

----- Forwarded by Peter Brady/BCSC on 10/04/2002 14:31 -----

Peter Brady
Hopkins <dhopkins@boughton.ca>
10/04/2002 14:31
Proposed National Instrument 51-102 Continuous
Obligations ("Proposed Instrument")(Document
To: Doug
cc:
Subject: Re:
Disclosure
link: Peter Brady)

Mr. Hopkins:

Thank you for your comment, which I will forward to the committee. This is already on my list of issues to try to resolve with them.

Could you give me some examples of information that is required by GAAP, and that auditors would not agree to omit from financial statements, but which a company should be able to keep confidential in a material change report? It might help our discussions. Thank you.

Peter Brady
Senior Legal Counsel
Legal & Market Initiatives
B.C. Securities Commission
Phone: 604-899-6874
Fax: 604-899-6814
E-mail: pbrady@bcsc.bc.ca

Doug Hopkins
<dhopkins@boughton.ca>
PBrady@bcsc.bc.ca
National Instrument 51-102 Continuous
10/03/2002 16:45
Obligations ("Proposed Instrument")
To:
cc:
Subject: Proposed
Disclosure

Please accept this late submission on the referenced matter. This submission is not being made on behalf of a client, rather

it is a personal submission as an interested industry participant.

In Part 7 of the Proposed Instrument there is provision to file a "Confidential " Material Change Report. The reasons and rationale for such types of filings I can agree with and understand. However, there are other requirements of the securities laws (specifically, section 3 of the B C Securities Rules) that require financial statements to be prepared in accordance with generally accepted accounting principles ("GAAP"). My understanding of GAAP, certainly Canadian GAAP and probably foreign or other GAAP, requires material changes to be reflected in financial statements. Therefore, an issuer who is trying, for legitimate reasons, to maintain "Confidential" a Material Change Report could, depending on the time of such filing relevant to when they are required to file and distribute their financial statements, be put in the position of either having to file and distribute financial statements with disclosure of the material change that they are trying to keep confidential or not file and distribute the financial statements in contravention of the securities laws in order to keep the material change confidential. This is in addition to the conflict that they would undoubtedly have with their accountants/auditors who would insist on disclosure of the material change before they would sign off or release the financial statements to the issuer.

Perhaps I am missing something, however, on its face, I cannot see a way of reconciling these apparent conflicting provisions.

Yours truly,

Douglas H. Hopkins