



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

**Request for Comment**  
**Proposed National Policy 12-203**  
**Cease Trade Orders**  
**for Continuous Disclosure Defaults**

**Introduction**

We, the Canadian Securities Administrators (CSA regulators or we), are publishing for comment proposed National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* (the Policy). The Policy provides guidance to reporting issuers, investors and market participants as to how the CSA will generally respond to certain types of continuous disclosure defaults.

**Substance and Purpose**

The Policy

- modernizes, harmonizes and streamlines existing CSA practices relating to cease trade orders (CTOs) including general CTOs and management cease trade orders (MCTOs);
- provides guidance for issuers as to the circumstances in which the regulators will issue a general CTO or an MCTO;
- explains factors CSA Regulators will consider when evaluating an application for an MCTO; and
- describes what other actions issuers need to undertake if we issue an MCTO.

The Policy will replace:

- Ontario Securities Commission Policy 57-603 – *Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements*;
- CSA Staff Notice 57-301 – *Failing to File Financial Statements on Time – Management Cease Trade Orders*; and
- CSA Staff Notice 57-303 – *Frequently Asked Questions Regarding Management Cease Trade Orders Issued as a Consequence of a Failure to File Financial Statements*.

**Summary of the Policy**

The Policy provides guidance as to how the CSA regulators will ordinarily respond to a specified default (as defined in part 2 of the Policy) by a reporting issuer. This response will be the issuer's principal regulator issuing either a general CTO or an MCTO.

The Policy describes the criteria the CSA regulators will apply when assessing whether to issue a general CTO or an MCTO and outlines what an issuer needs to include in its application for an MCTO. The Policy also describes what information an issuer must file during the period of an MCTO to support informed trading.

The Policy reminds issuers of their responsibility to monitor trading by management and other insiders during the period of default and reminds insiders of their trading prohibitions under securities legislation. Finally, the Policy discusses the effect of a CTO issued by a CSA regulator in one jurisdiction on trading in another jurisdiction.

### **Unpublished materials**

In developing the Policy, we have not relied on any significant unpublished study, report, decision or other written materials.

### **Request for Comments**

We welcome your comments on the proposed Policy.

Please submit your comments in writing on or before May 27, 2008. If you are not sending your comments by email, a diskette containing the submissions (in Windows format, Word) should also be forwarded.

Address your submissions to the CSA member commissions, as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Nova Scotia Securities Commission

Deliver your comments only to the two addresses that follow. Your comments will be forwarded to the other CSA member jurisdictions.

c/o John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 800, Box 55  
Toronto, Ontario M5H 3S8  
Fax: 416 593 2318  
E-mail: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

Anne-Marie Beaudoin  
Secrétaire de l'Autorité  
Autorité des marchés financiers  
800, square Victoria, 22e étage

C.P. 246, Tour de la Bourse  
Montréal, Québec H4Z 1G3  
Fax : 514 864 6381  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

## Questions

Please refer your questions to any of:

### *Ontario Securities Commission*

Kelly Gorman  
Manager, Corporate Finance  
416 593 8251  
[kgorman@osc.gov.on.ca](mailto:kgorman@osc.gov.on.ca)

Paul Hayward  
Senior Legal Counsel, Corporate Finance  
416 593 3657  
[phayward@osc.gov.on.ca](mailto:phayward@osc.gov.on.ca)

Sonny Randhawa  
Senior Accountant, Corporate Finance  
416 593 2380  
[srandhawa@osc.gov.on.ca](mailto:srandhawa@osc.gov.on.ca)

### *British Columbia Securities Commission*

Andrew Richardson  
Deputy Director, Corporate Finance  
604 899 6730 (direct)  
800 373 6393 (toll-free in BC and Alberta)  
[arichardson@bcsc.bc.ca](mailto:arichardson@bcsc.bc.ca)

Allan Lim  
Manager, Corporate Finance  
604 899 6780 (direct)  
800 373 6393 (toll-free in BC and Alberta)  
[alim@bcsc.bc.ca](mailto:alim@bcsc.bc.ca)

Sheryl Thomson  
Senior Legal Counsel, Corporate Finance  
604 899 6778 (direct)  
800 373 6393 (toll-free in BC and Alberta)  
[sthomson@bcsc.bc.ca](mailto:sthomson@bcsc.bc.ca)

Scott Pickard  
Senior Securities Analyst, Corporate  
Finance  
604 899 6720 (direct)  
800 373 6393 (toll-free in BC and Alberta)  
[spickard@bcsc.bc.ca](mailto:spickard@bcsc.bc.ca)

### *Alberta Securities Commission*

Blaine Young  
Associate Director, Corporate Finance  
403 297 4220  
[blaine.young@seccom.ab.ca](mailto:blaine.young@seccom.ab.ca)

Jonathan Taylor  
Securities Analyst, Corporate Finance  
403 297 4770  
[jonathan.taylor@seccom.ab.ca](mailto:jonathan.taylor@seccom.ab.ca)

Celeste Evancio  
Legal Counsel, Corporate Finance  
403 355 3885  
[celeste.evancio@seccom.ab.ca](mailto:celeste.evancio@seccom.ab.ca)

*Saskatchewan Financial Services Commission*

Ian McIntosh  
Deputy Director, Corporate Finance  
306 787 5867  
[imcintosh@sfsc.gov.sk.ca](mailto:imcintosh@sfsc.gov.sk.ca)

*Manitoba Securities Commission*

Bob Bouchard  
Director, Corporate Finance  
204 945 2555  
[bob.bouchard@gov.mb.ca](mailto:bob.bouchard@gov.mb.ca)

*Autorité des marchés financiers*

Nicole Parent  
Analyste  
514 395 0337, poste 4455  
[nicole.parent@lautorite.qc.ca](mailto:nicole.parent@lautorite.qc.ca)

Edvie Élysée  
Analyste  
514 395 0337, poste 4416  
[edvie.elysee@lautorite.qc.ca](mailto:edvie.elysee@lautorite.qc.ca)

*Nova Scotia Securities Commission*

Bill Slattery  
Deputy Director, Corporate Finance and  
Administration  
902 424 7355  
[slattejw@gov.ns.ca](mailto:slattejw@gov.ns.ca)

*New Brunswick Securities Commission*

Pierre Thibodeau  
Senior Securities Analyst, Corporate Finance  
506 643 7751  
[pierre.thibodeau@nbsc-cvmnb.ca](mailto:pierre.thibodeau@nbsc-cvmnb.ca)

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