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Our File No.:

Sep 21, 2001

## BY COURIER

Mr. John Stevenson, Secretary Ontario Securities Commission 20 Queen Street West Suite 1903,  
Box 55 Toronto, Ontario M5H 3S8

Dear Mr. Stevenson:

### Re: Proposed Policy 12-602 (the APolicy@)

After reviewing the proposed Policy, ADeeming an Issuer From Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario@, I am writing to provide you with my comments thereon.

I am a partner in the Vancouver law firm Farris, Vaughan, Wills & Murphy, and have a practice oriented towards corporate finance and securities work. I have a number of client corporations which were listed on CDNX under the Capital Pool Company (ACPC@) Program.

The Policy appears to propose that a Deeming Order (as defined in the Policy) for a CPC will only be granted if at least 12 months have elapsed since completion of the CPC's qualifying transaction. I assume that your rationale for this is because there will have been no significantly detailed disclosure by the CPC of its post qualifying transaction business prior to completion of its qualifying transaction.

In my opinion, it is not appropriate to extend this rationale to the CPC's post qualifying transaction period. Approval of a CPC's qualifying transaction requires shareholder approval, and the information circular sent to shareholders in connection therewith must contain prospectus level disclosure about the qualifying transaction. The requirements for the information circular are set out in Form 3A of the CDNX Corporate Finance Manual, which form requires the inclusion of information in greater detail than Ontario *Securities Act* Form 12 (the form for the prospectus of an industrial company). Furthermore, the CPC's circular is vetted by CDNX to insure that it contains adequate prospectus level disclosure. As a result a CPC issuer will have filed a prospectus level document (via SEDAR) prior to completion of its qualifying transaction.

This is tantamount to a company having filed a prospectus with its initial public offering, which entitles it to immediate reporting issuer status (if filed in Ontario). For this reason, it does not make sense to force a CPC to wait an additional 12 months to be designated a reporting issuer when it has filed a de facto prospectus. Accordingly, I submit that the Policy be revised to provide that a CPC be eligible for a Deeming Order immediately after completion of its qualifying transaction, as opposed to 12 months following completion of its qualifying transaction.

As required, a diskette containing an electronic copy of this letter in WordPerfect for Windows is also enclosed.

Should you have any questions regarding this matter, please do not hesitate to contact the undersigned.

March 20, 2001 - 1 -

Yours truly, FARRIS, VAUGHAN, WILLS &  
MURPHY Per: Rupert A. Legge

RAL/pca  
Enclosure