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BY EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of 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
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
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comment@osc.gov.on.ca

c/o Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
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Dear Sirs and Mesdames:

Re: Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations and Other Amendments and Changes Relating to Annual and Interim Filings of Non-Investment Fund Reporting Issuers and Seeking Feedback on a Proposed Framework (Part 9 – Questions 9-12)

In response to the above-noted request by the Canadian Securities Administrators for feedback on a proposed framework to allow semi-annual reporting by venture issuers on a limited basis, we are pleased to provide the following comments for your consideration.

<u>Questions relating to semi-annual reporting for certain venture issuers on a voluntary basis</u>

9. Should we pursue the Proposed Semi-Annual Reporting Framework ("the Framework") for voluntary semi-annual reporting for venture issuers that are not SEC issuers? Please explain.

In a word, no. Transparent, standardized and timely reporting are fundamental to the fair and efficient operation of public financial markets.

Allowing reporting issuers to opt for a semi-annual disclosure regime materially reduces information available to investors, indirectly creating an incentive for these companies to choose a reporting standard that meets their strategic needs rather than those of their investors. In the case of junior public companies, liquidity and operational issues often present themselves rapidly, the implications of which will only serve to be magnified by the blind spots created by the reduction of timely information provided to markets.The Framework will create a two tier reporting standard which will create challenges to regulators and their proxies, specifically with respect to oversight and enforcement. Given that interim financial statements are unaudited, the current quarterly reporting requirements do not currently place any undue financial or administrative burdens on junior reporting issuers that would be minimized as a result of the Framework. However, any delays in compiling the necessary financial information or seeking auditor input, where required, that may result from the proposed Framework could cause a significant backlog for audit firms. For some time now, regulators have been increasing the responsibilities of the independent auditors of reporting issuers in terms of the depth and scope of their work. This has resulted in a required increase in employment of resources by audit firms at all levels and significant upward pressure on audit fees. Furthermore, changes within the accounting profession resulting from the 2014 agreement to merge the various tiered designations has not had the desired effect on the number of professionals in audit. This and other demographic changes have led to increasing staffing issues at public accounting firms, resulting in delayed, late, or refused audit engagements based on staffing constraints.As a result, the diminished requirements for public disclosure under the Framework would increase the incentive for reporting issuers to pare back internal compliance resources to meet the minimum standard. Additionally, the need for a semi-annual review places further reliance on an overtaxed audit profession with a limited ability to scale.

Finally, we note that the operations of many junior issuers are seasonal in nature, such as those issuers which are engaged in the mineral resource sector. Accordingly, dependent upon the timing of an issuer's fiscal periods and the nature of its operations, shareholders may not receive certain material information regarding an issuer's operations under the proposed Framework for up to eight months. For example, an issuer with a fiscal year end of July 31 would not be required to provide any subsequent financial disclosure until March 31 of the following year (being 60 days after the end of the six month period ended January 31). In these circumstances, any seasonal mineral exploration program that was completed in August would not be captured in the annual financial statements for the period ended July 31, and would not be available to shareholders until March 31 of the following year. It is our submission that this potential for extended periods between reports of material financial developments would have a material adverse effect on the public disclosure regime and the Canadian capital markets in general.

10. Are there specific types of venture issuers for which semi-annual reporting would not be appropriate? For instance, shouldsemi-annual reporting be limited to venture issuers below a certain market capitalization or those not generating significant revenue? Please explain.

Companies with a small market capitalization are the most vulnerable to diminished reporting standards. Companies in this market segment are subject to more volatile liquidity concerns, and benefit the most from accountability afforded by frequent public disclosure. Transparency is critical.

11. (i) Would the proposed alternative disclosure requirements under the Proposed Semi-Annual Reporting Framework provideadequate disclosure to investors?

As detailed above, no. The Framework will do a disservice to investors, creating a two-tiered reporting framework and reducing transparency. Quarterly reporting gives investors the opportunity to better understand the risks associated with companies and the transactions they undertake allowing for an informed shareholder, including those expenses and risks that are incurred on a seasonal or quarterly basis.

(ii) Would any additional disclosure be required?

Yes. Please see the response to item 11(iii) below.

(iii) Is any of the proposed disclosure unnecessary given the existing requirements for material change reporting and the timely disclosure requirements of the venture exchanges? Please explain.

The MD&A in its current form is not a meaningful document. Inclusion of a disclosure document requiring a budget to actual analysis (based on a board approved budget), and use of funds disclosure for material increases in liquidity are far more beneficial to the investor than the exhaustive document currently in place. This disclosure, coupled with related party cash and non-cash disclosure (ie Shares, options, DSU or other equity based compensation), and a description of major agreements entered into would be a more meaningful disclosure. The MD&A as it currently stands does very little on metric of accountability, and often contains excessive precedent disclosure which only serves to obscure key information that would be most valuable to investors. The MD&A also in some cases replicates the requirements of the financial statements, which does not provide any additional useful information to investors.

12. Do you have any other feedback relating to the Proposed Semi-Annual Reporting Framework?

- Six months is a tremendous gap with respect to market events. It leaves significant discretion as to what management decides is a material event between these reporting periods, reducing shareholder accountability.
- Moving to the Framework would likely not result on a meaningful focus upon long-term growth as the corresponding reduction in disclosure and transparent accountability would keep the focus on six-month accountability intervals.
- Investors need access to timely information about new risks to the company and a quarterly formal report provides that.
- Quarterly reporting helps build trust between shareholders and the reporting issuer's CEO and management.

- Reduced public accountability resulting from the Framework could foster an environment in which insider trading activity could take place.
- With less frequent earnings reports, investors may turn to alternative information sources, leading to investment decisions based on incomplete or incorrect third party information.
- Academic research suggests that more transparent and timely information reduces the benefits of private information, and reduces insider trading.
- Quarterly reporting strengthens the position of the US capital markets, which are widely considered liquid and safe – a move to twice-yearly reporting could affect the perceived transparency of Canadian markets as compared to those in US financial markets.
- The quarterly reporting requirements do not place any undue financial or regulatory burden on issuers, and provide an adequate balance between regulatory obligations, investor protections and capital market efficacy.

We thank you for the opportunity to provide feedback on the foregoing matters. Should you have any questions regarding any of the foregoing, please do not hesitate to contact me.

Yours truly,