

Appendix “B”

National Instrument 54-102

Summary of Comments Received and CSA Response

Background

This is a summary of the comments received by the CSA during the comment period following the publication of the 1998 Proposal.

The CSA received submissions from three commenters (listed in Appendix “A”). The CSA have considered the comments received.

Below are the summarized versions of the submissions with the CSA response.

Comments Regarding the Rule and CSA Response

NI 54-101

Reporting issuers should be required to send all securityholder materials, including interim financial statements, in accordance with the procedures established under the related NI 54-101.

CSA Response

The CSA disagree with this proposal and reiterates the position expressed on the same point in its response to comments on NI 54-101.

Compliance with the procedures set out in NI 54-101 is mandatory for reporting issuers that send proxy-related materials to beneficial owners. However, as explained in section 2.1 of the Companion Policy 54-101CP, Communication with Beneficial Owners of Securities of a Reporting Issuer, nothing precludes a reporting issuer from using the procedures set out in NI 54-101 for sending other securityholder materials.

Request Form

The exemption regarding interim financial statements for reporting issuers who are not required to hold an annual meeting should apply if a reporting issuer sends to its securityholders a response card annually. It should not be required that the response card be sent with the annual report or annual financial statements.

CSA Response

The CSA disagree and is of the view that the effective operation of this exemption is best facilitated by requiring that the request form be sent with the annual financial statements or annual report.

News Release

Mutual fund reporting issuers should be exempted from the requirement to issue a press release to be able to use the exemption for delivering interim financial statements.

Response

The CSA agree and a corresponding change has been made.