



Staff Notice 58-305 – Status Report on the Proposed Changes to the Corporate Governance Regime

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On November 13, 2009, the Canadian Securities Administrators (the “CSA”) issued Staff Notice 58-305 - *Status Report on the Proposed Changes to the Corporate Governance Regime* (the “Staff Notice”). Pursuant to the Staff Notice, the CSA announced that the CSA does not intend to implement the Proposal as originally published, indicating that the CSA have concluded that “now is not an appropriate time to recommend significant changes to the corporate governance regime.”

On December 19, 2008, the CSA published for comment proposed changes to the corporate governance regime entitled “Proposed Repeal and Replacement of National Policy 58-201 *Corporate Governance Guidelines*, National Instrument 58-101 *Disclosure of Corporate Governance Practices*, and National Instrument 52-110 *Audit Committees* and Companion Policy 52-110CP *Audit Committees*” (the “Proposal”).

As discussed in the Wildeboer Dellelce LLP Securities Law Update of February 2009, the Proposal was to replace the current national policy and instruments covering reporting issuer governance practices and disclosure regarding those practices, and was introduced to reflect the CSA’s desire to adopt corporate governance regulations based upon identified principles rather than detailed prescriptive requirements.

The Proposal established nine core corporate governance principles applicable to all issuers that a board of directors should consider and in respect of which disclosure is required. Each principle was accompanied by commentary that was designed to provide relevant background and explanation, along with examples of practices that could achieve the principle’s objectives. In introducing the Proposal, the CSA explained that the proposed governance regime was “intended to provide greater transparency for the marketplace regarding issuers’ corporate

governance practices and to provide guidance to issuers.”

The Staff Notice indicates that the CSA received numerous comments about the timing of the Proposal and that a majority of commentators expressed the view that it was not an appropriate time to introduce significant changes to the corporate governance regime in Canada. The Staff Notice goes on to explain that commentators indicated issuers are currently focused on business sustainability issues in a challenging economic climate, and on the transition to International Financial Reporting Standards.

Based on the comments received, the Staff Notice disclosed the CSA does not intend to implement the Proposal as originally published, and have concluded that it is not an appropriate time to recommend significant changes to the corporate governance regime. Further, the Staff Notice indicates that the CSA are reconsidering whether to recommend any changes to the corporate governance regime, will publish any proposed changes for comment and that any such changes would not be effective until the 2011 proxy season at the earliest.

This update is intended as a summary only and should not be regarded or relied upon as advice to any specific client or regarding any specific situation.

If you would like further information regarding the issues discussed in this update or if you wish to discuss any aspect of this commentary, please feel free to contact us.

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