

**MARKET COMMENTS
PROPOSED REVISED REPORTING RULES**

	RULE NO.	ITEM	COMMENTS	ECSRC RESPONSE
1	1		Unlisted companies should be exempt from quarterly reporting.	Reporting issuers whose securities are not listed, or are deemed not to be traded, are not required to submit quarterly reports.
2	1		Consider abridged report for the 1 st and 3 rd quarters. Full reports should only be required for the half year and annually.	<p>(a) Quarterly reports are required only from listed and traded companies.</p> <p>(b) Based on current disclosure standards and in keeping with the requirement of the securities legislation, reporting issuers should provide sufficient information to enable the market to “appraise the financial position of the issuer and its subsidiaries”. For this information to be useful it should be relevant and timely.</p> <p>(c) The scope of the disclosure will be determined by the complexity of the issuer. The primary objective of the MD&A is to require the management of the issuer to identify and discuss the issues that management consider important as having impact on the present condition and future development of the firm. A complete response to this section may or may not require comments to all of the scenarios presented. The MD&A is provided in addition to the financial statements and their notes.</p>
3	1		The quarterly reporting requirements are onerous.	<p>Refer response provided under (2) above.</p> <p>Only listed and traded companies are required to</p>

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				submit quarterly reports.
4	1		Unreasonable for quarterly to be submitted within 30 days. Suggested at least 60 days.	Refer response 2(b) above. The requirement for relevance and timeliness is important for all public companies but it is critical for traded and listed companies in order to maintain the integrity of the market.
5	1		The MD&A section for the ECSRC-K form is acceptable. It might prove unduly onerous for the Q form. Noted that RS-1 does not require a description of the rights of the securities eg special voting rights. However, if this information is to be reported under "Description of Securities to be Offered" then that is acceptable.	Refer response under (2) above. The intent is to enhance the Securities (Prospectus) Regulations with the relevant items that would be omitted in the revised rule.
6	1		<ul style="list-style-type: none"> The new requirement to submit biographical data on Directors and Executive Officers is unnecessary and repetitive since it appears in the RS-1. Recommend that section 12 in ECSRC-K be removed and combined with section 6 in registration statement. 	The proposed revision to the registration statement requires only the name, position and contact information of the directors and officers of the company. The information required in the registration statement and the ECSRC-K compliments rather than duplicates.
7	1		<ul style="list-style-type: none"> Hope that sensitive, private and strategic data in ECSRC-K will remain confidential. 	The reporting issuer ultimately has control over the disclosure of trade/operating secrets. In almost all cases it is only necessary to indicate that these competitive advantages exist since performance (whether it is superior or average) will corroborate or refute the claim. Based on the current legislative requirements, all filings of reporting issuers/public companies are accessible to the public.

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8	2	<u>Pg 2: Description of industry in which the company operates – Exchange on which the Company’s Securities are Listed</u>	: <ul style="list-style-type: none"> • Column 1 – consider requesting the “name of the exchange” rather than “market”. This could be relevant if there is more than one exchange in a particular market. • Column 3 – consider “number of shares” instead of “amount” as there may be misinterpretation as to what is required. 	These suggestions are consistent with the intent and the language used in other sections of the form. Recommendations were accepted.
9	2	<u>Pg 7: Name and address of Parent company</u>	Consider including “country of incorporation or registration and exchange that share are listed (if necessary).	This suggestion would enhance the disclosure. The recommendations were accepted and also applied to other areas of the form.
10	1	Notice of Material Change	Should be reworded to “disposal of acquisition of significant assets, entities divisions etc.”	The category “assets” encompasses the items being suggested in the comments and the instructions require the disclosure of “significant” acquisitions and disposals.
11	1	Management Discussion and Analysis	Note the phrase: “the likelihood that past performance is indicative of future performance”	The instruction requests the disclosure of information to enable investors to judge ... the likelihood that past performance is indicative of future performance ... It is not intended to require management to do this.

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			The current trend among managers and finance professionals is to clearly indicate the opposite i.e. that current trends do not indicate future performance. To the extent that they can, management can provide their judgment on future performance. There is a need to clarify the intent of this phrase. There is also potential legal implications should management be required to make such stipulations.	That was made clearer.
12	1	Results of Operations page v no. ix – performance, goals, systems and controls	These are generally reserved for internal rather than external reporting purposes and comprise a multitude of items – financial, technical, operational, staff reward schemes, etc. It is unclear as to why this is required.	<p>The requirement is in keeping with the current market disclosure standards. Although it may not be prudent for public companies to publish the detailed schematics of their internal systems, as public companies they are required to provide their owners with information that would inform as to the current financial health and prospects, including information that would assist the shareholder in determining the company’s ability to meet goals/objectives/projections.</p> <p>It is important to note that this information is required as a part of the discussion of results of operations. It is not meant to be specific individual disclosure a goals, systems and controls.</p>
13	1	Page 2 paragraph 2	The wording here is similar to that provided by external Auditors. Is this type of wording necessary for this type of report?	The Securities Act and Regulations require reporting/disclosure compliance from the reporting issuer and its officers and provides for penalties for non-compliance. It is important that the officers responsible for the preparation of public information be cognizant of their responsibility.

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14	1	Page 3 No. 2 Properties	We are unclear as to the relevance for a listing on the Company's properties; in addition the requirement is at large which means that the process could be long and burdensome.	The required information enables the user of the filing to make his/her own assessment of the adequacy of premises for current and proposed use; provides detailed breakdown and thus better appreciation of the item which is sometimes a significant item on the balance sheet. The importance of the information would of course be dependent on the type of reporting issuer.
15	1	Page 4 No. 6 – Financial Statements and Selected Financial Data	Clarification is sought on what is meant by the term “Revenue Reserves”.	The term was replaced with the “Statement of Retained Earnings”.
16	1	Page 4 No. 6(iii)	The necessity of this provision is unclear since statements are filed every year with the current year and the previous year. The requirement for 2 previous years is burdensome. If necessary the ECSRC can refer to previous filings for information required.	The filings are for the use of the public. Investors should have easy access to at least three years of financial information in order to enable them to make informed decisions.
17	1	Page 4 No. 6	There appears to be some duplication in the list provided and the opening paragraph of the clause.	The list is provided to give further guidance to ensure that the instructions are clear.
18	1	Page 6 No. 12 – Directors and Executive Officers of the Reporting Issuer	The existing requirement is adequate. It may prove embarrassingly difficult to obtain information on the “nature and expertise”. It should be noted shareholders appoint anyone of their own to sit on Boards.	This requirement is in the interest of full disclosure under the Securities Legislation and not for judgment of the suitability of management or the right of the shareholder to determine the composition of the management.
19	1	ECSRC-MC Change in Control of	It is envisaged that there may be some difficulties in capturing this information or the complete information, especially where the change in control is through a purchase	This information usually resides with the registry or in the share register of the issuer. The requirement for the publication of the

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		Reporting Issuer	of existing shares? The purchaser may choose not to disclose such information or all of the information – see section (vii) for example, also (viii)	<p>dividend declaration and other corporate action as well as the record date should serve to encourage shareholders to identify themselves appropriately.</p> <p>A reporting regime is being structured to assist in identifying such anomalies.</p> <p>It should be noted that section 127 of the Securities Act 2001 puts the obligation to report on both the purchaser and seller in such transactions. Contravention is a punishable offence under Part XVI of the Act.</p>
20	1	Form ECSRC-MC Acquisition or disposal of assets	Paragraph (vii) – what if the Company is existence for less than 2 years If the company is already a reporting entity to the ECSE then filings should with the exchange and there should no need for this requirement. The 7 day period also appears to be unreasonably short. In addition if the business being acquired is private company this may be a significant hurdle as well.	<p>The comment regarding the availability of the requested information is noted.</p> <p>The following phrase was added: “or from incorporation, whichever is shorter”.</p> <p>A similar statement was added to 5(c) of page ii of the Securities (Registration Statement) Rules.</p> <p>The reporting requirement is a statutory requirement under the Act and the ECSRC is the primary regulator administering the requirements of the Act. These statutory requirements may not be substituted by reports to Self Regulatory Organisations.</p> <p>The disclosure is primarily intended to cover acquisitions that are not mergers or amalgamations. Such transactions are currently administered under the Companies Acts and Ordinances of the member territories of the East</p>

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				Caribbean Currency Union.
21	1	Form ECSRC-MC Changes in Reporting Issuer's Auditor	Paragraph b – last line – clarify “relevant experience and other pertinent details”	The section requires the disclosure of the knowledge, practice and familiarity of the Auditor in providing the service and whatever additional information the issuer would have found relevant in determining the Auditor's suitability to provide the service.
22	1	ECSRC-Q	It appears that the ECSRC-SA will no longer be applicable. If this is correct this would be a welcomed simplification of filings.	<p>The semi-annual report, Form ECSRC-SA is currently not required.</p> <p>Quarterly reports, Form ECSRC-Q are currently required for all public companies.</p> <p>The proposed rule revision requires quarterly reports only from traded and listed companies.</p>