories, including 112,000 CFA charterholders, and 143 member societies. For more information, visit www.cfainstitute.org.

With respect to the proposed changes to the executive compensation disclosure, we do not understand the rationale for reducing the number of individuals for whom disclosure would be required, nor the reduction in the number of years of disclosure from three to two. In our experience, venture issuers tend to have a less complicated corporate structure than more established, senior issuers, and thus should be able to identify the requisite five named executive officers for full disclosure.

We support the requirement for an audit committee to have a majority of independent members. As stated in the notice accompanying the Proposed Amendments, the TSX Venture Exchange already has a similar requirement, and thus requiring all venture issuers to have a majority of independent audit committee members would help place all similarly situated issuers on a level playing field. Independence is key to the proper functioning of the audit committee and its oversight functions relating to the external auditor.

We continue to be of the view that inexperienced investors may purchase venture issuer securities to speculate on large investment returns, and such investors are vulnerable to losses as a result of reduced disclosure requirements. For example, we believe that the business acquisition report requirements should not be amended in the manner proposed. Investors should receive financial statements with respect to a proposed acquisition, both in a prospectus and in continuous disclosure materials when proceeds are being used to finance a proposed acquisition that is significant in the 40% to 100% range in order to make a knowledgeable investment decision.

In order for investors to make fully informed investment decisions, issuers must disclose information in a consistent fashion. If, after a market review and consultation, it is determined that certain information is not useful to investors, it may be preferable to change the disclosure requirements for all issuers such that the disclosure is more meaningful for all parties. Investors may not appreciate the subtleties in financial performance or condition of different companies whether or not in the same industry and assess results and risks properly if the same level of detail is not required to be provided by all issuers.

Concluding Remarks

We thank you for the opportunity to provide these comments. We would be happy to address any questions you may have and appreciate the time you are taking to consider our points of view. Please feel free to contact us at chair@cfaadvocacy.ca on this or any other issue in future.

(Signed) *Cecilia Wong*

Cecilia Wong, CFA
Chair, Canadian Advocacy Council