

December 23, 1999

The Honourable Arthur Levitt  
Chair  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, D.C. 20549  
U.S.A.

Mr. Brian J. Lane  
Director, Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street NW  
Washington, D.C. 20549  
U.S.A.

Dear Mr. Levitt and Mr. Lane:

**Re: Multijurisdictional Disclosure System (MJDS)**

I am writing on behalf of the National Business Law Section of the Canadian Bar Association. The Canadian Bar Association is a national organization representing approximately 36,000 legal professionals across Canada and is equivalent to the American Bar Association in the United States. Members of the National Business Law Section who practise securities law often represent major Canadian corporations and underwriters that have made extensive use of the Multijurisdictional Disclosure System (MJDS). We believe that these market participants would generally support the views expressed in this letter.

We understand that the Securities and Exchange Commission (SEC) is considering the elimination of the MJDS for Canadian securities issuers. We strongly oppose any such proposal.

Since the implementation of the MJDS in 1991, many significant Canadian issuers have used it to access securities markets through cross-border public offerings. In many cases, the U.S. component of these offerings has been significant. Eligible Canadian issuers have obtained expeditious and cost-effective access to U.S. securities markets. In turn, U.S. investors have obtained access to offerings that may not otherwise have been available. If the MJDS were eliminated, these benefits would be lost.

The introduction of MJDS was based on the premise that securities regulation and disclosure standards in Canada are similar to those of the United States. This similarity was accepted as justifying the use of documents compliant with Canadian rules to access the U.S. securities market. This rationale is equally applicable today.

We understand that the SEC staff is revisiting the MJDS as part of a movement from bilateral arrangements to common international disclosure standards for foreign issuers. We are aware of the SEC's recent emphasis on international standards, as indicated by its new rules on *International Disclosure Standards* (September 28, 1999) and *Cross-Border Tender and Exchange Offers, Business Combinations and Rights Offerings* (October 26, 1999). In spite of this, however, we believe that the MJDS should be continued for Canadian issuers because of the similarity in securities regulation between our two countries and because of the integrated nature of the North American securities market. Arrangements in the area of international trade recognize the special relationships in the North American marketplace, with the U.S. participating in the North American Free Trade Agreement and in wider multilateral arrangements through the World Trade Organization. Securities regulation should be treated in an analogous fashion.

If MJDS did not already exist, resources would probably not be focused on developing a special bilateral arrangement between the United States and Canada, given the increasing globalization of securities markets. However, now that the infrastructure for MJDS has been in place for eight years to the benefit of both Canadian and U.S. market participants, it does not make sense to do away with it.

If the SEC is concerned about aspects of the MJDS, such as eligibility requirements or administration of the system, the answer is not to take the extreme step of eliminating the MJDS. Rather, the SEC and the Canadian securities regulators should work together to make the appropriate adjustments to the current rules.

We thank you for the opportunity to voice our concerns. If you have any questions or comments, do not hesitate to contact Richard A. Lococo, Chair of the Securities Law Subcommittee of the Business Law Section of the Canadian Bar Association - Ontario (Tel: (416)926-6620; Fax (416)926-5657; Email [richard\\_lococo@manulife.com](mailto:richard_lococo@manulife.com)) or Richard Ellis, Legal Policy Analyst at the CBA National Office (Tel. (613)237-2925; Fax (613)237-0185; Email [richarde@cba.org](mailto:richarde@cba.org)).

Yours truly

Gregory J. Tallon  
Chair, National Business Law Section

c.c. David Brown, *Chair, Ontario Securities Commission*  
Carmen Crépin, *Présidente, Commission des valeurs mobilières du Québec*  
Glenda Campbell, *Acting Chair, Alberta Securities Commission*  
Douglas M. Hyndman, *Chair, British Columbia Securities Commission*  
Robert B. MacLellan, *Chair, Nova Scotia Securities Commission*