

**PRESS RELEASE  
COMMUNIQUE DE PRESSÉ**

**FOR IMMEDIATE RELEASE  
May 25, 2001**

## **CSA RELEASES DRAFT POLICY ON DISCLOSURE STANDARDS**

Canadian securities regulators today published a draft policy statement that provides guidance and best practices on corporate disclosure, and assists public companies in avoiding selective disclosure.

In releasing the policy statement for comment until July 25, 2001, the Canadian Securities Administrators (CSA) said the purpose of the policy is to help maintain a level playing field for all investors in Canada's capital markets.

"This policy will help to ensure that investors have equal access to important information that may affect their investment decisions," said Susan Wolburgh Jenah, Chair of the CSA committee that drafted the policy statement.

Selective disclosure occurs when an issuer discloses material nonpublic information to a few individuals or entities and not broadly to the investing public. The practice of selective disclosure poses a serious threat to investor confidence in the fairness and integrity of the capital markets and can contribute to illegal insider trading.

The draft policy concludes that longstanding legislative provisions on tipping already prohibit selective disclosure. However, given public concerns that some industry practices (e.g., closed conference calls with analysts) have not kept pace with changes in the investing environment, regulators are providing an interpretation of the tipping provisions and practical guidance to assist public companies in complying with the law.

The draft policy recommends public companies consider implementing the following best disclosure practices:

- Establish a written disclosure policy that promotes informative, timely and broadly disseminated disclosure of material information to the market place.
- Establish a committee of company personnel – or an individual with senior rank – to monitor the effectiveness of the company's disclosure policy.
- Limit the number of people authorized to speak on behalf of the company to analysts, the media and investors.

- Adopt an “open access” policy for analyst conference calls by permitting any interested party to listen by telephone and/or through a webcast.
- Establish a policy on commenting on draft analyst reports. Issuers should recognize that there is a serious risk of violating the tipping provisions if any direct or indirect earnings guidance is given.
- Observe a “quiet period” around the end of the quarter and prior to the release of quarterly earnings announcements.
- Adopt an insider trading policy to monitor the trading of insiders in the company’s securities. The policy should include trading “blackout periods”, which may mirror quiet periods.
- Ensure the company’s website is up to date and accurate and use current technology to improve investor access to corporate information.
- Do not participate in, host or link to internet chat rooms or bulletin boards.
- Adopt a “no comment” policy on market rumours that are not attributable to the company and ensure that the policy is applied consistently. If the rumours relate to information that has leaked, the CSA recommends companies disclose the information broadly and on a timely basis.

“We believe these recommendations will assist public companies in navigating between business pressures and legislative requirements,” Ms Wolburgh Jenah said, adding that the policy statement is not prescriptive. “We also believe that the recommendations should be implemented flexibly and sensibly to fit the circumstances of individual companies.”

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