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The Secretary
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**Comments regarding CSA Consultation Paper 51-404 Considerations for
Reducing Regulatory Burden for Non-investment Fund Reporting Issuers
(Consultation Paper) Canadian Securities Administrators**

Executive Summary

Marrelli Support Services Inc. ("Marrelli Support") welcomes the opportunity to comment on CSA Consultation Paper 51-404. My comments will be geared towards small companies as our experience lends itself to this.

From our point of view, there are two points to consider: (i) excessive costs observed in the market place, where the sole cost is absorbed by the investor(s); and (ii) no one reads the excessive information, as it is too much, and to get to what is important, the normal investor lacks the capabilities to do so, so they are basically unprotected from information overload which protects compliant efficient companies.

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Questions and Answers

18. Does the BAR disclosure, in particular the financial statements of the business acquired and the pro forma financial statements, provide relevant and timely information for an investor to make an investment decision? In what situations does the BAR not provide relevant and timely information?

For smaller entities, where there are no revenues and which are project oriented, the BAR is a document that serves no purpose. Investors receive no added value from this document as no proper information can be derived from it, such as trend analysis of revenues. This becomes a cost burden to a small company with no added value to investors.

I have no comments for larger enterprises.

21. Are there disclosure requirements for annual and interim filing documents that are overly burdensome for reporting issuers to prepare? Would the removal of these requirements deprive investors of any relevant information required to make an investment decision? Why or why not?

For smaller entities, the Management Discussion & Analysis ("MD&A") adds no value to investors. The MD&A is a form document that is a summary of press releases and form document requirements that adds no value to investors. It is not timely, as press releases cover the timely information, but the MD&A becomes a source of information overload for a normal investor, which no one will read.

The Quarterly highlights document is an excellent substitute to the MD&A as it gives a summary of what happened to the company during the reporting period, discloses the cash position and liquidity position, including budget plans, as well as all related party transactions and eliminates all the annual MD&A requirements which no one reads for a small company. Basically, this is a toned down version of the annual MD&A. This should be allowed for venture issuers.

23. What are the benefits of quarterly reporting for reporting issuers? What are the potential problems, concerns or burdens associated with quarterly reporting?

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Quarterly reporting allows investors to be provided an update of:

- (1) Cash;
- (2) Management compensation taken out of the company; and
- (3) Advising the market where the company is in meeting its commitments.

Quarterly reporting does involve a cost factor but this is outweighed by investor protection. For example, a December 31, yearend financial statement is filed. The Company is obligated to file its next quarter in March which would release the company's cash position and obligations. If it was semi-annual ie. June 30, then say they would be filed in August of the following year, the company could have spent all it funds and raised funds without being accountable to the market (ie. disclosing to investors what has happened during the last six months; was it management carelessness of funds or are they advancing there project further; investor's would need this information to make a proper decision).

24. Should semi-annual reporting be an option provided to reporting issuers and if so under what circumstances? Should this option be limited to smaller reporting issuers?

Semi-annual reporting should not be provided as an option as outlined in point 23. Investor's need to know what the company's finances are on a timely basis as well as its obligations. If the Company does not provide this basic information, an investor could make an uneducated investment decision due to the lack of information.

25. Would semi-annual reporting provide sufficiently frequent disclosure to investors and analysts who may prefer to receive more timely information?

No, as discussed in Questions 23 and 24.

26. Similar to venture issuers, should non-venture issuers have the option to replace interim MD&A with quarterly highlights?

Yes, as disclosed in 21.

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27. Would modifying any of the above areas in the MD&A form requirements result in a loss of significant information to an investor? Why or why not?

For smaller entities, the loss of financial instruments, critical accounting estimates, changes in accounting policies, would not have a significant impact on an investor. For small entities, in my opinion, an investor is interested in:

- (1) Cash
- (2) Working capital
- (3) Shares, stock option and warrant position
- (4) Management compensation and all other related party transactions.

29. Should we consolidate the MD&A, AIF (if applicable) and financial statements into one document? Why or why not?

Yes, for year ends to save on cost and time, the MD&A, AIF (if applicable) financial statements and Management Information Circular should be merged all in one document and Q1, Q2 and Q3, should be the quarterly financial statements with MD&A quarterly highlights. However, the excessive information should be streamlined.

The single document should be drafted in a way that reduces the current redundancies that currently exist in the MD&A, AIF and financial statements. It should also be written in a way that is easy to understand by an investor that does not necessarily have an accountant or legal background.

This would cut costs from outside legal counsel as they would be reviewing one document instead of several at different points in time. It may also enable management of these companies to better utilize their time by not having to draft, review and contribute to the preparation of documents that contain significant redundancies.

Summary

There are problems in our system from the compliance side, but this is not result of providing timely disclosure and what we provide, instead this is caused by the quantity of information contained in each document. There is too much information provided in each

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filing and it should be toned down as the process is lending itself to lawyers and accountants being the only ones that are capable of truly understanding certain documents as opposed to investors, which such disclosure is geared towards.

Combining documents or even eliminating documents such as the BAR, and reducing the information required in each document that serve no purpose to investors is a good start.

In addition, in the current environment I have noted that the OSC likes related parties to be identified. With all the information overload in several documents, I note, that it is my observation that I do not see specific identification of related parties in MD&A's on SEDAR. As well, from my observation of SEDAR profiles of smaller issuers, I note that management salaries are significant given the reporting burden put on such companies.

Thank You



Carmelo Marrelli