



BC Notice 2008/50

**Publication for Comment of Proposed
BC Instrument 13-502 *Electronic filing of reports of exempt distribution***

We are publishing proposed British Columbia Instrument 13-502 *Electronic filing of reports of exempt distribution* (proposed rule) and proposed Companion Policy 13-502CP (proposed companion policy) for a 60 day comment period.

Background

Issuers who use certain exemptions from the prospectus requirement are required to report their use of the exemption by filing Form 45-106F1 *Report of exempt distribution* (report) and pay fees based on the amount of capital raised in British Columbia.

We receive approximately 7,000 reports each year. During the 2008 fiscal year end, we received over 5,000 of these reports in paper format, and received approximately 85% of the fees by cheque. It takes us up to two weeks to process reports submitted in paper format and post the information in those reports to our website.

Substance and purpose of proposed rule

The proposed rule would require that issuers file these reports and pay the related fees electronically using the Commission's existing online electronic filing and payment systems available through BCSC e-services.

We anticipate that the proposed rule would:

- improve our compliance and enforcement capabilities, by requiring reports in a machine-readable format that we can then analyze with data mining software, and
- reduce the time required to post the reports to our website from approximately two weeks to one day, which will improve investor access to information.

The online electronic filing and payment systems have been available through BCSC e-services since 2005 on a voluntary basis (see BCN 2005/48). We invite you to use e-services to file reports during the comment period and advise us of any concerns you may have. We also propose to hold industry-training sessions in the spring prior to the adoption of the rule.

The proposed rule would also require report-related documents, such as offering memorandum, technical reports and consents of qualified persons, to be filed electronically, if they are required to be filed with the report.

Summary of Companion Policy

The proposed companion policy provides guidance on when issuers are required to file reports in British Columbia and which reports must be filed electronically. It also provides guidance on how to register as an e-services user, create an issuer profile and apply to pay fees through an electronic funds transfer.

Comments

We welcome your comments on the proposed rule and the proposed companion policy. We also welcome comments on the online electronic filing and payment systems. Please submit your comments in writing on or before February 9, 2009.

If you are not sending your comments by email, you should also send a diskette or CD-ROM containing your submission in Windows format, Word. We cannot keep submissions confidential because securities legislation requires publication of a summary of the written comments received during the comment period.

Deliver your comments to:

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Douglas M. Hyndman
Chair

Ref: BC Notice 2005/48 Filing exempt distribution reports now quicker and easier

This Notice may refer to other documents. These documents can be found at the B.C. Securities Commission public website at www.bcsc.bc.ca in the section Securities Law & Policy: Policies & Instruments.