

## Annex B

### Summary of Comments and Responses

No.	Subject	Summarized Comment	Response
<b>Cease to be a reporting issuer</b>			
1	<i>Agreement with proposal</i>	<p>The commenter supports the inclusion of applications to cease to be a reporting issuer in the passport system. However, ideally, the process would also be available to the extent an issuer wished to revoke its status in more than one, but not all, such jurisdictions.</p>	<p>We thank the commenter for its support.</p> <p>However, we are of the view that the proposed “all or nothing” approach is the correct one. An issuer must apply to cease to be a reporting issuer in all jurisdictions in which it is a reporting issuer. Were the issuer to remain a reporting issuer in a jurisdiction in Canada, its securities would continue to be freely tradable in Canada, but shareholders in jurisdictions where the issuer has ceased to be a reporting issuer would have different rights than those where the issuer is still reporting.</p> <p>This approach is in line with the one currently applied in a coordinated fashion between provincial and territorial jurisdictions.</p>

No.	Subject	Summarized Comment	Response
<b>Failure-to-file cease trade orders<sup>1</sup></b>			
2	<i>Agreement with proposal</i>	<p>The commenter supports the proposal that would result in a failure-to-file cease trade order being reciprocated across jurisdictions in which the issuer is reporting issuer. It sees no policy rationale for permitting securities to trade in other jurisdictions since investors are equally impacted by the lack of updated continuous disclosure compliant with legal requirements. The proposal will streamline the process since an issuer will only have to deal with one regulator to obtain a revocation or a variation of the order, saving the issuer both time and additional costs.</p>	<p>We thank the commenter for its support.</p>
3	<i>Support for extending the effect of failure-to-file cease trade orders to jurisdictions where the issuer is not reporting</i>	<p>The commenter agrees there are investor protection considerations that would support extending the prohibitions or restrictions contained in a failure-to-file order to other passport jurisdictions regardless of whether or not the issuer is a reporting issuer. Such actions would help avoid regulatory arbitrage.</p>	<p>We thank the commenter for its support.</p> <p>At this time, we have decided not to extend the effect of failure-to-file cease trade orders to jurisdictions where the issuer is not a reporting issuer. Rather, each province and territory is considering obtaining a provision similar to section 198.1 of <i>Alberta's Securities Act</i> (proclaimed on July 1, 2015) that allows for the automatic reciprocation in Alberta of certain orders and settlements</p>

<sup>1</sup> Proposed Part 4D of Multilateral Instrument 11-102 *Passport System* is now proposed Multilateral Instrument 11-103 *Failure-to-file Cease Trade Orders in Multiple Jurisdictions*.

No.	Subject	Summarized Comment	Response
			of another securities regulatory authority. We are of the view that this alternative method would lead to the same result.
4	<i>Need to clearly identify in which jurisdictions a failure-to-file cease trade order has effect</i>	The commenter underlines the importance of clearly indicating in the order, and disseminating through other means, the jurisdictions in which a failure-to-file cease trade order has application. Such publication would help ensure that the public is aware of the order and any restrictions.	Although we understand the commenter’s public information objective, we do not believe that listing jurisdictions where a failure-to-file cease trade order has effect would be appropriate. Our policies discourage trading in securities of a cease-traded issuer, even where the issuer is not a reporting issuer. We are concerned that listing where the failure-to-file cease trade order has effect could encourage trading of these securities in other jurisdictions. In any event, if a CSA regulator issues a cease trade order with respect to a Canadian-listed issuer, IIROC imposes a regulatory halt on market trading of those securities under the Universal Market Integrity Rules. We also note that under Alberta’s statutory reciprocal

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			order provision, all cease trade orders will automatically apply, even if the issuer is not a reporting issuer in Alberta. Other jurisdictions are considering a similar provision in their respective securities acts.