

CSA Staff Request for Comment 13-401 - Request for Changes, Additions or Improvements for a Revised SEDAR System

Staff of the Canadian Securities Administrators (“CSA”) are requesting comment on changes, additions or improvements for a revised System for Electronic Document Analysis and Retrieval (“SEDAR II”). It is proposed that SEDAR II will be operational in the fall of 2002. Based on preliminary discussions and analysis of business and technical requirements, SEDAR II is currently contemplated to be an Internet-based system that will combine the current System for Electronic Document Analysis and Retrieval (“SEDAR”) and SEDAR.com (the website through which documents filed on SEDAR are available) into one integrated application. Following further discussion and analysis of business and technical requirements, staff of the CSA will decide whether to build SEDAR II as an Internet-based system.

SEDAR has been in place since January 1997. SEDAR was developed to facilitate the electronic filing of securities information (prospectuses, continuous disclosure documents, etc) and the payment of CSA filing fees, to facilitate the public dissemination of information collected in the securities filing process and to facilitate electronic communication such as e-mail between electronic filers, filing agents and the securities regulatory authorities. The SEDAR.com website, which is currently experiencing in excess of 14 million hits/month, has been operational since October 1997. Public information filed through SEDAR is downloaded overnight to the SEDAR.com website.

Both SEDAR and the SEDAR.com website are based on older technologies and opportunities exist to take advantage of subsequent innovations. An eventual “rearchitecture” has been part of the SEDAR business plan and as the role of the Internet in business systems has expanded, staff of the CSA has considered how SEDAR and SEDAR.com could better utilize the Internet. A re-building of SEDAR and SEDAR.com would facilitate future enhancements, provide an opportunity to improve functionality, provide easier access via the Internet, use state-of-the-art technologies, and provide for development and growth at a reasonable cost. It is proposed that SEDAR II will deal with any potential Internet security issues by incorporating state-of-the-art security technology.

Staff of the CSA are requesting comment in three general areas. The first general area on which staff is requesting comment is changes, additions or improvements to SEDAR and SEDAR.com and other suggestions for improvement or change in SEDAR II. Changes, additions or improvements of this type include those that are necessary to continue to process the current filings made through SEDAR. Commenters should be aware that changes, additions or improvements to SEDAR II may increase the costs of using the system. Staff of the CSA will try to keep these costs at a minimum. Examples include:

- whether it is appropriate or feasible that SEDAR II be developed as an Internet-based system¹
- whether there is current functionality in SEDAR that could be deleted (such as e-mail between

¹ Both the System for Electronic Data on Insiders (“SEDI”) and the national registration database are currently being developed as Internet-based systems. SEDI is proposed to be in place by December 2000 and the national registration database is proposed to be in place by November 2001.

- filers)
- changes that should be made to the filing process, the fee payment process, access to profiles or the searching process
 - changes that are required to the information currently captured in user profiles
 - changes that are required to user documentation such as the filer manual or user guides
 - whether all reporting issuers, including foreign issuers, should be required to file documents in SEDAR II
 - the ability to calculate fees payable to the CSA for various types of filings
 - the ability to search for a profile from within the profile management or filing management modules
 - the ability to retain historic information on issuer profiles, the ability to change the category of the issuer from “other filer” to “other issuer” without creating a new profile and a system which validates profiles in order to avoid the creation of duplicate profiles
 - the addition of wizards for common tasks
 - the ability to search by document type as can be done in SEDAR.com currently
 - the ability to file other documents such as exemptive relief applications and private placement forms
 - whether mutual fund groups should be eliminated

The second general area on which staff is requesting comment is changes, additions or improvements to SEDAR and SEDAR.com and other suggestions for proposed enhancements to SEDAR II that could result in additional development and filing costs. Examples include:

- a notification to the user if a document had been sent to the user’s workspace
- whether filers should have to “tag” documents to identify sections of the document, such as, in a prospectus, the plan of distribution, the section describing take-over bid protection for the holders of subordinate voting shares, the list of officers and directors, and key elements of the financial statements

The third general area on which staff of the CSA is requesting comment is services for which some users of the system would be charged a premium over other users of the system. Examples include:

- the ability to perform full-text searches of documents, or, if documents are “tagged” as described above, the ability to search for the tagged elements
- access through the public website to documents as they are filed (near real-time) (at present, documents filed and accessible on SEDAR one business day are available on SEDAR.com the next business day)
- the ability to receive e-mail notification when certain types of documents are filed, or when documents are filed for certain issuers

It would be helpful to staff of the CSA if commenters formatted their responses so that their comments were provided in the framework of the three general areas outlined above. It would also be helpful if commenters discussed cost/benefit tradeoffs for proposed enhancements to the system, whether it would be appropriate for SEDAR II to provide premium services for additional fees and whether they would be willing to pay a premium charge to obtain any of the proposed enhancements.

Members of the SEDAR Working Group and staff from CDS INC., the operator of SEDAR, will also be meeting with SEDAR user groups in various cities across Canada to obtain input regarding proposed changes, additions or improvements. The user group meetings are currently proposed to be held in the late summer or early fall. If you are interested in participating in a user group meeting, please contact any of the members of the SEDAR working group listed below for further information regarding the dates and times of the proposed meetings.

Responses to this notice should be submitted in writing by August 31, 2000 to each of:

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Ontario Securities Commission
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M^e Claude St Pierre
Secretary to the Commission
Commission des valeurs mobilières du Québec
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A diskette containing an electronic copy of the submissions should also be submitted.

Questions regarding the notice or the development of SEDAR II should be forwarded to any of the following members of the SEDAR working group:

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