

June 21, 2002

The Canadian Securities Administrators have issued a request for comment on proposed nationally harmonized continuous disclosure requirements for reporting issuers, as well as exemptions for eligible foreign issuers. Comments are requested by September 19, 2002. Highlights, from an accounting perspective include:

- ◆ Permission for SEC issuers to file financial statements prepared in accordance with US GAAP, provided that for a two-year period after starting to use US GAAP, their statements will have to be reconciled to Canadian GAAP. (Can also file audit report in accordance with US GAAS). SEC foreign issuers¹ may file without reconciliation to Canadian GAAP. Eligible foreign issuers² may file financial statements prepared in accordance with International Accounting Standards, without reconciliation. Certain designated foreign issuers³ may file financial statements in accordance with principles in designated foreign jurisdiction. Others must reconcile.
- ◆ Removal of size exemption for filing of MD&A and requirement for Board of Directors to review MD&A.
- ◆ MD&A to include discussion of outcome of previously disclosed forward-looking information, disclosures about off-balance sheet arrangements and critical accounting policies
- ◆ Removal of GAAP exemption for certain banks and insurance companies.
- ◆ Shortened filing deadlines for annual and interim financial statements.
- ◆ Elimination of the obligation to deliver financial statements and MD&A to all security holders – would be on request only.

For further details see OSC web site at www.osc.gov.ca.

¹ Those with a class of securities registered under section 12 of the 1934 Act.

² An eligible foreign issuer is a reporting issuer, other than an investment fund, that is incorporated outside of Canada, unless it has more than 50% of its shares held in Canada and one or more of the following is also true: The majority of its directors and officers are Canadian residents, more than 50% of its assets are in Canada, or the business is principally administered in Canada.

³ An eligible foreign issuer that is not an SEC foreign issuer and is subject to the disclosure requirements of Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland, and the UK.