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REGULATING VENTURE ISSUERS – A NEW APPROACH?

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On May 31, 2010, securities regulators in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia published a consultation paper designed to assess market interest in developing a more tailored approach to regulating venture issuers.

Multilateral Consultation Paper 51-403 – *Tailoring Venture Issuer Regulation* (“MCP 51-403”) – seeks input on whether the current venture market regulatory regime could be updated to enhance investor protection, reduce regulatory costs for venture issuers and allow management to focus more attention on business development.

Some of the key features of the consultation paper include:

- eliminating the requirement for three- and nine-month interim financial statements and associated management’s discussion and analysis (“MD&A”);
- introducing an annual report that would provide streamlined and simplified disclosure of the venture issuer’s business, management, governance and executive compensation, and would include the venture issuer’s annual financial statements and MD&A;
- enhancing investor protections through substantive corporate governance requirements, including requirements to implement procedures to: (i) address conflicts of interest and related party transactions; and (ii) reduce the risk of

trading when undisclosed material information exists;

- eliminating business acquisition reports and enhancing material change reporting; and
- making changes to prospectus disclosure requirements.

The securities commissions are accepting written comments on these proposals until September 17, 2010. In addition, consultation sessions will be held across Canada beginning in June 2010 to solicit feedback from venture market participants.

A copy of MCP 51-403 and more information on how you can participate in the consultation process can be obtained by visiting the [Alberta Securities Commission](#) webpage.

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