Chapter 5

Rules and Policies

5.1.1 CSA Notice of Amendments to NI 51-102 Continuous Disclosure Obligations, NI 41-101 General Prospectus Requirements and NI 52-110 Audit Committees

Canadian Securities Administrators   Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments to National Instrument 51-102 *Continuous Disclosure Obligations,* National Instrument 41-101 *General Prospectus Requirements* and National Instrument 52-110 *Audit Committees*

April 9, 2015

Introduction

We, the Canadian Securities Administrators (the **CSA** or **we**), are implementing amendments to:

- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), and
- National Instrument 52-110 *Audit Committees* (**NI 52-110**) (the **Amendments**).

We are also implementing changes to:

- Companion Policy 51-102CP to NI 51-102 (**51-102CP**), and
- Companion Policy 41-101CP to NI 41-101 (**41-101CP**).

The Amendments and policy changes have been made by each member of the CSA. Provided all necessary ministerial approvals are obtained, the Amendments and policy changes will come into force on **June 30, 2015.**

Substance and Purpose

The Amendments streamline and tailor disclosure by venture issuers. They are intended to make the disclosure requirements for venture issuers more suitable and manageable for issuers at their stage of development. The Amendments address continuous disclosure and governance obligations as well as disclosure for prospectus offerings.

The Amendments are designed to focus disclosure of venture issuers on information that reflects the needs and expectations of venture issuer investors and eliminate disclosure obligations that may be less valuable to those investors. The Amendments are also intended to streamline the disclosure requirements for venture issuers to allow management of those issuers to focus on the growth of their business. In addition, the Amendments include enhancements to the governance requirements for venture issuers.

The Amendments also, for all issuers:

- revise the annual information form disclosure for mining issuers to conform that disclosure to the amendments made to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) in 2011
- clarify the executive compensation disclosure filing deadlines.

Background

The CSA previously requested comment on proposals reflected in the Amendments and policy changes. On May 22, 2014, we published a Notice and Request for Comment relating to the Amendments and policy changes (the **May 2014 Publication**).

Prior to the May 2014 Publication, we had proposed a separate continuous disclosure and corporate governance regime for venture issuers. In July 2011 and September 2012, we published for comment proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* and related rule amendments (the **Previous Proposals**).

While more comprehensive than the Amendments, the Previous Proposals contained many of the same key elements, including streamlined quarterly financial reporting, executive compensation disclosure and business acquisition reporting. Support for the Previous Proposals was initially strong; however, support for the September 2012 publication fell significantly and the CSA withdrew its proposal in July 2013. Feedback from the venture issuer community indicated that the benefits from streamlining and tailoring were outweighed by the burden of transition to a new regime, particularly at a time when many venture issuers were facing significant challenges.

The Amendments retain important elements from the Previous Proposals. Rather than implementing them as part of a stand-alone, tailored regime for venture issuers, we are implementing them on a targeted basis by amending existing rules.

Summary of Written Comments Received by the CSA

The comment period for the May 2014 Publication ended on August 20, 2014. We received submissions from 13 commenters. We considered the comments received and thank all of the commenters for their input. The names of commenters are contained in Annex B of this notice and a summary of their comments, together with our responses, is contained in Annex C of this notice.

Summary of Changes to the May 2014 Publication

After considering the comments received on the May 2014 Publication, we have made some revisions to the May 2014 Publication. Those revisions are reflected in the Amendments and policy changes we are publishing concurrently with this notice. As these changes are not material, we are not republishing the Amendments and policy changes for a further comment period.

Annex A contains a summary of notable changes between the Amendments and policy changes and the May 2014 Publication.

Local Matters

Annex F includes any additional information that is relevant in the local jurisdiction only.

Contents of Annexes

The following annexes form part of this CSA Notice:

Annex A	Summary of Changes
Annex B	List of Commenters
Annex C	Summary of Comments and Responses
Annex D1	Amendments to NI 51-102
Annex D2	Amendments to NI 41-101
Annex D3	Amendments to NI 52-110
Annex E1	Changes to 51-102CP
Annex E2	Changes to 41-101CP
Annex F	Local Matters

Questions

Please refer your questions to any of the following:

British Columbia Securities Commission
Michael L. Moretto
Manager, Corporate Finance
604-899-6767
1-800-373-6393
mmoretto@bcsc.bc.ca

Larissa M. Streu
Senior Legal Counsel, Corporate Finance
604-899-6888
1-800-373-6393
lstreu@bcsc.bc.ca

Jody-Ann Edman
Senior Securities Analyst, Corporate Finance
604-899-6698
1-800-373-6393
jedman@bcsc.bc.ca

Alberta Securities Commission
Lanion Beck
Legal Counsel, Corporate Finance
403-355-3884
1-877-355-0585
lanion.beck@asc.ca

Financial and Consumer Affairs Authority of Saskatchewan
Tony Herdzik
Deputy Director, Corporate Finance
306-787-5849
tony.herdzik@gov.sk.ca

Manitoba Securities Commission
Patrick Weeks
Corporate Finance Analyst
204-945-3326
Patrick.weeks@gov.mb.ca

Ontario Securities Commission
Michael Tang
Senior Legal Counsel, Corporate Finance
416-593-2330
1-877-785-1555
mtang@osc.gov.on.ca

Marie-France Bourret
Senior Accountant, Corporate Finance
416-593-8083
1-877-785-1555
mbourret@osc.gov.on.ca

Autorité des marchés financiers
Martin Latulippe
Director, Continuous Disclosure
514-395-0337 ext.4331
1-877-525-0337
martin.latulippe@lautorite.qc.ca

Diana D'Amata
Senior Policy Advisor
514-395-0337 ext.4386
1-877-525-0337
diana.damata@lautorite.qc.ca

Financial and Consumer Services Commission (New Brunswick)
Deborah Gillis
Legal Counsel, Securities
506-643-7112
1-866-933-2222
Deborah.Gills@fcnb.ca

Nova Scotia Securities Commission
Jack Jiang
Securities Analyst
902-424-7059
jack.jiang@novascotia.ca

ANNEX A

SUMMARY OF CHANGES

Option to use Quarterly Highlights

In the May 2014 Publication, we proposed to permit venture issuers without significant revenue in the most recently completed financial year to provide the more tailored and focused "quarterly highlights" form of MD&A in interim periods. We requested comment on whether all venture issuers should be permitted to provide quarterly highlights disclosure.

We have decided that all venture issuers should have the option of providing quarterly highlights disclosure. The main purpose of the Amendments is to tailor and streamline venture issuer regulation. After considering the comments received, we found that drawing a line to separate venture issuers for the purpose of quarterly highlights would not serve the purpose of streamlining venture issuer regulation. We think a simpler regime in which venture issuers are not sub-divided is preferable.

In this regard, venture issuers may be in a better position to understand the needs of their investors. We believe the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want full interim MD&A to assist them in making informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A.

Deadline for filing executive compensation disclosure

In the May 2014 Publication, we proposed to clarify the filing deadlines for executive compensation disclosure by both venture and non-venture issuers. As we noted in the May 2014 Publication, executive compensation disclosure is usually contained in an issuer's information circular and the filing deadline is driven by the issuer's corporate law or organizing documents, and the timing of its annual general meeting. Issuers may also include the disclosure in their Annual Information Form.

In the May 2014 Publication, we proposed to revise Section 9.3.1 of NI 51-102 to set the deadline for filing executive compensation disclosure by non-venture issuers at 140 days after the issuer's financial year-end. For venture issuers, we proposed a corresponding deadline of either 140 days or 180 days after the issuer's financial year-end.

After considering comments received, we have decided to proceed with a filing deadline of 180 days after the financial year-end for venture issuers. We think this is a reasonable deadline considering the information needed to put together the executive compensation disclosure will be available to venture issuers at the time of filing their annual financial statements.

Significance level for BAR disclosure in prospectus or information circular

In the May 2014 Publication, we proposed to increase the threshold at which a BAR is required for venture issuers from 40% to 100% (therefore reducing the instances where BARs are required). We also proposed to eliminate the requirement that BARs filed by venture issuers contain pro forma financial statements. At that time, we identified a potential policy concern that might have justified a difference between the BAR requirements and the prospectus and information circular requirements in respect of certain proposed acquisitions.

We requested comment on whether the threshold for significance should be 40% where proceeds of a prospectus offering would be used to finance a proposed acquisition. We also requested comment on whether the threshold for significance in an information circular should be 40% in situations where the matter being submitted to a vote of security holders relates to a proposed acquisition.

Ultimately, we decided that the significance thresholds should be harmonized. In the Amendments, the significance threshold is 100% for both prospectuses used to finance proposed acquisitions and information circulars related to proposed acquisitions (that is, it is 100% in all cases). While we acknowledge the benefits of including BAR-level disclosure in a prospectus or information circular in certain circumstances, we think that harmonization with continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus or information circular was required for a venture issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization with continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in these situations.

Exceptions from audit committee composition requirements

In the May 2014 Publication, we proposed to require venture issuers to have an audit committee consisting of at least three members, the majority of whom could not be executive officers, employees or control persons of the issuer. We did not provide

for exceptions from these requirements. We requested comment on whether we should provide exceptions from the proposed audit committee composition requirements similar to those in sections 3.2 to 3.9 of NI 52-110.

After considering comments received, we have now included exceptions for events outside the control of the member (subsection 6.1.1(4) of NI 52-110) and for death, disability or resignation of a member (subsection 6.1.1(5) of NI 52-110).

Threshold for perquisite disclosure

Form 51-102F6V requires disclosure of the value of perquisites provided to an NEO or director. In the May 2014 Publication, we proposed that an issuer would have to disclose the total value of perquisites even if that was only a small amount. Upon consideration of comments received, we have now included a staggered threshold for perquisite disclosure: $15,000 if the NEO or director's salary is $150,000 or less, 10% of salary if the NEO or director's salary is greater than $150,000 but less than $500,000 or $50,000 if the NEO or director's salary is $500,000 or greater. See subsection 2.1(4) of Form 51-102F6V.

Transition dates

Other than those Amendments set out below, the Amendments are in effect as of **June 30, 2015**.

The option to provide quarterly highlights disclosure will apply in respect of financial years beginning on or after **July 1, 2015**.

The executive compensation filing deadlines for venture and non-venture issuers will apply in respect of financial years beginning on or after **July 1, 2015**.

The audit composition requirements will apply in respect of financial years beginning on or after **January 1, 2016**.

ANNEX B

LIST OF COMMENTERS

Tab	Commenter	Date
1.	Stephen P. Quin (Midas Gold Corporation)	May 28, 2014
2.	David Taylor (Arian Silver Corporation)	June 27, 2014
3.	The Canadian Advocacy Council for Canadian CFA Institute Societies (Cecilia Wong)	August 7, 2014
4.	Gordon Keep (Fiore Management & Advisory Corp.)	August 5, 2014
5.	Gowling Lafleur Henderson LLP (David Taniguchi) (submitted on behalf of a client)	August 8, 2014
6.	TSX Venture Exchange Inc. (Zafar Khan)	August 11, 2014
7.	Pension Investment Association of Canada (Michael Keenan)	August 18, 2014
8.	Canadian Coalition for Good Governance (Daniel E. Chornous)	August 19, 2014
9.	Siskinds LLP (A. Dimitri Lascaris, Anthony O'Brien and James Yap)	August 19, 2014
10.	Chartered Professional Accountant of Canada (Joan E. Dunne and Gordon Beal)	August 15, 2014
11.	Tamarack Valley (Ron Hozjan)	August 20, 2014
12.	Canadian Foundation for Advancement of Investor Rights	August 20, 2104
13.	MNP LLP (Jody MacKenzie)	August 20, 2014

ANNEX C

SUMMARY OF COMMENTS AND RESPONSES

CSA Notice and Request for Comment
Proposed Amendments to
National Instrument 51-102 *Continuous Disclosure Obligations,*
National Instrument 41-101 *General Prospectus Requirements* and
National Instrument 52-110 *Audit Committees*

No.	Subject	Summarized Comment	Response
General Comments			
1	***General agreement with the proposals***	Four commenters are generally supportive of the proposals. One commenter wanted to thank the CSA for its efforts to help junior companies provide more relevant and simplified disclosure. One commenter indicated that they are supportive of the CSA's efforts to tailor and, as applicable, streamline requirements for venture issuers in the areas of continuous disclosure, corporate governance and prospectus offerings. The CSA's historic and continuing distinction of venture issuers from non-venture issuers is an important factor in supporting Canada's public venture capital market and facilitating the ability of early stage enterprises to access the Canadian public markets in a cost effective manner while also ensuring that such issuers provide adequate disclosure to the public and comply with specified corporate governance practices. These proposals appear to be a positive step in terms of further recognizing and distinguishing the disclosure and corporate governance considerations applicable to venture issuers as compared to non-venture issuers. One commenter 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 commenter welcomes the proposed amendments. One commenter supports these steps being taken by the CSA that help venture issuers manage their reporting requirements on a cost effective basis while maintaining appropriate disclosure. One commenter is very pleased that the Commissions are collectively looking at ways of reducing the high fixed costs issuers are faced with every time they attempt to reduce their cost of capital by going public or by attempting to raise equity through the public	We acknowledge the comments.

No.	Subject	Summarized Comment	Response
		markets. The commenter is supportive of the Commissions' efforts of balancing appropriate disclosure to incoming shareholders with the cost reduction of preparing such disclosure and would be supportive of such cost reduction measures going forward. They believe the success of the public markets in Canada will be dependent on controlling costs of being public as there seems to be an endless supply of private equity capital and foreign capital available to Canadian based resource companies.	
2	***General disagreement with the proposals***	Five commenters generally disagree with the proposals. One commenter indicated that while they support the change from the original proposal, which would have placed all the venture issuer continuous disclosure obligations in an entirely separate regulatory instrument, the commenter remains concerned about placing too high a distinction on the nature of the issuer with respect to continuous disclosure requirements. While the commenter appreciates the time and costs involved in maintaining robust disclosure and the resulting impact on the ability of small issuers to access the public markets, the commenter does not believe that those considerations should outweigh the benefits to investor protection that arise through fulsome disclosure. As a result, the commenter believes that venture issuers should be required to provide the same level of disclosure as other issuers. 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. One commenter stated that 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. Although one commenter was generally supportive of regulatory changes that streamline disclosure requirements and reduce expenses for venture	We thank the commenters for their input. In our view, the amendments are appropriately tailored to venture issuers and the venture issuer context within the Canadian marketplace. We think the amendments strike an appropriate balance between an investor's need for disclosure and the venture issuer's need for a streamlined and efficient disclosure system. We do not believe we are eliminating information that is valuable to investors. We are tailoring the disclosure so that it is more appropriate for venture issuers and their investors. With respect to the comment that it is preferable to change the disclosure requirements for all issuers, we note that the current regime already differentiates between venture issuers and non-venture issuers. One of the reasons we began this project is because we heard from market participants about the need for a streamlined and tailored disclosure regime for venture issuer disclosure. We also note that making changes to the disclosure requirements for non-venture issuers is outside the scope of this project.

No.	Subject	Summarized Comment	Response
		issuers, provided that investors remain adequately protected, the commenter remains concerned that some of the provisions outlined in the proposed amendments will unduly compromise disclosure and governance standards. It is unclear that the regime proposed will result in a less complex, streamlined system that is more manageable for venture issuers. One commenter noted that listing on an exchange in Canada is a privilege and not a right: there must be appropriate protections for investors in those companies that have the imprimatur bestowed by a listing. The commenter believes that the proposed amendments overall will result in less protection for investors and have the potential to adversely affect the reputation of the Canadian capital markets among international investors. In the commenter's view, smaller companies are not in less need of robust governance practices and the risk to investors of the lack thereof does not diminish with the smaller size of the company. The existing regime already recognizes some of the unique aspects of venture issuers through less stringent governance disclosure requirements for them. The proposed amendments also eliminate information that is valuable to investors. The adoption of the proposed amendments also may have the unintended consequence of incentivizing issuers to list on the TSX-V rather than the TSX solely for the purpose of limiting their disclosure and governance obligations. One commenter believes that the potential negative consequences of reducing the governance and executive compensation disclosure requirements outweigh the possible benefits to venture issuers of further streamlining and simplifying their compliance. Given that the majority of the publicly listed companies in Canada are TSX V-issuers, with these proposals the CSA risks creating the perception among international investors that Canada's governance standards as a whole are lax. It also may create an incentive for issuers to list (or continue to be listed) on the TSX-V even if they are eligible to be listed on the TSX, simply to avoid the TSX's more stringent governance and disclosure regime. One commenter believes it is important that there be a robust disclosure and governance regime for venture issuers because: • there is a heightened risk of fraud among venture issuers; • there are economic limitations on the ability of investors to obtain a remedy against venture issuers, which means that there is a need for more robust public regulation; and • fraud among venture issuers is likely to have a greater impact on retail investors, who are proportionately more likely to invest in venture issuers.	With respect to the comment that these amendments may incentivize an issuer to list on the TSX-V, we believe issuers make a business decision to list on the exchange that is best suited to their business and their level of development rather than the applicable disclosure regime. We do not believe these changes will adversely affect the reputation of the markets in Canada. Although these amendments may result in less disclosure in certain circumstances, we believe the disclosure will be better for investors because it will be more focused and tailored to the venture issuer context. We do not agree that the amendments are diminishing the governance regime. In fact, we are increasing the governance standards for venture issuers by adding an audit committee independence requirement. In our view, there is no basis to suggest a correlation between streamlined and tailored disclosure and fraud.

No.	Subject	Summarized Comment	Response
		Other than the proposed requirement for venture issuer's audit committees to have a majority of independent members (which the commenter supports), the commenter does not support the proposed amendments and urges the CSA to abandon them. Venture issuers already have the benefit of significant exemptions from disclosure and governance obligations under Canadian securities rules, and any further relaxation of the rules for venture issuers would need to be based on a compelling justification. While the current proposed amendments are not as extensive as the amendments proposed in National Instrument 51-103, the commenter sees no compelling justification for the current proposed amendments. One commenter is supportive of the objective of tailoring and streamlining disclosure and governance requirements for venture issuers and increasing guidance to simplify compliance and reduce costs to venture issuers. They also support efforts to improve disclosure to reflect the needs and expectations of venture issuer investors. However, the commenter is of the view reducing the disclosure and governance standards applicable to venture issuers is not an appropriate method to achieve the stated goals. One commenter suggested that a reduction of the existing level of disclosure would result in informational gaps for investors and would increase the risks of investing in an already risky venture market. This is not a responsible course of action for regulators who have a mandate to protect investors nor would it improve confidence in the venture capital market. Regulators and the exchange have worked hard to improve the reputation of the venture exchange since the days of the Vancouver stock exchange. The commenter suggests that there are other alternatives available which would reduce compliance costs while at the same time clarifying obligations and thereby increase compliance with the existing rules. These alternatives should be explored in lieu of the Proposed Amendments.	
3	***Lack of retail investor consultation***	One commenter does not understand how the Proposed Amendments, which are purportedly aimed at improving investor usefulness and reflective of the needs of venture issuer investors, can be introduced in the absence of retail investor consultation. The Proposed Amendments refer to a venture issuer investor survey conducted in 2011. However, that survey was limited to consultation with nine investors consisting of three portfolio managers, two investment advisors, and one each of an institutional advisor, underwriter/dealer, research analyst and investment banker. Whilst these individuals can be considered investors, the commenter believes that a survey conducted with a representative sample of investors is necessary in order to obtain information about their	We thank the commenter for their input. During the course of this project, CSA members conducted consultations in numerous jurisdictions and conducted a cost-benefit analysis. We have also published for public comment on four occasions. We therefore believe that there has been an opportunity for retail investors to comment on

No.	Subject	Summarized Comment	Response
		needs and expectations. Significant changes to disclosure requirements should not be introduced prior to such retail investor consultation.	these proposals.
4	***Venture issuer manual***	One commenter stated that, if a principal goal of the initiative is to clarify current obligations for venture issuers, it would arguably be more efficient and less resource-intensive to assemble a manual covering all venture issuer regulatory requirements rather than incur the cost (both in terms of time and resources on the part of both regulators and stakeholders) of the rule-making process. The Proposed Amendments do not create a single instrument where all of the rules applicable to venture issuers can be found. Given that venture issuers will still have to comply with other national instruments and securities laws in the applicable provincial acts, the commenter does not believe that the goal of clarifying obligations and thereby reducing compliance costs will be achieved through the CSA's current proposals. Providing a comprehensive manual which would explain all current requirements would be preferable.	We thank the commenter for their input. However, the key goal of the amendments is to tailor continuous disclosure and prospectus requirements in the venture issuer context. A venture issuer manual alone would not meet this goal.
5	***Improve compliance***	One commenter believes resources should be focused on measures to improve compliance with existing continuous disclosure requirements of reporting issuers. CSA Staff Notice 51-341 *Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2014* found that 76% of those subject to a full review or an issue-oriented review were deficient and required improvements to their disclosure (or resulted in the issuer being referred to enforcement, ceased traded or placed on the default list). Education and guidance (among other measures) to improve required disclosure would clearly be of benefit to investors and issuers. This should be the immediate priority.	We thank the commenter for their input. Since the introduction of NI 51-102, the CSA has had a continuous disclosure review program in place. CSA jurisdictions use various tools to select reporting issuers who are most likely to have deficiencies in their disclosure record. As a result, the 76% of companies reviewed who required improvements in their disclosure is unlikely to be representative of the entire population. We also note that, in general, the resources allocated to policy projects have no impact on the resources allocated to our continuous disclosure review programs. Education and guidance are also conducted by CSA staff under the continuous disclosure (CD) review program discussed in CSA Staff Notice 51-312.
6	***Benchmarking to other jurisdictions***	One commenter is of the view that benchmarking the type and level of disclosure provided in other jurisdictions would be worthwhile. They disagree with the position taken by the CSA that benchmarking to other jurisdictions such as Australia, the United Kingdom, Hong Kong or the United States is not	We thank the commenter for their input. We did not think a full benchmarking exercise was appropriate because of the unique nature of the Canadian

No.	Subject	Summarized Comment	Response
		appropriate. The commenter urges the CSA to explain its statement that *"The venture market in Canada is unique and is not directly comparable to most other markets."* They believe that benchmarking to other jurisdictions is an appropriate part of the policy-making process and should be undertaken for this initiative. Any significant differences warranting a different approach can be noted in the exercise.	venture market. We think the Canadian venture market is unique because there are a large number of issuers who, as compared to issuers in other jurisdictions, are more likely to: • have retail investors with small positions • be controlled by founders and management • have limited analyst coverage • have limited financial resources • have no immediate prospects of generating significant revenue In general, our policy making is informed by looking at the requirements in other jurisdictions to the extent appropriate having regard to the uniqueness of the Canadian market.
Question 1a: Quarterly highlights – Do you agree that we have chosen the correct way to differentiate between venture issuers?			
7	***Yes***	Two commenters agree that we have chosen the correct way to differentiate between venture issuers. One commenter suggested that the significant revenue test is a reasonable one. One commenter was pleased that the proposed amendments continue to have quarterly reporting obligations for venture issuers and does not disagree with the proposal that venture issuers without significant revenue be able to file streamlined "quarterly highlights" in each of the first three quarters. The commenter believes that the quarterly highlights should be certified by management.	We thank the commenters for their input. However, we have decided that all venture issuers should have the option of providing quarterly highlights disclosure. The main purpose of these amendments is to tailor and streamline venture issuer regulation. After considering the comments received, we found that drawing a line to separate venture issuers for the purpose of quarterly highlights would not serve the purpose of streamlining venture issuer regulation. We think a simpler regime in which venture issuers are not sub-divided is

No.	Subject	Summarized Comment	Response
			preferable. In this regard, venture issuers may be in a better position to understand the needs of their investors. We believe that the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want need full interim MD&A to make informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A. For venture issuers that choose the option to provide quarterly highlights, the quarterly highlights disclosure is their interim MD&A. This means, for instance, that the certification requirements in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* that apply to interim MD&A will apply to the quarterly highlights disclosure.
8	***No***	Two commenters did not agree that we have chosen the correct way to differentiate between venture issuers. One commenter noted that the distinction as to who has access to the exemption should be made on the basis of significant revenue from ongoing operations; occasional or one off revenue should be excluded from consideration. Those with significant ongoing revenue should be required to provide more fulsome disclosure as per the current requirements. A clear definition of which constitutes "significant revenue" needs to be provided – is it relative to market capitalization, is it an absolute dollar amount? One commenter does 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	We thank the commenters for their input. However, we have decided that all venture issuers should have the option to provide quarterly highlights disclosure.

No.	Subject	Summarized Comment	Response
		existing interim MD&A disclosure requirements.	
9	***Need for guidance/definition for significant revenue test***	Five commenters believe that there needs to be additional guidance or a definition for the significant revenue test. Although one commenter wanted all venture issuers to be able to use quarterly highlights, it recommends that if the CSA determines that it is necessary to differentiate between venture issuers for MD&A purposes based on a significant revenue threshold, NI 51-102 (or its Companion Policy) should include specific guidance as to what should be considered "significant revenue" for these purposes. One commenter thought that guidance should be provided with respect to the term "significant revenue" such that only the smallest issuers would be exempt from full MD&A requirements (and the determination of significant revenue would be less subjective). One commenter noted that there is no definition or guidance in the rules with respect to the meaning of "significant revenue". The commenter notes that the term already appears in National Instrument 51-102, but it currently serves to expand the disclosure obligations of venture issuers, not to limit those obligations as under the current proposals. It is not appropriate to leave this entirely to the discretion of issuers. One commenter believes 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. One commenter indicated that, in theory, they agree with differentiating between venture issuers; however, while revenues may be a key differentiator, they believe that other key measures should also be considered, such as market capitalization, total assets, or total expenditures. For example, for resource issuers, a more appropriate measure might be exploration expenditures or capitalized expenditures. Also, the commenter believes that the key measure or measures selected should be clearly defined – for example, what constitutes "significant revenue". The commenter further believes that the test should not be performed only once per year, as events such as commencement of revenue generation activities, a significant acquisition, or cessation of revenue generating activities should be taken into account to ensure that investors are being provided with relevant and useful information during the year. Accordingly, the test should be performed on a quarterly basis.	We thank the commenters for their input. However, we have decided that all venture issuers should have the option to provide quarterly highlights disclosure.

No.	Subject	Summarized Comment	Response
Question 1b: Quarterly highlights – Should all venture issuers be permitted to provide quarterly highlights disclosure?			
10	***Yes***	One commenter thinks all venture issuers should be permitted to provide quarterly highlights disclosure. The commenter was supportive of the quarterly highlights proposal but thought that the use of quarterly highlights should not be limited to only those venture issuers without significant revenue. All venture issuers (with or without significant revenues) should be permitted to provide quarterly highlights disclosure in lieu of the full MD&A disclosure currently required by Form 51-102F1. Allowing venture issuers with significant revenues to provide quarterly highlights disclosure in lieu of the full MD&A disclosure should not present any material disclosure concerns for the market given that the quarterly highlights are required to discuss all matters that have materially affected a company's operations and liquidity in the quarter (or are reasonably likely to have a material effect going forward). Correspondingly, irrespective of whether or not the venture issuer is revenue generating, the quarterly highlights would require a summary discussion of the information pertinent to the issuer's operations and liquidity.	We acknowledge the comments.
11	***No***	Four commenters do not think that all venture issuers should be permitted to provide quarterly highlights disclosure. One commenter noted that 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 should clarify this expectation. One commenter does not think that venture issuers with significant revenue should be permitted to provide quarterly highlights disclosure. Given there are some larger public companies on the venture exchange, one commenter does not think that all venture issuers should be permitted to provide the quarterly highlights disclosure. The commenter believes that only the venture issuers that meet the criteria outlined should be allowed to do the interim highlights disclosure. One commenter indicated that the information requirements of MD&A provide a useful format for presenting information to investors and shareholders, disclosures that are familiar to these parties. While	We thank the commenters for their input. However, we have decided that all venture issuers should have the option of providing quarterly highlights disclosure.

No.	Subject	Summarized Comment	Response
		quarterly highlights may be useful for smaller pre-revenue venture companies, many venture issuers have revenues and the current MD&A disclosures provide useful information for shareholders and investors.	
Question 2: Executive compensation – 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.			
12	***140 days***	One commenter thinks that 140 days is an adequate deadline for filing and since the audited financial statements are due within 120 days of year end, venture issuers should have all the information necessary in order to file within 140 days. This also provides timely information to shareholders and potential investors.	We thank the commenter for their input. However, we have decided to proceed with a filing deadline of 180 days. We think this is a reasonable deadline considering venture issuers will know this information at the time of filing their annual financial statements.
13	***180 days***	Two commenters think that 180 days is the most appropriate deadline for venture issuers to file executive compensation disclosure. One commenter considered a deadline to file annual executive compensation disclosure of 180 days from the financial year end to be reasonable. This should provide issuers with sufficient time to complete the required disclosure while also ensuring that the disclosure is provided to the public within a reasonable period of time following the issuer's financial year end. The commenter noted that it is not uncommon for venture issuers to hold their annual general meetings later in their financial year and, as such, it is routine for such issuers to complete their required executive compensation disclosure subsequent to 180 days from their financial year end. Correspondingly, the imposition of a specified deadline for filing executive compensation disclosure would necessitate a change to the disclosure practices of such issuer. The CSA should take this into consideration when assessing the impact and appropriateness of a specified deadline for filing executive compensation disclosure. One commenter recommends 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.	We acknowledge the comments.
14	***No deadline***	Four commenters do not agree that there should be a deadline for filing executive compensation disclosure – it should only be required in the information circular. One commenter noted that the introduction of a timing requirement on the management information circular would put an implicit control over the timing of the commenter's annual general meeting as the	We thank the commenters for their input. However, we have decided to proceed with a filing deadline of 180 days. We think this is a reasonable deadline considering venture issuers will know this information at

No.	Subject	Summarized Comment	Response
		information circular and notice of meeting are distributed together. This would introduce inconsistency with the BVI Business Companies Act the commenter's company is incorporated under (and, incidentally, the UK Companies Act), and also the company's articles of association. The commenter notes that the timings typically put them within the proposed 140 day limit in any case but that this additional timing requirement is unnecessarily burdensome. It would be normal amongst FTSE and AIM companies in the UK to incorporate the majority of the relevant disclosures within their annual report, which is an approach the commenter is keen to see adopted provided repetition is not required when publishing the notice of general meeting. One commenter noted that all issuers should only be required to make one filing per year and it should relate to the requirements for an information circular. Having potentially two reporting events is unnecessary and onerous. No matter what, shareholders would be provided the requisite information annually anyway. The commenter sees no benefit in adding a second reporting trigger and it would just add confusion. One commenter thought that the executive compensation disclosure for ventures issuers should only be required to be included in the information circular for the company's AGM, and there is no need to be within 180 days of year end. As related party disclosure is included in quarterly reports and predominantly consists of stock option grants, once a year disclosure is sufficient. To avoid duplication of disclosure obligations, one commenter would support a proposal to only require executive compensation disclosure in the information circular notwithstanding when an annual general meeting needs to be held.	the time of filing their annual financial statements.
Question 3: BARs – Do you think 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?			
15	***Yes***	Six commenters think a prospectus should always include BAR-level disclosure about a propose acquisition in this situation. One commenter supports inclusion of a business acquisition report if the transaction is material and prospectus funds are being utilized to complete the transaction – new investors should have access to prospectus-level information on the business being acquired in order to make an informed investment decision. One commenter is of the view that inexperienced investors may purchase venture issuer securities to speculate in larger investment returns, and such	We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in a prospectus in certain circumstances, we think that harmonization between the prospectus and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus was required for a venture

No.	Subject	Summarized Comment	Response
		investors are vulnerable to losses as a result of reduced disclosure requirements. For example, the commenter believes 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 where 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. One commenter believes that in the event of a significant business acquisition in the 40% to 100% range financial statements are always useful because they provide certain asset specific information within the notes sections that would otherwise be unavailable post-merger/amalgamation. Given the value of the financial statements, the commenter considers the proposed increase of the threshold from 40% to 100% of market capitalization of the issuer too high, as it would result in disclosure only within a limited set of circumstances. The commenter believes that a prospectus should always include business acquisition reporting - level disclosure requirements about significant business acquisition in the 40% to 100% range. One commenter is of the view that BAR-level disclosure should always be included. Because the commenter does not believe that the BAR threshold should be raised from 40% to 100%, however, the commenter believes the problem is better avoided by retaining the current 40% threshold. One commenter felt that BAR level disclosure should always be provided in the 40% to 100% level, as this provides shareholders and potential investors with a means to assess the financial impact of a proposed or completed acquisition. Increasing the threshold from 40% to 100% is too large an increment as many venture issuers could double in size, while providing shareholders and investors with no information to assess the impact of the acquisition. While the commenter agrees that the proposed changes would streamline and reduce costs and time for venture issuers, they feel that investors would be at a disadvantage absent this financial information, while insiders would have a clearer picture of the potential impact of acquisitions, which would not provide a level playing field. This is particularly important to new investors if the proceeds are to be used to finance an acquisition (i.e. using the new investor's funds). BAR level disclosure provides an easy-to-interpret numerical snap-shot of the impact of an acquisition, which investors can evaluate before making an investment decision.	issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization between the prospectus and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation.
16	***No***	One commenter suggested that if the essence of the transaction is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then	We acknowledge the comments.

No.	Subject	Summarized Comment	Response
		BAR disclosure would not always be required.	
Question 4: BARs – 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?			
17	***Yes***	Five commenters think that an information circular should always include BAR-level disclosure about a proposed acquisition in this type of situation. One commenter indicated that shareholders should have access to BAR level disclosure to evaluate the financial impact of an acquisition on their company, prior to voting.	We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in an information circular in certain circumstances, we think that harmonization between the information circular and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in an information circular was required for a venture issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization between the information circular and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation.
18	***No***	One commenter suggested that 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.	We acknowledge the comment.
Question 5: BARs – 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?			
19	***Yes***	Three commenters think we should require BAR-level disclosure in a prospectus where financing has been provided in this type of situation. One commenter suggested that the vendor or third party should be knowledgeable enough to perform their own due diligence prior to financing an acquisition. The new investors who will be participating in the prospectus financing will not have had the benefit of the due diligence process and so should be provided BAR level disclosure in order to be able to assess the financial impact of the acquisition.	We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in a prospectus in certain circumstances, we think that harmonization between the prospectus and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus was required for a venture issuer making an acquisition at 40% to 100%

No.	Subject	Summarized Comment	Response
			significance, we think that the benefits of harmonization between the prospectus and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation.
20	***No***	Two commenters do not think BAR-level disclosure should be required in this type of situation. One commenter does not think this disclosure is required in the situation of vendor financing since there are no new investors needing to make an investment decision. One commenter suggested that 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.	We acknowledge the comments.
Question 6: BARs – If we were to require BAR-level disclosure in the situations outlined 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?			
21	***Yes***	Two commenters think this may be a problem. One commenter believes that the significance thresholds should be the same. The continuous disclosure rules are complex and having different significance thresholds will further complicate matters. This additional complexity is incongruent with the CSA's objective of making the filing process easier and less costly for venture issuers. One commenter is of the view that there will be a logical inconsistency in the two disclosure regimes - the appropriate response is to not change the threshold in the continuous disclosure regime from 40% to 100%.	We acknowledge the comments.
22	***No***	Two commenters do not think disharmonization is a problem. One commenter is supportive of the CSA's proposal to increase the significance threshold for BARs from 40% to 100% for venture issuers (thereby reducing the instances where BARs are required). The commenter, however, does not object to the significance threshold for prospectus and information circular disclosure remaining at 40% in the circumstances described in questions 3, 4 and 5 above and therefore not being harmonized with the threshold for continuous disclosure. On a related note and of specific relevance to the commenter are the financial statement requirements applicable to a private issuer (a "Privco" that indirectly lists on the TSX Venture Exchange by way of a	We thank the commenters for their input. We continue to believe the significance thresholds should be harmonized between continuous disclosure and prospectus and information circular situations. We believe disharmonized thresholds could cause confusion in the market and could result in issuers restructuring their affairs in order to avoid providing BAR-level disclosure. Currently, under securities legislation, the requirement

No.	Subject	Summarized Comment	Response
		reverse takeover, change of business or qualifying transaction (as such terms are defined in the TSX Venture Exchange's Corporate Financial Manual) with an existing exchange-listed issuer (a "Pubco"). The commenter considers it necessary for the applicable disclosure document filed in connection with such listing transactions (whether a prospectus, information circular or filing statement) to contain the financial statements of the Privco that would be required in an initial public offering prospectus for the Privco (if it were to file one). Given that it is possible for such indirect listing transactions to fall below the 100% significance threshold or not otherwise constitute a restructuring transaction (as defined in NI 51-102) for the Pubco (and therefore not trigger financial statement requirements for the Privco), the commenter is concerned that if the CSA increases the significance threshold for prospectus disclosure from 40% to 100% there may be a material discrepancy between the financial statements requirements applicable to Privco in a direct listing scenario as compared to an indirect listing scenario. Specifically, the Privco could potentially be in compliance with the prospectus-level disclosure requirement in both circumstances despite not having to provide financial statements in the latter. Within the context of Privco's indirectly listing on the TSX Venture Exchange, this discrepancy would be mitigated by the Exchange's prescribed financial statement requirements for reverse takeovers, change of business and qualifying transactions, however, in the absence of these exchange requirements, an increase in the significance threshold for prospectus disclosure from 40% to 100% may result in situations where a Privco can indirectly become a reporting issuer without having to provide any financial statements.	to provide prospectus-level disclosure for a private company in a situation such as an indirect listing is generally tied to the requirement to prepare and file a Form 51-102F5 *Information Circular*. The provisions of that form generally require prospectus-level disclosure of each entity whose securities are being changed, exchanged, issued or distributed. In our view, raising the BAR threshold will not affect the requirement to provide prospectus-level disclosure in an information circular in the indirect listing scenarios outlined by the commenter. The CSA is unable to comment on the comparable requirements under the TSX Venture Exchange's Corporate Finance Manual. Moreover, the Amendments do not change the requirements under the TSX Venture Exchange's Corporate Finance Manual.
Question 7: BARs – 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?			
23	***Yes***	One commenter suggested that if the essence of the transaction is disclosed through satisfying the requirements for **full, true and plain disclosure**, then an investor should have sufficient information on which to make an informed investment or voting decision.	We acknowledge the comments.
24	***No***	Two commenters think an investor will not be able to make an informed investment or voting decision. One commenter does not believe that investors will be able to make a sufficiently informed investment or voting decision if BAR-level disclosure is not required in the prospectus and information circular situations referred to above. One commenter responded "no". Absent BAR level disclosure in the 40% to 100% significance range, the commenter believes that investors will not have sufficient information to be able to make an informed investment decision. BAR level disclosure provides information about the impact of an acquisition or proposed acquisition that stakeholders find very useful	We thank the commenters for their input. We continue to be of the view that 100% is an appropriate threshold for requiring financial statements in respect of the acquired business. In our view, for venture issuers, the costs of preparing those financial statements are more appropriately balanced with the benefits of having that financial disclosure when the reporting threshold is at the 100% level, regardless of

No.	Subject	Summarized Comment	Response
		when making investment decisions. Specifically, pro forma financial statements included in a BAR provide a numerical portrayal of an acquisition or proposed acquisition that is unlikely to be fully captured in a narrative discussion as required by the prospectus rules requiring full, true, and plain disclosure.	whether it is continuous disclosure, prospectus disclosure or information circular disclosure.
Question 8: Audit committees – Do you think we should provide exceptions from our proposed audit committee composition requirements for venture issuers similar to the exceptions in section 3.2 to 3.9 of NI 52-110? If so, which exceptions do you think are appropriate?			
25	***Yes***	Three commenters think we should provide exceptions from our proposed audit committee composition requirements. One commenter indicated that the possible exceptions as per NI 52-110 section 3.2-3.9 make sense. Although one commenter did not think it was necessary to provide all of the same exceptions, they noted that it would appear reasonable for the exceptions set forth in sections 3.4 (events outside control of member) and 3.5 (death, disability or resignation of a member) to apply to venture issuers (whether in their current form or in a modified form specific to venture issuers). One commenter believes that all these exceptions should be allowed for venture issuers.	We thank the commenters for their input. We have now included exceptions for events outside the control of the member (subsection 6.1.1(4) of NI 52-110) and for death, disability or resignation of a member (subsection 6.1.1(5) of NI 52-110).
26	***No***	Two commenters do not think we should provide exceptions from the audit composition requirements. One commenter would recommend that no exceptions be provided. The commenter agrees that requiring a majority of the audit committee members be independent will enhance the governance of venture issuers and serve to improve scrutiny of quarterly reporting (as, unlike in the US, there is no requirement for auditor involvement during the quarters). They acknowledge that this requirement may potentially increase costs for many venture issuers, especially junior resource issuers, as their current audit committee members are often also management.	We thank the commenters for their input. We believe that limited exceptions from the audit committee composition requirements for events outside the control of the member and for death, disability or resignation of a member are appropriate.
Other comments related to proposed amendments to NI 51-102			
NI 51-102			
27	***Removal of BAR requirement***	One commenter indicated that BARs are a waste of time and effort as the information is predominantly included in the other disclosure documents and adds little to no value, but significant costs. Why do you need a set of financial statements when by CSA's definition they would not be included in a full true and plain disclosure document?	We acknowledge the comment.
28	***Disagreement with BAR threshold of 100%***	Two commenters disagree with increasing the BAR threshold to 100%. One commenter believes that increasing the threshold is inappropriate and that acquisitions in the 40% to 100% range are by nature significant. Information	We thank the commenters for their input. However, we continue to be of the view that 100% is an appropriate threshold for requiring financial statements in

No.	Subject	Summarized Comment	Response
		about such acquisitions should be publicly disclosed to shareholders with the amount of detail, including the financial information, required in a Form 51-102F4 BAR. One commenter disagrees that 100% or more of the market capitalization of the venture issuer is the correct threshold indicative of a transformational transaction for venture issuers. If any amendment to BARs is made, the significance level should be lowered rather than raised. The commenter agrees with the CSA's comment that *"The proposed 100% threshold test would mean that venture issuer investors would face reduced disclosures on transformational business acquisition transactions, which would then reduce their awareness of a venture issuer's business acquisition activities."* Accordingly, the commenter does not support reducing disclosures to investors on business acquisition activities. They believe that the current BAR requirements should be retained and BARs should be provided when the acquisition is significant. The commenter urges the CSA to undertake a consultation with retail investors before making any such change to the requirement for BARs. The CSA 2014 Consultation Document states that results from a 2011 CSA Venture issuer investor survey *"...suggest that investors may not view this reduction in business acquisition disclosure as significant in their decision to invest in a venture issuer. When asked to rank the importance of certain forms of disclosure, in making an investment decision, BARs were considered an important but not essential source of information."* The commenter's understanding is that the 2011 investor survey referred to was limited to consultation with nine investors consisting of three portfolio managers, two investment advisors, and one each of an institutional advisor, underwriter/dealer, research analyst and investment banker. Whilst these individuals can be considered to be investors, the commenter believes that a survey conducted with a representative sample of investors is necessary in order to obtain information about their needs and expectations. The commenter believes that consultation with a broader sample of retail investors is necessary before any conclusions can be made about the likely impact on retail investor's decision-making. Significant changes to disclosure requirements should not be introduced prior to such retail investor consultation. In the commenter's view, benefits from the reduction in reporting time and cost do not outweigh the cost of reducing protections to investors and reducing confidence in the Canadian venture market. The commenter agrees with the CSA when it states that *"Changes to the existing reporting and disclosure requirements could be taken by venture issuer*	respect of the acquired business. We have seen, during the course of applications for exemptive relief from the BAR requirements, examples of acquisitions where financial statements were not available or would have required significant improvement for disclosure purposes. In our view, for venture issuers, the costs of preparing those financial statements are more appropriately balanced with the benefits of having that financial disclosure when the reporting threshold is at the 100% level.

No.	Subject	Summarized Comment	Response
		investors as an indicator of reduced market quality amongst venture issuers. It is possible that this perception could reduce confidence in the venture market..." The commenter does not agree, as the CSA suggests, that this would only result in a temporary effect until investors become more comfortable with the proposed reporting regime. In the commenter's view, such changes could have a long-term effect on investor confidence in the venture issuer market. Questions in the Proposed Amendments document relating to BARs call into question the appropriateness of the significance level that the CSA has set for requiring BARs and suggests that benchmarking to other jurisdictions could be of real assistance to policy-makers in determining when a business acquisition is "significant" or "material" and therefore needs to be disclosed.	
29	***Proposal to eliminate pro forma financial statements***	One commenter disagrees with the proposal to eliminate the requirement that BARs filed by venture issuers must include pro forma financial statements.	We thank the commenter for their input. However, we are of the view that the information provided in pro forma statements is largely available elsewhere in a venture issuer's disclosure.
Form 51-102F1			
30	***Support for quarterly highlights***	Two commenters agree with allowing venture issuers to provide quarterly highlights. One commenter indicated that it makes sense to allow junior issuers to provide quarterly highlights as this provides the key information shareholders are looking for and would be easier for them to read with less boilerplate. One commenter welcomes the CSA decision to maintain interim financial reports for venture issuers. The commenter is comfortable with the proposal to require venture issuers without significant revenue in the most recently completed financial year to provide "quarterly highlights" form of MD&A in interim periods. The commenter believes that the "quarterly highlights" form of MD&A should be subject to the same certification obligations as interim MD&A required from non-venture issuers.	We acknowledge the comments.
31	***Disagreement with quarterly highlights***	Two commenters disagree with allowing venture issuers to provide quarterly highlights. One commenter was particularly concerned by the proposal to replace interim MD&As with "quarterly highlights" for venture issuers without "significant revenue". Interim MD&A provides highly valuable disclosure and should be retained in its current form. If an issuer elects to become a reporting issuer in Canada, investors have expectations as to the body of disclosure that will be made available to them on a continuous basis and, in the commenter's view, interim MD&As form part of the body of disclosure that	We thank the commenters for their input. However, we continue to believe that quarterly highlights disclosure is appropriate for venture issuers. One of the reasons we continue to believe quarterly highlights are appropriate is because they will allow venture issuers to focus their discussion on a

No.	Subject	Summarized Comment	Response
		investors expect to receive. One commenter supports the proposal to require interim financial reports for venture issuers for each of the 3, 6 and 9 month interim periods. The commenter recommends that MD&A be required for the interim financial reports. Reducing the level of disclosure by replacing MD&A with quarterly highlights will result in a gap in continuous disclosure information, making it more difficult for investors to determine whether to invest in or sell shares of a particular venture issuer and allowing too much time to lapse between regulators' receipt of such information for purposes of review and investigation of possible issues. The proposal requires that those with "significant revenue" will be required to provide MD&A. However, those who determine they do not have "significant" revenue, will not be required to provide MD&A and will only provide quarterly highlights. As a result, such venture issuers will provide less information and investors may not obtain information about related party transactions, stock options and warrants, operating expenses or account payable information that would be relevant to their decision to sell or purchase securities. Such reduced disclosure would not be in the interests of investors or venture issuers since it will lead to reduced confidence and an increase in the cost of capital (at a minimum, in this subset of venture issuers). The commenter is of the view that these negative consequences far outweigh the purported benefits to investors *"...because less time would be required to read through the quarterly highlights to locate salient information about a venture issuer's operations"* or through a reduction in the time and cost burden to venture issuers of producing interim MD&A. The commenter believes that the existing requirements in section 5.3 of NI 51-102 and Item 1.15 of Form 51-102F1 which require a venture issuer that has not had significant revenue from operations in either of its last two financial years to disclose in its MD&A, on a comparative basis, a breakdown of material components of: (a) exploration and evaluation (E&E) assets (b) expensed research and development costs; (c) intangible assets arising from development; (d) general and administration costs, and (e) any material costs. allow an investor to understand where and how the money was spent and is important information for investors to receive.	narrative description of the key developments of the business as opposed to simply completing form requirements that may be better suited to issuers at a further stage of development. We believe that quarterly highlights will give venture issuers the flexibility they need to focus their disclosure.

No.	Subject	Summarized Comment	Response
32	***Potential costs of quarterly disclosure***	One commenter indicated that, as the annual MD&A requirements are not being changed under the proposal, they would expect many venture issuers would simply roll forward the annual MD&A disclosures, rather than investing time to revise and revamp the MD&A to provide only quarterly highlights. As a result, the commenter anticipates that ongoing cost savings as a result of this proposed change will be minimal; in fact, on initial implementation, the commenter would expect costs to increase as venture issuers would likely face professional fees from their legal counsel and/or financial consultants in the review of the first quarterly highlights report.	We anticipate that venture issuers that choose to use quarterly highlights will experience one-time start-up costs. However, we believe the time and cost will decrease as the issuer becomes familiar with quarterly highlights and will be less on an ongoing basis as the disclosure will not be as onerous to produce.
Proposed Form 51-102F6V			
33	***General support for Proposed Form 51-102F6V***	One commenter indicated that they were supportive of the CSA's proposal to implement a new tailored form of executive compensation disclosure for venture issuers.	We acknowledge the comments.
34	***General disagreement with Proposed Form 51-102F6V***	Two commenters generally disagree with Proposed Form 51-102F6V. One commenter maintains that all public companies should be providing the same level of executive compensation disclosure. The commenter does not believe that the disclosure required under the current regime is a significant burden for issuers. Nor does the commenter believe that what is proposed in the Request for Comment will in fact reduce the burden on venture issuers in any meaningful way, but at the same time it will keep important information from shareholders. The information revealed by comprehensive executive compensation disclosure goes beyond merely the amounts disclosed: it enables shareholders to gather information about whether a board is properly carrying out its stewardship role of overseeing management and ensuring that executive pay is aligned with company performance. Executive compensation may be the most tangible manifestation that shareholders have of how effectively this role is being carried out. One commenter believes the proposed changes to compensation disclosure will be a step backwards in the progress that has been made since new executive compensation disclosure rules were adopted in 2008 and 2011 in order to make compensation decisions and their rationale clearer for the owners of public companies. In the end, owners of venture issuers, which comprise the majority of Canadian public companies, will have significantly less meaningful executive compensation information than non-venture owners and the commenter believes this is not a positive step for the capital markets and cannot be justified on a cost/benefit analysis. While the proposal to replace interim MD&As with quarterly financials for venture issuers without significant revenue will no doubt reduce the time and cost burden on venture issuers while continuing to provide necessary	We thank the commenters for their input; however, the current regime is tailored to venture issuers and their circumstances and was developed by balancing an investor's need for information and the need to sustain a vibrant capital market. We continue to believe that it is important to have a distinction between venture and non-venture issuers. We believe tailored executive compensation disclosure is appropriate for venture issuers and of the most assistance to their security holders. We do not agree that Form 51-102F6V will result in less meaningful disclosure; instead, we believe that the disclosure will be more appropriate for issuers at this stage of development. We also do not believe that Form 51-102F6V will result in less overall disclosure for venture issuers. For example, the reduction of the number of executive officers that have to provide disclosure will not result in significantly less disclosure as most venture issuers

No.	Subject	Summarized Comment	Response
		information to investors, the same will not be true of the proposed executive compensation disclosure. The commenter questions the statement that investors will benefit because the disclosure would be more "concise, salient and easier to understand". While the disclosure may be more concise it will not be more salient or easier to understand and in fact will prove the opposite: investors will not have all the information they need to make a meaningful assessment of executive compensation decisions. One commenter's view is that venture issuers should not provide less disclosure with respect to executive compensation as compared with senior unlisted issuers or other issuers. One commenter fails to see how reducing the level of disclosure provided to investors improves the usefulness of such information, as is stated in the Proposed Amendments. They recommend that the format and/or manner in which information is disclosed be reconsidered and tested on retail investors (for both venture issuers and non-venture issuer investors) before taking the more drastic step of lessening the amount of disclosure in order to improve its usefulness.	only have three named executive officers. In addition, only requiring two, instead of three, years of executive compensation disclosure will not have a significant impact as the third year of disclosure will already be publicly available. We are also requiring that venture issuers provide more disclosure of options as compared to non-venture issuers. With respect to suggestions to test or consult with retail investors, we note that the comment process is open to all interested parties, including retail investors. The comment process is the most comprehensive way for retail investors and others to put forward their views.
35	***Disagreement with proposal for reduction of NEOs from five to three***	Five commenters disagree with the proposal to reduce the number of executive officers from whom disclosure is required from five to three. With respect to the proposed changes to the executive compensation disclosure, one commenter did not understand the rationale for reducing the number of individuals for whom disclosure is required, nor the number of years of disclosure from three to two. In the commenter's experience, venture issuers tend to have 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. One commenter indicated that executive compensation disclosure is important to investors and the commenter believes that it should be consistent no matter the size of the issuer. Therefore, the commenter opposes requiring executive compensation disclosure for only the top three, rather than top five, named executive officers of a venture issuer. One commenter does not support reducing the number of "named executive officers" for which compensation disclosure is required from five to three. If an executive meets the prescribed threshold (total compensation of more than $150,000) there is no reason to assume information about his or her compensation would not be material to shareholders assessing a venture issuer's compensation program. The additional burden on venture issuers would be minimal.	We thank the commenters for their input. We continue to believe that reducing the number of named executive officers for whom disclosure is required will reduce the disclosure burden on venture issuers, while providing an appropriate level of disclosure for investors. We note that because of their size, many venture issuers only have three named executive officers. We also note that requiring disclosure for three named executive officers for venture issuers is not inconsistent with international practice. For instance, we understand that this is comparable to the disclosure requirement for emerging growth companies under the US JOBS Act.

No.	Subject	Summarized Comment	Response
		One commenter does not believe the number of individuals for whom disclosure is required should be reduced from a maximum of five to a maximum of three. One commenter supported the current requirement to disclose a maximum of 5 individuals. For many venture issuers, there are only a few executives, and the majority of these issuers' expenses tend to be management and executive salaries. As many venture issuers are cash constrained, or pre-revenue, the commenter believes that, instead of limiting disclosure to a maximum of three individuals (the CEO, the CFO, and the next highest paid executive), investors' and stakeholders' needs might be better served by requiring that a minimum of three individuals' (including the CEO and CFO) compensation be disclosed.	
36	***Disagreement with proposal for two years of disclosure instead of three***	Four commenters disagree with the proposal for two years of executive compensation disclosure instead of three. One commenter believes that two years of executive compensation data is insufficient for investors to assess the linkage between pay and performance, particularly since the performance measurement period for major components of executive pay often spans beyond this time frame. One commenter stated that, typically, executive compensation programs incorporate elements that are designed to reward performance over a time frame of greater than two years, especially when securities based awards are part of the program. A two year picture does not provide enough information about the alignment of compensation and company performance to enable shareholders to meaningfully assess the link. One commenter believes there is merit to retaining disclosure of executive compensation for 3 years. Investors rely on management to ensure appropriate stewardship of the issuer, and a third year of disclosure may show trends and provide better insight into evaluating changes in executive compensation against the issuer's performance.	We thank the commenters for their input, but are of the view that two years of historical executive and director compensation disclosure is sufficient in the venture issuer context. If an investor is interested in additional disclosure, the third year of disclosure would be available in past executive compensation disclosure filed on SEDAR.
37	***Combining NEO and director compensation in one table***	Two commenters do not agree with combining executive officer and director compensation in one table. One commenter believes that combining NEO and director compensation information into one table reduces the clarity and utility of that disclosure, while doing nothing to lessen the burden on venture issuers. It is implausible to suggest that separating the same information into two tables is more onerous than placing the same information in one table. It also has the effect of implying that the roles of management and directors, and the way they should be	We thank the commenters for their input. However, we think that simplifying the disclosure by combining the NEO and director compensation in one table will be a benefit to venture issuers and their investors. Specifically, we believe this will give investors a clearer snapshot of executive compensation and will be less confusing.

No.	Subject	Summarized Comment	Response
		compensated for those roles, are similar, which is incorrect. The commenter believes it is especially important to be clear on the differences between these roles in the case of venture issuers since they are more likely to have related parties in executive and director roles. The proposed amendments also appear to contemplate aggregating the compensation for two different roles (e.g. CEO and director) into one figure within the table. The commenter suggests that it should be very clear whether the CEO, for example, is receiving options in his or her capacity as CEO or as a director. To do otherwise would seem to defeat the purpose of the disclosure.	We have included a new requirement that if a NEO is also a director, the issuer must include a footnote to the table to identify how much compensation the NEO received for each role.
38	***Support for removal of grant date fair value***	One commenter supports the proposal to eliminate the requirement to disclose the grant date fair value of stock options and other share-based awards to executives as this information is available in the financial statements. The financial statement disclosure of detailed information about stock options and other equity-based awards issued, held and exercised, will provide sufficient information for investors to assess how, and to what extent, the issuer's executives are being compensated. For many venture issuers, the grant date fair value of awards tends to distort the true compensation paid to executives and board members, as many of these options and other share-based awards expire unexercised.	We acknowledge the comments.
39	***Disagreement with removal of grant date fair value***	Three commenters disagree with the proposal to remove disclosure of grant date fair value. One commenter suggests reinstating the requirement to disclose the grant date fair value of stock options, as the commenter believes that these details provide useful information for investors of venture issuers. The grant date fair value reflects the board's intentions with respect to compensation, and provides investors with a deeper understanding of the link between pay and performance. While one commenter supports the proposal to allow stock options or other securities-based compensation to be disclosed at fair market value at the time options are exercised, they do not support the elimination of the current requirement to disclose the grant date fair value of stock options. What the board intends to pay an executive at the time the award is made is valuable information for shareholders and, in conjunction with the disclosure of fair market value at the time of exercise, allows shareholders to compare how the actual return to an executive compares with the board's intentions. Further, since options may comprise a large portion, if not all, of variable pay at venture issuers, a requirement that grant date fair values be disclosed will ensure that directors of these issuers consider the measure of wealth transfer from shareholders to executives when granting options and be in a position to justify to shareholders that the value is warranted. In any case, options should not be	We thank the commenters for their input. In the venture issuer context, options are granted with a view to future growth of the company rather than a specific value attributed at the grant date. It is our understanding that the recipient accepts this form of compensation because they believe that the value of the company will increase with time and effort, not based on the grant date value of the options. Investors may also be interested in the pay actually received by NEOs since it provides information as to the overall alignment between executive compensation and the shareholders' experience. We also note that issuers who use Canadian GAAP applicable to publicly accountable enterprises are required to disclose in the

No.	Subject	Summarized Comment	Response
		granted without an understanding of the value of those options. The commenter questions the monetary savings that the CSA states would be realized by venture issuers with the elimination of the need to have a valuation undertaken for options awarded since this must be done annually for accounting purposes in any event. One commenter does not agree that the requirement for venture issuers to calculate and disclose the grant date fair value of stock options and other share-based awards in the compensation table should be eliminated. The current requirement of grant date fair value provides important information to investors as it discloses the amount the board intends to pay an executive at the time the award is made. Having this information along with disclosure of the amount realized by the executive at the time it is earned (or "exercised") would allow investors to compare the two amounts. It also allows directors to consider the amount of money transferred to its executives at the time such options are granted, thereby assisting directors in justifying such transfers of wealth to shareholders. The Canadian Council of Good Governance has taken the same position. The commenter questions why venture issuers would not want to know the fair value of the stock options they provide to an executive at the time it is granted. This should be viewed as necessary information in order to justify to shareholders that the compensation granted to that individual is appropriate. Accordingly, eliminating this required disclosure may result in directors not having information that they need in order to fulfil their duties in a robust manner. Such a change should not be implemented solely to allow for the possibility of monetary savings from the elimination of the need to have a valuation undertaken for options awarded in order to comply with regulatory requirements.	notes to the financial statements the fair value of the options as at the measurement date in accordance with IFRS 2.
40	***Compensation securities***	One commenter understands that one of the goals of the CSA in adopting the use of a Summary Compensation Table in 2008 was to provide shareholders with one aggregate number that would tell them what directors intended to pay each named executive officer in a particular year. By removing information about compensation securities from the Summary Compensation Table, and placing it in a separate Compensation Securities Table which does not require valuations, this goal is frustrated. The information is just as relevant to investors in venture issuers as it is for investors in other public companies.	We thank the commenter for their input. However, we believe having a separate table of compensation securities, which includes more detailed disclosure of those securities than the Form 51-102F6 is more reflective of a venture issuer's compensation. We also believe this will be more user-friendly for venture issuers to prepare and for their investors to understand.
41	***Section 2.1(1)***	One commenter thought the disclosure of perquisites as a separate line item seems frivolous and detailed	We have included a staggered threshold for

No.	Subject	Summarized Comment	Response
		disclosure should only have to be made if it exceeds a certain threshold such as $5,000.	perquisite disclosure: $15,000 if the NEO or director's salary is $150,000 or less, 10% of salary if the NEO or director's salary is greater than $150,000 but less than $500,000 or $50,000 if the NEO or director's salary is $500,000 or greater.) See subsection 2.1(4) of Form 51-102F6V.
42	***Section 2.3(3)(a)***	One commenter notes that under section 2.3(3)(a) of proposed Form 51-102F6V, the Compensation Securities Table must be accompanied by a note that discloses "the total amount of compensation securities, and underlying securities, held by each named executive officer or director" but that it is not clear whether "amount" refers to number or value of securities held. The commenter believes both should be disclosed.	We thank the commenter for their input. We have revised paragraph 2.3(3)(a) to clarify that a venture issuer must disclose the number of securities held. We do not believe it is appropriate to require the value of the securities held. We believe that in the venture issuer context, compensation securities are granted with a view to future growth of the company rather than a specific value attributed at the grant date.
43	***Section 2.3(4)***	One commenter thought the table should remove date of exercise and price on the date and just allow an aggregate number for the year including gross value realized. If an investor wants to research dates, etc. they can go to the SEDI filings.	We thank the commenter for their input. However, we think including all of this information in the table will be more useful for investors without resulting in any extra burden for the issuer (i.e., the issuer would have needed all of this information in order to provide aggregate totals).
44	***Proposal to reduce duplication of information***	One commenter supports efforts to reduce duplication of information and believes that a brief summary of governance requirements and other attachments to the information circular could be provided (rather than the full documents) with links to the full documents on the listed issuer's website. Implementing such a change could reduce the size of many information circulars by 50 per cent or more.	We thank the commenter for their input. However, this is outside the scope of the project.
Other comments related to proposed amendments to NI 41-101			
45	***Support for reducing the number of years of audited financial statements in an IPO prospectus***	One commenter supports the proposal to reduce, from three to two, the number of years of audited historical financial statements and related disclosures in the "Description of the business and history". For many venture issuers, the third year is not as relevant in an initial public offering (IPO). Investors are more likely to rely on strong management than on the historical performance of the issuer, when making investment	We acknowledge the comment.

No.	Subject	Summarized Comment	Response
		decisions in many IPO situations. The commenter notes that two years of historical financial information is also consistent with requirements for IPO filings with the Securities and Exchange Commission.	
Other comments related to proposed amendments to NI 52-110			
46	***Support for proposal that audit committees must have a majority of directors who are not executive officers, employees or control persons***	Five commenters support the audit committee independence proposal. One commenter noted that 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 acknowledge the comments.
47	***Support for additional requirements on composition of audit committee***	Three commenters thought we should propose additional requirements for audit committees. One commenter encourages the CSA to require stronger governance standards for venture issuers on the composition of their audit committees. The commenter believes that the governance standards for audit committees should be consistent no matter the size of the issuer. Therefore, the commenter would encourage the CSA to consider amendments that would require venture issuers to have an audit committee consisting of at least three members, all of whom are independent. One commenter supports the CSA's move to introduce a mandatory independence standard to the composition of audit committees of venture issuers. The commenter suggests, however, that the CSA should go further and introduce a more stringent independence requirement, as well as an expectation of financial literacy, for members of venture issuer audit committees. The commenter summarized the proposed amendments as requiring that, for venture issuers: • audit committees be composed of at least three members, and • a majority of the members of the audit committee must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer. The first requirement is the same as for non-venture issuers. The second, however, falls short of the non-venture requirements in two ways: (i) only a majority of the members must reflect the specified standard of independence whereas for non-venture issuers all of the audit committee members must be independent and (ii) the standard of independence required is not as stringent. The commenter believes that both of	We thank the commenters for the input. We continue to believe that venture issuers should be exempted from additional audit committee composition requirements to reflect the practical realities those issuers face, which includes difficulties in finding and compensating independent directors.

No.	Subject	Summarized Comment	Response
		these shortcomings should be remedied. The commenter's view is that the audit committees of all public companies should be wholly independent, given the unique importance of the audit committee role in protecting the investors' interests. The proposed independence requirements for venture issuers would permit legal and other advisors, consultants and family members of executive officers or employees to sit on the audit committee and the commenter does not believe this is any more appropriate for smaller public companies than it is for larger more established ones. At the very least, the commenter suggests that if their views are not accepted and thus the less stringent standard of independence is retained, then all of the members of the audit committee must meet that standard and not just a majority. Further, the chair of the audit committee should be independent. One commenter supports enhanced requirements for impartiality by venture audit committees. The commenter that the CSA consider requiring that the majority of audit committee members also be "independent" as that is defined by NI 52-110 or another suitable definition. Such reforms would increase governance standards for venture issuers.	
48	***Financial literacy***	Three commenters support a financial literacy requirement for audit committees. One commenter recommends that NI 52-110 require that at least one member of a venture issuer's audit committee be financially literate (having the same meaning as set forth in section 1.6 of NI 52-110). This would be a prudent means of helping ensure that a venture issuer's audit committee has the necessary knowledge and expertise to read and understand a set of financial statements. One commenter suggested that, given that the applicable definition of 'financially literate' is not demanding, this minimum level of expertise and understanding should be required of the audit committee members of venture issuers.	We thank the commenters for the input. We continue to believe that venture issuers should be exempted from additional audit committee composition requirements to reflect the practical realities those issuers face, which includes difficulties in finding and compensating financially literate directors. We note that venture issuers are still required to include disclosure of financial literacy of their audit committee members.
49	***Size of audit committee***	One commenter suggested the number of audit committee members does not have to be set at three; it could be two, both of whom are independent. Small boards can function well and as long as there are at least two independent and a majority of independent directors, that should be sufficient.	We thank the commenter for their input. We do not believe that requiring an audit committee of three members is burdensome. We note that some exchanges already include a requirement that each audit committee have three members.
50	***Exception from application of audit committee requirements for certain entities***	One commenter states that section 1.2(e) of NI 52-110 provides an exception from the application of NI 52-110 for an issuer that is a "subsidiary entity" if the entity "does not have equity securities (other than non-	We thank the commenter for their input. This appears to be a fact pattern unique to this particular issuer,

No.	Subject	Summarized Comment	Response
		convertible, non-participating preferred securities) trading on a marketplace", provided that the parent of the entity is subject to NI 52-110, as set forth in section 1.2(3)(ii). In order for the exception to apply, an entity must be a "subsidiary entity" which requires the entity to be "controlled" by a person or company, which is the parent referred to in section 1.2(e)(ii). "Control" is defined to mean "the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise". The commenter assumes that this exception is meant to reflect the fact that, as a controlled entity, the financial results of the subsidiary entity would typically ne consolidated into the parent company's results, and the audit committee of the parent would provide oversight of the subsidiary with an appropriate level of independence and financial literacy. The current exception does not apply to some companies that are jointly owned by more than one entity. Although all of the parent entities may be subject to and in compliance with NI 52-110, none of the parent entities on its own "controls" the company with the meaning of the applicable definition (i.e. individually is in a position to direct or cause the direction of the management and policies of the company). Ultimately, each parent entity of the company uses equity accounting with respect to the company in reporting its own financial position and results and as such, the audit committee of each parent entity provides oversight of the company as part of the parent company's processes. Given further that none of the company's equity securities trade on a marketplace, the commenter does not see a policy reason why the company should not receive the same exception to the application of NI 52-110 as an entity that is controlled and consolidated by only a single entity. The commenter submits that: (a) NI 52-110, section 1.2(e) should be expanded to exempt an entity that does not have equity securities trading on a marketplace, where a majority of its voting securities are held by more than one entity that consolidates or uses equity accounting with respect to the amounts of the issuer entity on their own financial statements and that are subject to and in compliance with NI 52-110; or (b) In the alternative, they would suggest that the CSA consider providing an exception to the proposed venture issuer audit committee composition requirements of Part 6 of NI 52-110, for a venture issuer where a majority of its voting securities	which is outside the scope of the amendments. The issuer may want to consider applying for exemptive relief.

No.	Subject	Summarized Comment	Response
		are held by entities that consolidate or use equity accounting with respect to the accounts of the issuer entity on their own financial statements and are in compliance with NI 52-110. Alternatively, the commenter requests guidance on the circumstances when the CSA would be willing to grant an exemption order to a venture issuer from the proposed Part 6 of NI 52-110.	
Comments related to NI 58-101			
51	***Exception from application of corporate governance requirements to certain entities***	One commenter submitted that where a majority of a venture issuer's voting securities are held by one or more entities that are subject to NI 58-101 and its financial results are consolidated or incorporated by equity accounting into such parent entities, there is sufficient oversight of the subsidiary entity's governance practices provided by the parents. Accordingly, the commenter submits that a more principles-based disclosure would be appropriate, outlining the general manner in which the venture issuer approaches corporate governance, rather than requiring specific disclosure on all of the items currently set forth in Form 58-101F2. While many of such items may well be covered by a venture issuer under more general principles-based disclosure, the commenter suggests that more flexibility in the disclosure requirements than is currently provided under Form 58-101F2 would be appropriate.	We thank the commenter for their input, but this is outside the scope of this project. The issuer may want to consider applying for exemptive relief.
Comments not related to a particular instrument			
52	***Duties to act honestly and in good faith and to exercise care, skill and diligence***	One commenter recommends that TSX and TSXV listing requirements and a national instrument require that all listed issuers, including venture issuers, be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors' duties to act honestly and in good faith and to exercise care, skill and diligence. Issuers should be required to be incorporated in a jurisdiction with an acceptable standard of corporate governance (i.e. in a major developed jurisdiction). The commenter's understanding is that the TSXV does not require that listed issuers be incorporated in Canada or pursuant to the corporate laws of a Canadian province or territory, and simply requires that the applicant complete a reconciliation of its constating documents and the corporate law or equivalent legal regime of its home jurisdiction with that of the Canada Business Corporations Act where the applicant is not incorporated or created under the laws of Canada or any Canadian province. It also imposes on directors and officers the requirements to act honestly and in good faith with a view to the best interests of the issuer and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.	We thank the commenter for their input, but this is outside the scope of this project.

No.	Subject	Summarized Comment	Response
		However, the latter requirements are contractual relationships between the TSXV and the issuer and would be difficult for a shareholder to enforce against an issuer incorporated in the British Virgin Islands or in China (for example).	
53	***Address listings conflict of interest***	One commenter recommends that the CSA address the conflict of interest between the listing regulatory responsibilities and listing commercial operations of TSX and TSXV and bring them in line with international standards.	We thank the commenter for their input, but this is outside the scope of this project.

ANNEX D1

AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. ***National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.***

2. ***Paragraph 5.3(2)(b) is amended by adding "***for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1***" after "***interim MD&A***".***

3. ***Subsection 5.4(1) is amended by replacing "***MD&A***" with "***annual MD&A and, if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, its interim MD&A,***".***

4. ***Paragraph 5.7(2)(b) is amended by adding "***for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1***" after "***interim MD&A***".***

5. ***Paragraphs 8.3(1)(b) and (3)(b) are amended by replacing "***40 percent***" with "***100 percent***".***

6. ***Subsection 8.4(5) is amended by adding "***issuer other than a venture***" after "***a reporting***".***

7. ***Section 9.3.1 is amended***

(a) ***in subsection (1) by replacing "***sends***" with "***is required to send***",***

(b) ***in paragraph (1)(b) by deleting "***, applying reasonable effort,***",***

(c) ***in subsection (2) by replacing "***, in accordance with, and subject to any exemptions set out in, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008***" with "***and in accordance with Form 51-102F6 *Statement of Executive Compensation****",***

(d) ***by adding the following subsections:***

(2.1) Despite subsection (2), a venture issuer may provide the disclosure required by subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

(2.2) The disclosure required under subsection (1) must be filed

(a) not later than 140 days after the end of the issuer's most recently completed financial year, in the case of an issuer other than a venture issuer, or

(b) not later than 180 days after the end of the issuer's most recently completed financial year, in the case of a venture issuer.***,***

(e) ***in subsection (3) by replacing "***, which came into force on December 31, 2008***" with "***or, for a venture issuer relying on subsection (2.1), in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers****",***

(f) ***by repealing subsection (4), and***

(g) ***by adding the following subsection:***

(5) Subsection (2.2) applies to an issuer in respect of a financial year beginning on or after July 1, 2015.***.***

8. ***Section 11.6 is amended***

(a) ***in subsection (1) by replacing "***does not send to its securityholders***" with "***is not required to send to its securityholders an information circular and does not send***", and***

(b) ***in paragraph (1)(b) by deleting "***, applying reasonable effort,***",***

(c) ***in subsection (2) by striking out "***, which came into force on December 31, 2008***",***

(d) ***by adding the following subsection:***

(2.1) Despite subsection (2), a reporting issuer that is a venture issuer may provide the disclosure required under subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers.****,***

(e) ***in subsection (4) by deleting*** ", which came into force on December 31, 2008***" and replacing it with "***or, for a venture issuer relying on subsection (2.1), in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers****", and***

(f) ***by repealing subsection (6).***

9. Paragraph (g) of Part 1 of Form 51-102F1 is replaced by the following:

(g) Venture Issuers

If your company is a venture issuer, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing quarterly highlights disclosure. Refer to Companion Policy 51-102CP for guidance on quarterly highlights.

If your company is a venture issuer without significant revenue from operations, in your MD&A including any quarterly highlights, focus your discussion and analysis of financial performance on expenditures and progress towards achieving your business objectives and milestones.**.**

10. Item 2 of Part 2 of Form 51-102F1 is amended by adding the following section:

2.2.1 Quarterly Highlights

If your company is a venture issuer, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing a short discussion of all material information about your company's operations, liquidity and capital resources. Include in your discussion:

- an analysis of your company's financial condition, financial performance and cash flows and any significant factors that have caused period to period variations in those measures;
- known trends, risks or demands;
- major operating milestones;
- commitments, expected or unexpected events, or uncertainties that have materially affected your company's operations, liquidity and capital resources in the interim period or are reasonably likely to have a material effect going forward;
- any significant changes from disclosure previously made about how the company was going to use proceeds from any financing and an explanation of variances;
- any significant transactions between related parties that occurred in the interim period.

INSTRUCTIONS

(i) If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you cannot use quarterly highlights. Rather, you must provide all the disclosure called for in Item 1 in your first MD&A. Base the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements.

(ii) Provide a short, focused discussion that gives a balanced and accurate picture of the company's business activities during the interim period. The purpose of the quarterly highlights reporting is to provide a brief narrative update about the business activities, financial condition, financial performance and cash flow of the company. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.

(iii) Quarterly highlights prepared in accordance with section 2.2.1 are not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).

(iv) You must title your quarterly highlights "Interim MD&A – Quarterly Highlights".

(v) If there was a change to the company's accounting policies during the interim period, include a description of the material effects resulting from the change.

2.2.2 Quarterly Highlights – Transition

Section 2.2.1 applies to an issuer in respect of a financial year beginning on or after July 1, 2015..

11. Item 5.4 of Form 51-102F2 is replaced with the following:

5.4 Companies with Mineral Projects

If your company had a mineral project, provide the following information, by summary if applicable, for each project material to your company:

(1) **Current Technical Report** – The title, author(s), and date of the most recent technical report on the property filed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

(2) **Project Description, Location, and Access**

(a) The location of the project and means of access.

(b) The nature and extent of your company's title to or interest in the project, including surface rights, obligations that must be met to retain the project, and the expiration date of claims, licences and other property tenure rights.

(c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.

(d) To the extent known, any significant factors or risks that might affect access or title, or the right or ability to perform work on, the property, including permitting and environmental liabilities to which the project is subject.

(3) **History**

(a) To the extent known, the prior exploration and development of the property, including the type, amount, and results of any exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property.

(4) **Geological Setting, Mineralization, and Deposit Types**

(a) The regional, local, and property geology.

(b) The significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth and continuity of the mineralization together with a description of the type, character and distribution of the mineralization.

(c) The mineral deposit type or geological model or concepts being applied.

(5) **Exploration –** The nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of your company, including a summary and interpretation of the relevant results.

(6) **Drilling –** The type and extent of drilling and a summary and interpretation of all relevant results.

(7) **Sampling, Analysis, and Data Verification –** The sampling and assaying including, without limitation,

(a) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory,

(b) the security measures taken to ensure the validity and integrity of samples taken,

(c) assaying and analytical procedures used and the relationship, if any, of the laboratory to your company, and

(d) quality control measures and data verification procedures, and their results.

(8) **Mineral Processing and Metallurgical Testing –** If mineral processing or metallurgical testing analyses have been carried out, describe the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results and, to the extent known, provide a description of any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

(9) **Mineral Resource and Mineral Reserve Estimates –** The mineral resources and mineral reserves, if any, including, without limitation,

(a) the effective date of the estimates,

(b) the quantity and grade or quality of each category of mineral resources and mineral reserves,

(c) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves, and

(d) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues.

(10) **Mining Operations –** For advanced properties, the current or proposed mining methods, including a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods.

(11) **Processing and Recovery Operations** – For advanced properties, a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity.

(12) **Infrastructure, Permitting, and Compliance Activities –** For advanced properties,

(a) the infrastructure and logistic requirements for the project, and

(b) the reasonably available information on environmental, permitting, and social or community factors related to the project.

(13) **Capital and Operating Costs** – For advanced properties,

(a) a summary of capital and operating cost estimates, with the major components set out in tabular form, and

(b) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (2) to Item 22 of Form 43-101F1.

(14) **Exploration, Development, and Production –** A description of your company's current and contemplated exploration, development or production activities.

INSTRUCTIONS

(i) *Disclosure regarding mineral exploration, development or production activities on material projects must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the limitations set out in it. You must use the appropriate terminology to describe mineral reserves and mineral resources. You must base your disclosure on information prepared by, under the supervision of, or approved by, a qualified person.*

(ii) *You are permitted to satisfy the disclosure requirements in section 5.4 by reproducing the summary from the technical report on the material property and incorporating the detailed disclosure in the technical report into the AIF by reference.*

12. ***Paragraph (c) of Part 1 of Form 51-102F5 is amended by adding "***or Form 51-102F6V *Statement of Executive Compensation – Venture Issuers**"** **after "***Form 51-102F6 *Statement of Executive Compensation**".***

13. ***Item 8 of Part 2 of Form 51-102F5 is amended by adding "***or, in the case of a venture issuer, a completed Form 51-102F6 *Statement of Executive Compensation* or a completed Form 51-102F6V *Statement of Executive Compensation – Venture Issuers**"** **after "***Form 51-102F6 *Statement of Executive Compensation**".***

14. ***Subsection 1.3(10) of Form 51-102F6 is amended by deleting "***, applying reasonable effort,***".***

15. ***Commentary 1 of section 2.1 of Form 51-102F6 is amended by deleting "***, applying reasonable effort,***".***

16. ***Commentary 2 of subsection 3.1(10) of Form 51-102F6 is amended by deleting "***still***".***

17. ***Subsection 8.1(1) of Form 51-102F6 is amended by replacing "***required by***" with "***they are required to disclose in the United States under***".***

18. ***The following form is added:***

Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

Table of Contents

Item 1 General Provisions
1.1 Objective
1.2 Definitions
1.3 Preparing the form

Item 2 Director and Named Executive Officer Compensation
2.1 Director and named executive officer compensation, excluding options and compensation securities
2.2 External management companies
2.3 Stock options and other compensation securities and instruments
2.4 Stock option plans and other incentive plans
2.5 Employment, consulting and management agreements
2.6 Oversight and description of director and named executive officer compensation
2.7 Pension disclosure
2.8 Companies reporting in the United States

Item 3 Effective Date and Transition
3.1 Effective date
3.2 Transition

Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

ITEM 1 – GENERAL PROVISIONS

1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

While the objective of this disclosure is the same as the objective in section 1.1 of Form 51-102F6, this form is to be used by venture issuers only. Reporting issuers that are not venture issuers must complete Form 51-102F6.

1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

"external management company" includes a subsidiary, affiliate or associate of the external management company;

"**named executive officer**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5), for that financial year;

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

“plan” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

1.3 Preparing the form

(1) All compensation to be included

(a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each named executive officer and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the named executive officer or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.

(b) If an item of compensation is not specifically mentioned or described in this form, disclose it in the column “Value of all other compensation” of the table in section 2.1.

Commentary

1. Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

2. The definition of “director” under securities legislation includes an individual who acts in a capacity similar to that of a director.

(2) Departures from format

(a) Although the required disclosure must be made in accordance with this form, the disclosure may

(i) omit a table, column of a table, or other prescribed information, if it does not apply, and

(ii) add a table, column, or other information if

(A) necessary to satisfy the objective in section 1.1, and

(B) to a reasonable person, the table, column, or other information does not detract from the prescribed information in the table in section 2.1.

(b) Despite paragraph (a), a company must not add a column to the table in section 2.1.

(3) Information for full financial year

(a) If a named executive officer acted in that capacity for the company during part of a financial year for which disclosure is required in the table in section 2.1, provide details of all of the compensation that the named executive officer received from the company for that financial year. This includes compensation the named executive officer earned in any other position with the company during the financial year.

(b) Do not annualize compensation in a table for any part of a year when a named executive officer was not in the service of the company. Annualized compensation may be disclosed in a footnote.

(4) Director and named executive officer compensation

(a) Disclose any compensation awarded to, earned by, paid to, or payable to each director and named executive officer, in any capacity with respect to the company. Compensation to directors and named executive officers must include all compensation from the company and its subsidiaries.

(b) Disclose any compensation awarded to, earned by, paid to, or payable to, a named executive officer, or director, in any capacity with respect to the company, by another person or company.

(5) Determining if an individual is a named executive officer

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an executive officer under paragraph (c) of the definition of named executive officer,

(a) use the total compensation that would be reported for that executive officer in the table in section 2.1, as if the executive officer were a named executive officer for the company's most recently completed financial year, and

(b) exclude any compensation disclosed in the column "Value of all other compensation" of the table in section 2.1.

Commentary

The $150,000 threshold in paragraph (c) of the definition of named executive officer only applies when determining who is a named executive officer in a company's most recently completed financial year. If an individual is a named executive officer in the most recently completed financial year, disclosure of compensation in the prior years must be provided even if total compensation in a prior year is less than $150,000.

(6) Compensation to associates

Disclose any awards, earnings, payments, or payables to an associate of a named executive officer, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the named executive officer or the director, in any capacity with respect to the company.

(7) Currencies

(a) Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use the same currency in all of the tables of this form.

(b) If compensation awarded to, earned by, paid to, or payable to a named executive officer or director was in a currency other than the currency reported in the prescribed tables of this form, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

(8) New reporting issuers

(a) A company is not required to provide information for a completed financial year if the company was not a reporting issuer at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.

(b) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing this form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to named executive officers and directors of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

(9) Plain language

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a person, applying reasonable effort, an understanding of

(a) how decisions about named executive officer and director compensation are made, and

(b) how specific named executive officer and director compensation relates to the overall stewardship and governance of the company.

Commentary

Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.

ITEM 2 – DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

2.1 Director and named executive officer compensation, excluding compensation securities

(1) Using the following table, disclose all compensation referred to in subsection 1.3(1) of this form for each of the two most recently completed financial years, other than compensation disclosed under section 2.3.

Commentary

For venture issuers, compensation includes payments, grants, awards, gifts and benefits including, but not limited to,

- *salaries,*
- *consulting fees,*
- *management fees,*
- *retainer fees,*
- *bonuses,*
- *committee and meeting fees,*
- *special assignment fees,*
- *pensions and employer paid RRSP contributions,*
- *perquisites such as*
  - *car, car lease, car allowance or car loan,*
  - *personal insurance,*
  - *parking,*
  - *accommodation, including use of vacation accommodation,*
  - *financial assistance,*
  - *club memberships,*
  - *use of corporate motor vehicle or aircraft,*
  - *reimbursement for tax on perquisites or other benefits, and*
  - *investment-related advice and expenses.*

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**

(2) In the table required under subsection (1), disclose compensation of each named executive officer first, followed by compensation of any director who is not a named executive officer.

(3) If the individual is a named executive officer and a director, state both positions in the column entitled "Name and position". In a footnote to the table, identify how much compensation the NEO received for each position.

(4) In the column entitled "Value of perquisites", include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than

(a) $15,000, if the NEO or director's total salary for the financial year is $150,000 or less,

(b) 10% of the NEO or director's salary for the financial year, if the NEO or director's total salary for the financial year is greater than $150,000 but less than $500,000, or

(c) $50,000, if the NEO or director's total salary for the financial year is $500,000 or greater.

Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

Provide a note to the table to disclose the nature of each perquisite provided that equals or exceeds 25% of the total value of perquisites provided to that named executive officer or director, and how the value of the perquisite was calculated, if it is not provided in cash.

Commentary

For the purposes of the column entitled "Value of perquisites", an item is generally a perquisite if it is not integrally and directly related to the performance of the director or named executive officer's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.

(5) If non-cash compensation, other than compensation required to be disclosed in section 2.3, was provided or is payable, disclose the fair market value of the compensation at the time it was earned or, if it is not possible to calculate the fair market value, disclose that fact in a note to the table and the reasons why.

(6) In the column entitled "Value of all other compensation", include all of the following:

(a) any incremental payments, payables and benefits to a named executive officer or director that were triggered by, or resulted from, a scenario listed in subsection 2.5(2) that occurred before the end of the applicable financial year,

(b) all compensation relating to defined benefit or defined contribution plans including service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above market earnings for defined contribution plans.

Commentary

The disclosure of defined benefit or defined contribution plans relates to all plans that provide for the payment of pension plan benefits. Use the same amounts indicated in column (e) of the defined benefit plan table required by section 2.7 for the applicable financial year and the amounts included in column (c) of the defined contribution plan table required by section 2.7 for the applicable financial year.

(7) Despite subsection (1), it is not necessary to disclose Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation that are generally available to all salaried employees.

(8) If a director or named executive officer has served in that capacity for only part of a year, indicate the number of months he or she has served; do not annualize the compensation.

(9) Provide notes to the table to disclose each of the following for the most recently completed financial year only:

(a) compensation paid or payable by any person or company other than the company in respect of services provided to the company or its subsidiaries, including the identity of that other person or company;

(b) compensation paid or payable indirectly to the director or named executive officer and, in such case, the amount of compensation, to whom it is paid or payable and the relationship between the director or named executive officer and such other person or company;

(c) for the column entitled "Value of all other compensation", the nature of each form of other compensation paid or payable that equals or exceeds 25% of the total value of other compensation paid or payable to that director or named executive officer, and how the value of such other compensation was calculated, if it is not paid or payable in cash.

2.2 External management companies

(1) If one or more individuals acting as named executive officers of the company are not employees of the company, disclose the names of those individuals.

(2) If an external management company employs or retains one or more individuals acting as named executive officers or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company, directly or indirectly, disclose any compensation that

(a) the company paid directly to an individual employed, or retained by the external management company, who is acting as a named executive officer or director of the company;

(b) the external management company paid to the individual that is attributable to the services they provided to the company, directly or indirectly.

(3) If an external management company provides the company's executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as a named executive officer or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation paid to a named executive officer or director, disclose the basis or methodology used to allocate this compensation.

Commentary

A named executive officer may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the chief executive officer or chief financial officer are references to the individuals who performed similar functions to that of the chief executive officer or chief financial officer. They are typically the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

2.3 Stock options and other compensation securities

(1) Using the following table, disclose all compensation securities granted or issued to each director and named executive officer by the company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries.

Compensation Securities							
Name and position	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**

(2) Position the tables prescribed in subsections (1) and (4) directly after the table prescribed in section 2.1.

(3) Provide notes to the table to disclose each of the following:

(a) the total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end;

(b) any compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year, including the original and modified terms, the effective date, the reason for the modification, and the name of the holder;

(c) any vesting provisions of the compensation securities;

(d) any restrictions or conditions for converting, exercising or exchanging the compensation securities.

(4) Using the following table, disclose each exercise by a director or named executive officer of compensation securities during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	**Type of compensation security**	**Number of underlying securities exercised**	**Exercise price per security ($)**	**Date of exercise**	**Closing price per security on date of exercise ($)**	**Difference between exercise price and closing price on date of exercise ($)**	**Total value on exercise date ($)**

(5) For the tables prescribed in subsections (1) and (4), if the individual is a named executive officer and a director, state both positions in the columns entitled "Name and position".

Commentary

For the purposes of the column entitled "Total value on exercise date" multiply the number in the column entitled "Number of underlying securities exercised" by the number in the column entitled "Difference between exercise price and closing price on date of exercise".

2.4 Stock option plans and other incentive plans

(1) Describe the material terms of each stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

Commentary

Examples of material terms are vesting provisions, maximum term of options granted, whether or not a stock option plan is a rolling plan, the maximum number or percentage of options that can be granted, method of settlement.

(2) Indicate for each such plan or agreement whether it has previously been approved by shareholders and, if applicable, when it is next required to be approved.

(3) Disclosure is not required of plans, such as shareholder rights plans, that involve issuance of securities to all securityholders.

2.5 Employment, consulting and management agreements

(1) Disclose the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company or any of its subsidiaries that were

(a) performed by a director or named executive officer, or

(b) performed by any other party but are services typically provided by a director or a named executive officer.

(2) For each agreement or arrangement referred to in subsection (1), disclose each of the following:

(a) the provisions, if any, with respect to change of control, severance, termination or constructive dismissal;

(b) the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal;

(c) any relationship between the other party to the agreement and a director or named executive officer of the company or any of its subsidiaries.

2.6 Oversight and description of director and named executive officer compensation

(1) Disclose who determines director compensation and how and when it is determined.

(2) Disclose who determines named executive officer compensation and how and when it is determined.

(3) For each named executive officer, disclose each of the following:

(a) a description of all significant elements of compensation awarded to, earned by, paid or payable to the named executive officer for the most recently completed financial year, including at a minimum each element of compensation that accounts for 10% or more of the named executive officer's total compensation;

(b) whether total compensation or any significant element of total compensation is tied to one or more performance criteria or goals, including for example, milestones, agreements or transactions and, if so,

(i) describe the performance criteria and goals, and

(ii) indicate the weight or approximate weight assigned to each performance criterion or goal;

(c) any significant events that have occurred during the most recently completed financial year that have significantly affected compensation including whether any performance criterion or goal was waived or changed and, if so, why;

(d) how the company determines the amount to be paid for each significant element of compensation referred to in paragraph (a), including whether the process is based on objective, identifiable measures or a subjective decision;

(e) whether a peer group is used to determine compensation and, if so, describe the peer group and why it is considered appropriate;

(f) any significant changes to the company's compensation policies that were made during or after the most recently completed financial year that could or will have an effect on director or named executive officer compensation.

(4) Despite subsection (3), if a reasonable person would consider that disclosure of a previously undisclosed specific performance criterion or goal would seriously prejudice the company's interests, the company is not required to disclose the criterion or goal provided that the company does each of the following:

(a) discloses the percentage of the named executive officer's total compensation that relates to the undisclosed criterion or goal;

(b) discloses the anticipated difficulty in achieving the performance criterion or goal;

(c) states that it is relying on this exemption from the disclosure requirement;

(d) explains why disclosing the performance criterion or goal would seriously prejudice its interests.

(5) For the purposes of subsection (4), a company's interests are considered not to be seriously prejudiced solely by disclosing a performance goal or criterion if that criterion or goal is based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, or earnings before interest, taxes, depreciation and amortization (EBITDA).

2.7 Pension disclosure

If the company provides a pension to a director or named executive officer, provide for each such individual the additional disclosure required by Item 5 of Form 51-102F6.

2.8 Companies reporting in the United States

(1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information that they disclose in the United States pursuant to item 402 "Executive compensation" of Regulation S-K under the 1934 Act.

(2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B "Compensation" and 6.E.2 "Share Ownership" of Form 20-F under the 1934 Act..

19. This Instrument comes into force on June 30, 2015.

ANNEX D2

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"Form 51-102F6V" means Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* of NI 51-102;**.**

3. Subsection 1.9(4) of Form 41-101F1 is amended by adding "(***" after "***the United States of America***" and by adding "***)***" after "***PLUS Markets Group plc.***".***

4. Subsections 5.1(2) and (3) of Form 41-101F1 are amended by adding ", if the issuer is a venture issuer or an IPO venture issuer, the two most recently completed financial years, or***" after "***within the three most recently completed financial years or***".***

5. The heading of section 5.2 of Form 41-101F1 is amended by replacing "Three-year history" ***with*** "History"***.***

6. Subsection 5.2(1) of Form 41-101F1 is amended by adding "or, if the issuer is a venture issuer or an IPO venture issuer, the last two completed financial years,***" after "***over the last three completed financial years***".***

7. Section 8.2 of Form 41-101F1 is amended by adding the following guidance after subsection (3):

GUIDANCE

Under section 2.2.1 of Form 51-102F1, for financial years beginning on or after July 1, 2015, venture issuers, or IPO venture issuers, have the option of meeting the requirement to provide interim MD&A under section 2.2 of Form 51-102F1 by providing quarterly highlights disclosure..

8. Paragraph 8.6(3)(b) of Form 41-101F1 is amended by adding "if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1," ***before "***the most recent year-to-date***".***

9. Paragraph 8.8(2)(b) of Form 41-101F1 is amended by adding "if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,***" before "***the most recent year-to-date***".***

10. Section 17.1 of Form 41-101F1 is amended by adding "or, if the issuer is a venture issuer or an IPO venture issuer, in accordance with Form 51-102F6 or Form 51-102F6V***" after "***in accordance with Form 51-102F6***".***

11. Section 20.11 of Form 41-101F1 is amended by adding ")" ***after "***the United States of America***" and adding "***)***" after "***PLUS Markets Group plc.***".***

12. Subsection 32.4(1) of Form 41-101F1 is amended by replacing paragraph (a) with the following:

(a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is

(i) an IPO venture issuer, or

(ii) a reporting issuer in at least one jurisdiction immediately before filing the prospectus,**.**

13. This Instrument comes into force on June 30, 2015.

ANNEX D3

AMENDMENTS TO
NATIONAL INSTRUMENT 52-110 *AUDIT COMMITTEES*

1. National Instrument 52-110 Audit Committees is amended by this Instrument.

2. Part 6 is amended by adding the following section:

6.1.1. Composition of Audit Committee

(1) An audit committee of a venture issuer must be composed of a minimum of three members.

(2) Every member of an audit committee of a venture issuer must be a director of the issuer.

(3) Subject to subsections (4), (5) and (6), a majority of the members of an audit committee of a venture issuer must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.

(4) If a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer, subsection (3) does not apply to the audit committee in respect of the member until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months after the date on which the circumstance arose.

(5) If an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control, subsection (3) does not apply to the audit committee in respect of that member until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months after the event which caused the member to become a control person.

(6) If a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the board of directors is required to fill the vacancy, subsection (3) does not apply to the audit committee, in respect of the member appointed to fill the vacancy, until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months from the day the vacancy was created.

(7) This section applies to a venture issuer in respect of a financial year beginning on or after January 1, 2016.**.**

3. Section 5 of Form 52-110F2 is replaced with the following:

5. If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied on

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*),

(b) the exemption in subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*),

(c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),

(d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or

(e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemption*),

state that fact.**.**

4. This Instrument comes into force on June 30, 2015.

ANNEX E1

CHANGES TO
COMPANION POLICY TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. The changes to the Companion Policy to National Instrument 51-102 Continuous Disclosure Obligations are set out in this schedule.

2. The Table of Contents is changed by adding the following: "5.6 Venture Issuer Quarterly Highlights***".***

3. Section 5.4 is changed by

(a) adding ", if the issuer is an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, their***" after "***in their annual or***",***

(b) deleting "the equity investee would meet the thresholds for the significance tests in Part 8" ***and replacing it with "***,***", and***

(c) deleting ".***" after "***as at the issuer's financial year-end***" and replacing it with "***, either of the following apply:

(a) for a reporting issuer that is not a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8;

(b) for a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8 if "100 percent" is read as "40 percent".***.***

4. Part 5 is changed by adding the following section:

5.6 Venture Issuers – Quarterly Highlights

(1) A venture issuer that provides quarterly highlights is not required to update its annual MD&A in the quarterly highlights. However, to meet the requirements of section 2.2.1 of Form 51-102F1, the venture issuer should disclose in its quarterly highlights any change, if material, from plans disclosed in the annual MD&A. For example, if a mining issuer discloses a drill program in its annual MD&A and decides to make a change to that drill program in a subsequent interim period, that change, if material, should be disclosed in the quarterly highlights for that period.

(2) Although all venture issuers have the option of providing quarterly highlights, there are some instances where a venture issuer may want to consider providing full interim MD&A instead of quarterly highlights. We believe the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want full interim MD&A to assist them in making informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A.

(3) For greater certainty, a reference to interim MD&A is a reference to the quarterly highlights a venture issuer has the option of providing in accordance with section 2.2.1 of Form 51-102F1. As such, any requirements in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* that apply to interim MD&A will apply to the quarterly highlights.***.***

5. These changes become effective on June 30, 2015.

ANNEX E2

CHANGES TO COMPANION POLICY TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. The changes to the Companion Policy to National Instrument 41-101 General Prospectus Requirements are set out in this schedule.

2. Subsection 4.4(3) is changed by

(a) replacing "the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1" ***with "***,***",***

(b) replacing the ".***"with "***,***", and***

(c) adding the following after "financial year-end,***":***

either of the following apply:

(a) for an issuer that is not a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1;

(b) for a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1 if "100 percent" is read as "40 percent".**.**

3. These changes become effective on June 30, 2015.

ANNEX F

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

On March 24, 2015, the Ontario Securities Commission:

- made the amendments to NI 51-102, NI 41-101 and NI 52-110 (the **Rule Amendments**) pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**), and

- adopted the changes to 51-102CP and 41-101CP (the **Policy Changes**) pursuant to section 143.8 of the Act.

The Rule Amendments and other required materials were delivered to the Minister of Finance on April 8, 2015. The Minister may approve or reject the Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by June 7, 2015, the Rule Amendments and the Policy Changes will come into force on June 30, 2015.