CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of Publication
Multilateral Instrument 11-102 *Passport System*
Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*

March 3, 2016

Introduction

The Canadian Securities Administrators (the CSA or we), except for the Ontario Securities Commission (the OSC), are implementing amendments to Multilateral Instrument 11-102 *Passport System* (MI 11-102 or the passport rule) and changes to Companion Policy 11-102CP *Passport System* (CP 11-102).

The CSA, except for the OSC and the Alberta Securities Commission (the ASC), are also implementing Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* (MI 11-103).

All members of the CSA are implementing the following policies:

- National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206);
- National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (NP 11-207);
- National Policy 12-202 *Revocation of Certain Cease Trade Orders* (NP 12-202) (replacing current National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order*, which will be withdrawn on June 23, 2016); and
- National Policy 12-203 *Management Cease Trade Orders* (NP 12-203) (replacing current National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults*, which will be withdrawn on June 23, 2016).

The amendments to MI 11-102, the changes to CP 11-102, MI 11-103 and the four National Policies are collectively referred to as the 2016 Materials.

Provided all necessary ministerial approvals are obtained, the 2016 Materials will come into force on **June 23, 2016**.

The text of the 2016 Materials is published with this notice and is also available, as applicable, on the websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
http://nssc.novascotia.ca/
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

Substance and Purpose

The purpose of the 2016 Materials is to:

- *Expand the passport rule to cover applications to cease to be a reporting issuer.* Currently, these applications are filed with and reviewed by each provincial or territorial securities regulator (where the issuer is a reporting issuer) under the coordinated review procedure provided in National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. By bringing the process surrounding these applications into passport, an issuer will generally be able to deal only with its principal regulator to obtain an order to cease to be a reporting issuer in all jurisdictions of Canada where it has this status. ***The new provisions are set out in Part 4C of MI 11-102***.

- *Automatically prohibit or restrict trading in or purchasing of securities in multiple jurisdictions upon the issuance of certain cease trade orders for continuous disclosure defaults.* When a reporting issuer is in default of certain types of continuous disclosure requirements under securities legislation (specified default), regulators may issue a cease trade order (failure-to-file cease trade order). Currently, there is no formal coordinated process across the jurisdictions of Canada for when other regulators will reciprocate the order first issued against the securities of the defaulting reporting issuer. Under MI 11-103, if a regulator issues a failure-to-file cease trade order against the securities of a reporting issuer, trading in or purchasing of those securities is automatically prohibited or restricted (the automatic prohibition) under the same terms and conditions set out in the failure-to-file cease trade order in every jurisdiction that has adopted MI 11-103 and where the issuer is reporting. To revoke or vary a failure-to-file cease trade order, the issuer will generally deal only with the regulator that issued the failure-to-file cease trade order. The revocation or variation of the failure-to-file cease trade order will also have an automatic effect in multiple jurisdictions. ***The automatic prohibition, which was originally set out in Part 4D of MI 11-102, is now being adopted as a separate rule, MI 11-103.***

- *Implement two new policies, NP 11-206 and NP 11-207, to describe the processes the CSA has developed in connection with the amendments to the passport rule and MI 11-103.* NP 11-206 sets out the process for the filing and review of applications to

cease to be a reporting issuer. NP 11-207 explains why the CSA will issue a failure-to-file cease trade order and sets out the process for applying for a revocation of this type of order. Both NP 11-206 and NP 11-207 also describe an interface between Ontario and the other CSA jurisdictions, including a "dual" process if the OSC is not the principal regulator. Since Ontario will not be adopting MI 11-102 amendments or MI 11-103 and orders of another CSA regulator will not automatically apply in Ontario, the dual process outlines how the OSC can opt into an order issued by another CSA regulator acting as principal regulator.

Background

On April 16, 2015, we published a Notice and Request for Comment relating to proposals reflected in the 2016 Materials (the April 2015 Materials).

Summary of Written Comments Received by the CSA

The comment period for the April 2015 Materials ended on June 15, 2015 and the CSA received one submission. The comment letter on the April 2015 Materials can be viewed on the Autorité des marchés financiers website at www.lautorite.qc.ca and on the ASC website at www.albertasecurities.com.

We have considered the comment received and thank the commenter for its input. The name of the commenter is contained in Annex A and a summary of its comments, together with our responses, is contained in Annex B.

Summary of Changes to April 2015 materials

We have made some revisions to the April 2015 Materials that were published for comment. Those revisions are reflected in the 2016 Materials that we are publishing concurrently with this notice. As these changes are not material, we are not republishing the 2016 Materials for a further comment period.

The notable changes from the April 2015 Materials are described below:

MI 11-103

In the April 2015 Materials, we proposed the automatic prohibition as an amendment to MI 11-102. We have decided to implement it as a separate rule because not all jurisdictions will adopt MI 11-103.

On July 1, 2015, Alberta implemented a statutory reciprocal order provision that provides for the automatic reciprocation of any order imposing sanctions, conditions, restrictions or requirements issued by another CSA regulator based on a finding or admission of a contravention of securities legislation. The ASC will be relying on this provision for the automatic reciprocation of failure-to-file cease trades orders and will not be adopting MI 11-103. Other jurisdictions are

considering enacting a similar provision. Each jurisdiction will be able to repeal MI 11-103, without impacting MI 11-102, when it obtains a statutory reciprocal order provision.

Although the substance of MI 11-103 remains the same as what we published in the April 2015 Materials, we have expressly carved-out management cease trade orders from the definition of "failure-to-file cease trade order" to clearly reflect our stated intent that these orders are not to be automatically reciprocated at this time. CSA regulators currently have different approaches to the issuance of management cease trade orders. Further harmonization of these approaches will be necessary before management cease trade orders can be included in MI 11-103.

CP 11-102

We have deleted parts of the companion policy that related to what is now MI 11-103.

NP 11-207

Most of the changes that we have made to this policy are to reflect that we are adopting MI 11-103 as a separate rule. For example, we have removed all references to "passport" and have further streamlined the processes wherever possible.

We have also removed cease trade orders issued against "OTC reporting issuers" (as defined in Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets)* from the list of orders not covered by MI 11-103 provided in section 2 of this policy. As a category of reporting issuer, OTC reporting issuers are caught by MI 11-103's definition of "failure-to-file cease trade order". As a result, the processes surrounding the issuance and revocation of failure-to-file cease trade orders issued against these reporting issuers are set out in NP 11-207.

We have added some text to explain that in a jurisdiction which has a statutory reciprocal order provision, like Alberta, all continuous disclosure cease trade orders will be automatically reciprocated in that jurisdiction even where the issuer is not a reporting issuer.

NP 12-202

We have slightly modified the title of this policy to reflect the adoption of MI 11-103 as a separate rule.

Like in NP 11-207, we have removed cease trade orders issued against OTC reporting issuers from the list of orders not covered by MI 11-103 provided in section 1 of this policy. The processes surrounding the issuance and revocation of failure-to-file cease trade orders issued against OTC reporting issuers are set out in NP 11-207.

NP 12-203 and NP 11-206

We did not make any notable changes to these policies.

Local Matters

Annex J to this notice is being published in any local jurisdiction that is making related changes to local securities laws, including changes to local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Contents of Annexes

The following annexes form part of this CSA Notice:

ANNEX A	Commenter
ANNEX B	Summary of Comments and Responses
ANNEX C	Amendments to Multilateral Instrument 11-102 *Passport System*
ANNEX D	Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*
ANNEX E	Changes to Companion Policy 11-102CP *Passport System*
ANNEX F	National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*
ANNEX G	National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*
ANNEX H	National Policy 12-202 *Revocations of Certain Cease Trade Orders*
ANNEX I	National Policy 12-203 *Management Cease Trade Orders*
ANNEX J	Local Matters

Questions

Please refer your questions to any of the following:

Sylvia Pateras
Senior Legal Counsel
Autorité des marchés financiers
514-395-0337, extension 2536
sylvia.pateras@lautorite.qc.ca

Mathieu Laberge
Legal Counsel
Autorité des marchés financiers
514-395-0337, extension 2537
mathieu.laberge@lautorite.qc.ca

Leslie Rose
Senior Legal Counsel
British Columbia Securities Commission
604-899-6654
lrose@bcsc.bc.ca

Jody-Ann Edman
Assistant Manager, Financial Reporting
British Columbia Securities Commission
604-899-6698
jedman@bcsc.bc.ca

Jessie Gill
Legal Counsel
Alberta Securities Commission
403-355-6294
jessie.gill@asc.ca

Tony Herdzik
Deputy Director – Corporate Finance
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5849
tony.herdzik@gov.sk.ca

Chris Besko
Director, General Counsel
The Manitoba Securities Commission
204-945-2561
chris.besko@gov.mb.ca

Michael Balter
Senior Legal Counsel
Ontario Securities Commission
416-593-3739
mbalter@osc.gov.on.ca

Ella-Jane Loomis
Senior Legal Counsel, Securities
Financial and Consumer Services Commission (New Brunswick)
506- 658-2602
ella-jane.loomis@fcnb.ca

Jane Anderson
Director, Policy and Market Regulation
Nova Scotia Securities Commission
902-424-0179
jane.anderson@novascotia.ca

Steven Dowling
Acting Director
Office of the Superintendent of Securities
Government of Prince Edward Island
902-368-4551
sddowling@gov.pe.ca

Rhonda Horte
Deputy Superintendent of Securities
Office of the Yukon Superintendent of Securities
867-667-5466
rhonda.horte@gov.yk,ca

Tom Hall
Superintendent of Securities
Office of the Superintendent of Securities
Northwest Territories
867-767-9260, extension 82180
Tom_Hall@gov.nt.ca

Jeff Mason
Director of Legal Registries
Nunavut Securities Office
867-975-6591
jmason@gov.nu.ca

ANNEX A

Commenter

We received one comment letter from The Canadian Advocacy Council for Canadian CFA Institute Societies.

ANNEX B

Summary of Comments and Responses

No.	Subject	Summarized Comment	Response
Cease to be a reporting issuer			
1	***Agreement with proposal***	The commenter supports the inclusion of applications to cease to be a reporting issuer in the passport system. However, ideally, the process would also be available to the extent an issuer wished to revoke its status in more than one, but not all, such jurisdictions.	We thank the commenter for its support. However, we are of the view that the proposed "all or nothing" approach is the correct one. An issuer must apply to cease to be a reporting issuer in all jurisdictions in which it is a reporting issuer. Were the issuer to remain a reporting issuer in a jurisdiction in Canada, its securities would continue to be freely tradable in Canada, but shareholders in jurisdictions where the issuer has ceased to be a reporting issuer would have different rights than those where the issuer is still reporting. This approach is in line with the one currently applied in a coordinated fashion between provincial and territorial jurisdictions.

No.	Subject	Summarized Comment	Response
Failure-to-file cease trade orders[1]			
2	***Agreement with proposal***	The commenter supports the proposal that would result in a failure-to-file cease trade order being reciprocated across jurisdictions in which the issuer is reporting issuer. It sees no policy rationale for permitting securities to trade in other jurisdictions since investors are equally impacted by the lack of updated continuous disclosure compliant with legal requirements. The proposal will streamline the process since an issuer will only have to deal with one regulator to obtain a revocation or a variation of the order, saving the issuer both time and additional costs.	We thank the commenter for its support.
3	***Support for extending the effect of failure-to-file cease trade orders to jurisdictions where the issuer is not reporting***	The commenter agrees there are investor protection considerations that would support extending the prohibitions or restrictions contained in a failure-to-file order to other passport jurisdictions regardless of whether or not the issuer is a reporting issuer. Such actions would help avoid regulatory arbitrage.	We thank the commenter for its support. At this time, we have decided not to extend the effect of failure-to-file cease trade orders to jurisdictions where the issuer is not a reporting issuer. Rather, each province and territory is considering obtaining a provision similar to section 198.1 of Alberta's *Securities Act* (proclaimed on July 1, 2015) that allows for the automatic reciprocation in Alberta of certain orders and settlements of another securities regulatory authority. We are of the view that this

[1] Proposed Part 4D of Multilateral Instrument 11-102 *Passport System* is now proposed Multilateral Instrument 11-103 *Failure-to-file Cease Trade Orders in Multiple Jurisdictions.*

No.	Subject	Summarized Comment	Response
			alternative method would lead to the same result.
4	***Need to clearly identify in which jurisdictions a failure-to-file cease trade order has effect***	The commenter underlines the importance of clearly indicating in the order, and disseminating through other means, the jurisdictions in which a failure-to-file cease trade order has application. Such publication would help ensure that the public is aware of the order and any restrictions.	Although we understand the commenter's public information objective, we do not believe that listing jurisdictions where a failure-to-file cease trade order has effect would be appropriate. Our policies discourage trading in securities of a cease-traded issuer, even where the issuer is not a reporting issuer. We are concerned that listing where the failure-to-file cease trade order has effect could encourage trading of these securities in other jurisdictions. In any event, if a CSA regulator issues a cease trade order with respect to a Canadian-listed issuer, IIROC imposes a regulatory halt on market trading of those securities under the Universal Market Integrity Rules. We also note that under Alberta's statutory reciprocal order provision, all cease trade orders will automatically apply, even if the issuer is not a reporting issuer in Alberta. Other jurisdictions are

No.	Subject	Summarized Comment	Response
			considering a similar provision in their respective securities acts.

ANNEX C

Amendments to
Multilateral Instrument 11-102 *Passport System*

1. Multilateral Instrument 11-102 Passport System is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "principal regulator" with the following:

"principal regulator" means, for a person or company, the securities regulatory authority or regulator determined in accordance with Part 3, 4, 4A, 4B or 4C, as applicable;**.**

3. The Instrument is amended by adding the following Part:

PART 4C APPLICATION TO CEASE TO BE A REPORTING ISSUER

4C.1 Specified jurisdiction

For the purposes of this Part, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

4C.2 Principal regulator – general

Subject to section 4C.3 and 4C.4, the principal regulator for an application to cease to be a reporting issuer is,

(a) for an application made with respect to an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the investment fund manager's head office is located, or

(b) for an application made with respect to an issuer other than an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the issuer's head office is located.

4C.3 Principal regulator – head office not in a specified jurisdiction

Subject to section 4C.4, if the jurisdiction identified under section 4C.2 is not a specified jurisdiction, the principal regulator for the application is the securities regulatory authority or regulator of the specified jurisdiction with which the issuer or, in the case of an investment fund, the investment fund manager, has the most significant connection.

4C.4 Discretionary change of principal regulator

If a filer receives written notice from a securities regulatory authority or regulator that specifies a principal regulator for the application, the securities regulatory authority or regulator specified in the notice is the principal regulator for the application.

4C.5 Deemed to cease to be a reporting issuer

(1) If an application to cease to be a reporting issuer is made by a reporting issuer in the principal jurisdiction, the reporting issuer is deemed to cease to be a reporting issuer in the local jurisdiction if

(a) the local jurisdiction is not the principal jurisdiction for the application,

(b) the principal regulator for the application granted the order and the order is in effect,

(c) the reporting issuer gives notice to the securities regulatory authority or regulator that this subsection is intended to be relied upon for the issuer to be deemed to cease to be a reporting issuer in the local jurisdiction, and

(d) the reporting issuer complies with any terms, conditions, restrictions or requirements imposed by the principal regulator as if they were imposed in the local jurisdiction.

(2) For the purpose of paragraph (1)(c), the reporting issuer may give the notice referred to in that paragraph by giving it to the principal regulator..

4. This Instrument comes into force on June 23, 2016.

ANNEX D

Multilateral Instrument 11-103
Failure-to-File Cease Trade Orders in Multiple Jurisdictions

PART 1
DEFINITIONS

Definitions

1. In this Instrument,

"failure-to-file cease trade order" means an order, other than a management cease trade order, in relation to a specified default that prohibits or restricts trading in, or purchasing of, securities of a reporting issuer;

"management cease trade order" means a cease trade order that prohibits or restricts trading in securities of a reporting issuer by one or more of the following:

(a) the chief executive officer of the reporting issuer or a person acting in a similar capacity;

(b) the chief financial officer of the reporting issuer or a person acting in a similar capacity;

(c) an officer or director of the reporting issuer or other person or company who had, or may have had, access directly or indirectly to a material fact or material change with respect to the reporting issuer that has not been generally disclosed;

"specified default" means a failure by a reporting issuer to comply with the requirement to file, within the time period prescribed, one or more of the following:

(a) annual financial statements;

(b) an interim financial report;

(c) an annual or interim management's discussion and analysis or annual or interim management report of fund performance;

(d) an annual information form;

(e) a certification of filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

PART 2
FAILURE-TO-FILE CEASE TRADE ORDERS

Issuance and revocation of failure-to-file cease trade order

2. If an issuer is a reporting issuer in the local jurisdiction, and a securities regulatory authority or regulator in another jurisdiction of Canada makes a failure-to-file cease trade order in respect of the issuer's securities, a person or company must not trade in or purchase a security of the issuer in the local jurisdiction, except in accordance with the conditions that are contained in the order, if any, for so long as the failure-to-file cease trade order remains in effect.

PART 3
EFFECTIVE DATE

3. This Instrument comes into force on June 23, 2016.

ANNEX E

This Annex shows, by way of blackline, changes to Companion Policy 11-102CP Passport System.

Changes to Companion Policy 11-102CP *Passport System*

Appendix A
CD requirements under MI 11-101

Companion Policy 11-102CP
Passport System

PART 1 GENERAL

1.1 Definitions

In this Policy,

"CP 33-109" means Companion Policy 33-109CP *Registration Information*;

"domestic firm" means a firm whose head office is in Canada;

"domestic individual" means an individual whose working office is in Canada;

"MI 11-101" means Multilateral Instrument 11-101 *Principal Regulator System*;

"non-principal jurisdiction" means, for a person or company, a jurisdiction other than the principal jurisdiction;

"non-principal regulator" means, for a person or company, the securities regulatory authority or regulator of a jurisdiction other than the principal jurisdiction;

"NP 11-202" means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;

"NP 11-203" means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*;

"NP 11-204" means National Policy 11-204 *Process for Registration in Multiple Jurisdictions*;

"NP 11-205" means National Policy 11-205 *Process for Designation of Credit Rating Organizations in Multiple Jurisdictions*;

"NP 11-206" means National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*;

"NRD" has the same meaning as in NI 31-102;

"NRD format" has the same meaning as in NI 31-102;

"SRO" means a self-regulatory organization; and

"T&C" means a term, condition, restriction or requirement imposed by a securities regulatory authority or regulator on the registration of a firm or an individual.

1.2 Additional definitions

~~Terms~~ A term used in this policy and that ~~are~~ is defined in NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-206 has the same ~~meanings~~ meaning as in those national policies.

1.3 Purpose

(1) **General** – Multilateral Instrument 11-102 *Passport System* (the Instrument) and this policy implement the passport system contemplated by the Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation.

The Instrument gives each market participant a single window of access to the capital markets in multiple jurisdictions. It enables a person or company to deal only with its principal regulator to

- get deemed receipts in other jurisdictions (except Ontario) for a preliminary prospectus and prospectus,
- obtain automatic exemptions in other jurisdictions (except Ontario) equivalent to most types of discretionary exemptions granted by the principal regulator, ~~or~~
- register automatically in other jurisdictions (except Ontario~~).~~),
- ~~The Instrument also enables a~~if the person or company is a credit rating organization ~~to~~ ,obtain a deemed designation as a designated rating organization in other jurisdictions (except in Ontario~~).~~),
- be deemed to have ceased to be a reporting issuer in other jurisdictions (except in Ontario).

(2) **Process** – NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-~~205~~ 206 set out the processes for a market participant in any jurisdiction to obtain a deemed prospectus receipt, an automatic exemption, an automatic registration ~~or~~, a deemed designation as a designated rating organization, or to be deemed to cease to be a reporting issuer in a passport jurisdiction. These policies also set out processes for a market participant in a passport jurisdiction to get a prospectus receipt ~~or~~ , a discretionary exemption or an order to cease to be a reporting issuer from the OSC or to register in Ontario or to obtain designation as a designated rating organization in Ontario.

NP 11-203 also sets out the process for seeking exemptive relief in multiple jurisdictions that falls outside the scope of the Instrument. NP 11-203 applies to a broad range of exemptive relief applications, not just discretionary exemption applications from the provisions listed in Appendix D of the Instrument. For example, NP 11-203 applies to an application to be designated a reporting issuer, a mutual fund, a non-redeemable investment fund or an insider. However, it does not apply to an application to be designated as a designated rating organization, specifically covered in NP 11-205, ~~It also applies~~ or to an application for an order to cease to be

a ~~discretionary exemption from a provision not listed~~reporting issuer, specifically covered in ~~Appendix D of the Instrument~~ NP 11-206.

Please refer to NP 11-202, NP 11-203, NP 11-204, NP 11-205 and NP 11-206 for more details on these processes.

(3) **Interpretation of the Instrument** – As with all national or multilateral instruments, you should read the Instrument from the perspective of the local jurisdiction~~in which you seek a deemed prospectus receipt, an automatic exemption or registration or a deemed designation as a designated rating organization~~. For example, if the Instrument does not specify where you file a document, it means that you must file it in the local jurisdiction. In this policy, we generally use the term 'non-principal jurisdiction' instead of 'local jurisdiction'.

To get a deemed receipt for a prospectus in the non-principal jurisdiction, a filer must file the prospectus in the jurisdiction through SEDAR. Similarly, to get an automatic exemption based on a discretionary exemption granted in the principal jurisdiction, a filer must give notice under section 4.7(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4.7(2) of the Instrument, a filer can satisfy the latter requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

To register in the non-principal jurisdiction, a firm or individual must make the required submission in the non-principal jurisdiction. To streamline the process, section 4A.3(3) of the Instrument allows a firm to make its submission to the principal regulator instead of the non-principal regulator. Submissions for individuals are made through NRD. If the principal regulator imposes a T&C on a firm's or individual's registration, or suspends, terminates or accepts the surrender of registration of the firm or individual, that decision applies automatically in the non-principal jurisdiction, whether or not the firm or individual registered in the non-principal jurisdiction under the Instrument.

To obtain a deemed designation as a designated rating organization in ~~another~~the non-principal jurisdiction, a credit rating organization must give notice under section 4B.6(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4B.6(2) of the Instrument, a credit rating organization can satisfy the latter requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

To be deemed to cease to be a reporting issuer in the non-principal jurisdiction, an issuer must give notice under section 4C.5(1)(c) of the Instrument to the securities regulatory authority or regulator in the non-principal jurisdiction. Under section 4C.5(2) of the Instrument, the issuer can satisfy this requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the non-principal jurisdiction.

(4) **Operation of law** – The provisions of the Instrument on prospectus receipt, discretionary exemptions, registration ~~and~~, designation as a designated rating organization and applications for an order to cease to be a reporting issuer produce automatic legal outcomes in the non-principal

jurisdiction that result from a decision made by the principal regulator. The effect is to make the law of the non-principal jurisdiction apply to a market participant as if the non-principal regulator had made the same decision as the principal regulator.

(5) **Applicable requirements** – A market participant must comply with the law of each jurisdiction in which it files a prospectus, is a reporting issuer, seeks registration, is registered or seeks designation as a designated rating organization.

- Most prospectus, continuous disclosure, registration requirements and requirements relating to designated rating organizations are harmonized and are in rules or regulations commonly referred to as 'national instruments'. The securities regulatory authorities and regulators intend to interpret and apply the harmonized requirements in national instruments in a consistent way, and we have put practices and procedures in place to achieve this objective.

- Some jurisdictions have non-harmonized requirements in Securities Acts or local rules or regulations. In addition, some national instruments contain requirements or carve-outs for specific jurisdictions, which are apparent on the face of the instruments.

- Registrants will be subject to a few non-harmonized requirements. Section 4A.5 contains a description of these requirements.

(6) **Ontario** – The OSC has not adopted the Instrument, but the Instrument provides that the OSC can be a principal regulator for purposes of a prospectus filing under Part 3, a discretionary exemption application under Part 4, registration under Part 4A, ~~or~~ an application for designation as a designated rating organization under Part 4B and an application for an order to cease to be a reporting issuer under Part 4C. Consequently, Ontario market participants have direct access to passport as follows:

- When the OSC issues a receipt for a prospectus to an issuer whose principal jurisdiction is Ontario, a deemed receipt is automatically issued in each passport jurisdiction where the market participant filed the prospectus under the Instrument.

- When the OSC grants a discretionary exemption to a market participant whose principal jurisdiction is Ontario, the person obtains an automatic exemption from the equivalent provision of securities legislation of each passport jurisdiction for which the person gives the notice described in section 4.7(1)(c) of the Instrument.

- A firm or individual whose principal jurisdiction is Ontario and who is registered in a category in Ontario is automatically registered in the same category in a passport jurisdiction when the firm or individual makes the required submission under the Instrument.

- When the OSC designates a credit rating organization as a designated rating organization, the credit rating organization obtains a deemed designation in each passport jurisdiction for which the credit rating organization gives the notice described in section 4B.6(1)(c) of the Instrument.

- When the OSC issues an order to cease to be a reporting issuer to an issuer whose principal jurisdiction is Ontario, the issuer is deemed to cease to be a reporting issuer in each passport jurisdiction for which the issuer gives the notice described in section 4C.5(1)(c) of the Instrument.

1.4 Language of documents – Québec

The Instrument does not relieve issuers filing in Québec from the linguistic obligations prescribed by Québec law, including the specific obligations in the Québec *Securities Act* (e.g. section 40.1). For example, where a prospectus is filed in several jurisdictions including Québec, the prospectus must be in French or in French and English.

PART 2 [REPEALED]

PART 3 PROSPECTUS

3.1 Principal regulator for prospectus

For a prospectus filing subject to Part 3 of the Instrument, the principal regulator is the principal regulator identified under section 3.1 of the Instrument. Under this section, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 3.1(1) of the Instrument specifies the following jurisdictions for purposes of that section: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 3.4 of NP 11-202 gives guidance on how to identify the principal regulator for a prospectus filing subject to Part 3 of the Instrument.

3.2 Discretionary change in principal regulator for prospectus

Section 3.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a prospectus filing subject to Part 3 of the Instrument on its own motion or on application. Section 3.5 of NP 11-202 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a prospectus filing subject to Part 3 of the Instrument.

3.3 Deemed issuance of receipt

Section 3.3 of the Instrument deems a receipt to be issued for a preliminary prospectus or prospectus in the non-principal jurisdiction if certain conditions are met. A deemed receipt in the non-principal jurisdiction has the same legal effect as a receipt issued in the principal jurisdiction.

To rely on section 3.3 of the Instrument in the non-principal jurisdiction, a filer must file on SEDAR the preliminary prospectus or the pro forma prospectus, and the prospectus, in both the

non-principal jurisdiction and the principal jurisdiction. When filing, the filer must also indicate that it is filing the preliminary prospectus or pro forma prospectus under the Instrument. Under the law of the non-principal jurisdiction, these filings trigger the obligation to file supporting documents (e.g., consents and material contracts) and to pay required fees.

NP 11-202 sets out the process for making a waiver application for a prospectus filing subject to Part 3 of the Instrument.

If the principal regulator refuses to issue a receipt for a prospectus, it will notify the filer and the non-principal regulators by sending a refusal letter through SEDAR. In these circumstances, the Instrument will no longer apply to the filing and the filer may deal separately with the local securities regulatory authority or regulator in any non-principal jurisdiction in which the prospectus was filed to determine if the local securities regulatory authority or regulator would issue a local receipt.

3.4 [REPEALED]

3.5 Transition for section 3.3

Section 3.3 of the Instrument applies to a preliminary prospectus or pro forma prospectus and their related prospectus, and to an amendment to a prospectus, filed on or after March 17, 2008.

Section 3.5(1) of the Instrument removes the deemed receipt that would otherwise be available in the non-principal jurisdiction under section 3.3 of the Instrument if a preliminary prospectus amendment is filed after March 17, 2008 and the related preliminary prospectus was filed before March 17, 2008.

Section 3.5(2) provides an exemption from the requirement in section 3.3(2)(b) of the Instrument to indicate on SEDAR, at the time of filing the preliminary prospectus or pro forma prospectus, that the preliminary prospectus or pro forma prospectus is filed under Instrument. This means there is a deemed receipt in the non-principal jurisdiction for a prospectus amendment if the related preliminary prospectus or pro forma prospectus was filed before March 17, 2008 and the filer indicated on SEDAR that it filed the amendment under the Instrument at the time of filing the amendment.

PART 4 DISCRETIONARY EXEMPTIONS

4.1 Application

Part 4 of the Instrument applies to an application for a discretionary exemption from a provision listed in Appendix D of the Instrument. Part 4 does not apply to a discretionary exemption application from a provision not listed in Appendix D of the Instrument or to other types of exemptive relief applications. For example, Part 4 does not apply to an application to designate a person to be a reporting issuer, mutual fund, non-redeemable investment fund or insider.

4.2 Principal regulator for discretionary exemption applications

For purposes of a discretionary exemption application under Part 4 of the Instrument, the principal regulator is the principal regulator identified under sections 4.1 to 4.5 of the Instrument. Except under section 4.4.1, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 4.4.1 of the Instrument provides that the principal regulator for an application for exemption from a requirement in Parts 3 and 12 of NI 31-103 and Part 2 of NI 33-109 made in connection with an application for registration in the principal jurisdiction is the principal regulator as determined under section 4A.1 of the Instrument. The securities regulatory authority or regulator of each jurisdiction may be a principal regulator under section 4A.1 of the Instrument.

Section 3.6 of NP 11-203 gives guidance on how to identify the principal regulator for a discretionary exemption application under Part 4 of the Instrument.

4.3 Discretionary change of principal regulator for discretionary exemption applications

Section 4.6 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a discretionary exemption application under Part 4 of the Instrument on its own motion or on application. Section 3.7 of NP 11-203 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a discretionary exemption application under Part 4 of the Instrument.

4.4 Passport application of discretionary exemptions

Section 4.7(1) of the Instrument exempts a person or company from an equivalent provision of securities legislation in the non-principal jurisdiction if the principal regulator for the application grants the discretionary exemption, the filer gives the notice required under paragraph (c) of that section and other conditions are met. The equivalent provisions from which an automatic exemption is available under section 4.7(1) of the Instrument are set out in Appendix D of the Instrument.

If the principal regulator revokes or cancels the discretionary exemption or it expires under a sunset clause, the exemption in section 4.7 is no longer available in the non-principal jurisdiction.

A discretionary exemption under section 4.7(1) of the Instrument is available in the passport jurisdictions for which the filer gives the required notice when filing the application. However, the discretionary exemption can become available later in other passport jurisdictions if the circumstances warrant. For example, if a reporting issuer obtains a discretionary exemption from a national continuous disclosure requirement in its principal jurisdiction and an automatic

exemption under section 4.7(1) in three non-principal jurisdictions in 2008 and the issuer becomes a reporting issuer in a fourth non-principal jurisdiction in 2009, the issuer could obtain an automatic exemption in the new jurisdiction. To obtain the automatic exemption in the new jurisdiction, the issuer would have to give the notice referred to in section 4.7(1)(c) of the Instrument in respect of that jurisdiction and meet the other condition of the exemption.

Under section 4.7(2) of the Instrument the filer may give the required notice to the principal regulator instead of the non-principal regulator.

A filer should identify in the application all the exemptions required and give notice for all the jurisdictions in which section 4.7(1) of the Instrument is intended to be relied upon. If an exemption is required in a non-principal jurisdiction when the filer files the application, but the filer does not give the required notice for that jurisdiction until after the principal regulator grants the exemption, the securities regulatory authority or regulator of the non-principal jurisdiction will take appropriate action. This could include removing the exemption, in which case the filer may have an opportunity to be heard in that jurisdiction in appropriate circumstances.

A principal regulator's decision to vary a decision the principal regulator previously made to exempt a person or company from a provision set out in Appendix D of the Instrument has automatic effect in a non-principal jurisdiction if

- the person or company applied in the principal jurisdiction to have the decision varied and gave the notice required under section 4.7(1)(c) of the Instrument in respect of the non-principal jurisdiction,

- the principal regulator grants the exemption and the exemption is in effect, and

- the other conditions of section 4.7(1) of the Instrument are met.

If the principal regulator for an application for exemption from a filing requirement under section 6.1 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) grants an exemption under section 4.7(1) of the Instrument, a person or company has an automatic exemption in a non-principal jurisdiction under the section only if

- the filing requirement arises from the person or company relying on one of the provisions referred to in section 6.1 of NI 45-106 in the principal jurisdiction,

- the person or company is relying on the equivalent exemption in the non-principal jurisdiction, and

- the person or company complies with the conditions of section 4.7(1) of the Instrument.

Because, under the Instrument, a person or company files an application for a discretionary exemption only in the principal jurisdiction to obtain an automatic exemption in multiple jurisdictions, the filer is required to pay fees only in the principal jurisdiction.

NP 11-203 sets out the process for seeking exemptive relief in multiple jurisdictions, including the process for seeking a discretionary exemption under Part 4 of the Instrument.

4.5 Availability of passport for discretionary exemptions applied for before March 17, 2008

Under section 4.8(1) of the Instrument, an exemption from the equivalent provision is automatically available in the local jurisdiction if

- an application was made in a specified jurisdiction before March 17, 2008 for an exemption from a provision of securities legislation that is now listed in Appendix D of the Instrument,

- the securities regulatory authority or regulator in the specified jurisdiction granted the exemption before, on or after March 17, 2008, and

- certain other conditions are met.

These conditions include giving the notice required under section 4.8(1)(c). Section 4.8(2) permits the filer to give the required notice to the securities regulatory authority or regulator that would be the principal regulator for the application under Part 4 if an application were to be made under that Part at the time the notice is given, instead of to the non-principal regulator.

Under section 4.1, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

A specified jurisdiction for purposes of section 4.8 of the Instrument is a principal jurisdiction under MI 11-101.

The combined effect of sections 4.8(1) and 4.8(3) is to make an exemption from a CD requirement granted by the principal regulator before March 17, 2008 under MI 11-101 automatically available in the non-principal jurisdiction, even though the decision of the principal regulator under MI 11-101 does not refer to the non-principal jurisdiction. To benefit from this, however, the reporting issuer must comply with the terms and conditions of the decision of the principal regulator under MI 11-101. Only exemptions granted from CD requirements that are now listed in Appendix D of the Instrument become available in the non-principal jurisdiction in this way.

Appendix A of this policy lists the CD requirements from which a reporting issuer could get an exemption under section 3.2 of MI 11-101. Appendix D of the Instrument sets out the list of equivalent provisions.

PART 4A REGISTRATION

4A.1 Application

The Instrument permits a firm or individual to register automatically in a non-principal jurisdiction based on its principal jurisdiction registration. It also makes some types of regulatory decisions by a firm's or individual's principal regulator apply automatically in each non-principal jurisdiction where the firm or individual is registered, whether or not the firm or individual is registered automatically under the Instrument.

Permitted individual
The Instrument does not apply to "permitted individuals" under NI 33-109 because these individuals are not registered under securities legislation. The Instrument applies to a permitted individual only if the permitted individual becomes registered in a category in his or her principal jurisdiction and seeks registration in the same category in a non-principal jurisdiction.

Restricted dealers and their representatives
Section 4A.3 of the Instrument does not apply to a firm registered in the category of "restricted dealer" under NI 31-103. To register in a non-principal jurisdiction, a restricted dealer must apply directly to the non-principal regulator. Automatic registration under the Instrument does not apply to restricted dealers because there are no standard requirements for this category and most firms registered as restricted dealers operate in a single jurisdiction. However, if a restricted dealer registers directly in the same category in a non-principal jurisdiction, the provisions of the Instrument relating to T&Cs (section 4A.5), suspension (section 4A.6), termination (section 4A.7) and surrender (section 4A.8) apply to the firm.

All the provisions of the Instrument apply to the dealing representatives of a restricted dealer. This includes automatic registration under section 4A.4 of the Instrument if the representative's sponsoring firm is registered as a restricted dealer in the representative's principal jurisdiction and the non-principal jurisdiction in which the representative seeks registration. It also includes the provisions of the Instrument relating to T&Cs (section 4A.5), suspension (section 4A.6), termination (section 4A.7) and surrender (section 4A.8).

4A.2 Registration by SRO

The securities regulatory authority or regulator in some jurisdictions has delegated, assigned or authorized an SRO to perform all or part of its registration function. The instrument applies to the decisions made by SROs under these arrangements. For more details, refer to section 3.5 of NP 11-204.

4A.3 Principal regulator for registration

The principal regulator of a firm or individual is the securities regulatory authority or regulator identified under section 4A.1 of the Instrument. The securities regulatory authority or regulator of any jurisdiction can be a principal regulator for registration.

Section 3.6 of NP 11-204 gives guidance on how to identify the principal regulator of a firm or individual under Part 4A of the Instrument.

4A.4 Discretionary change of principal regulator for registration

Section 4A.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for the purpose of Part 4A of the Instrument. Section 3.7 of NP 11-204 gives guidance on the process for a discretionary change of principal regulator for registration under Part 4A of the Instrument.

4A.5 Registration

Sections 4A.3 and 4A.4 of the Instrument are available for firms or individuals required to be registered under NI 31-103, except for firms registering as restricted dealers.

A firm or individual who registers in a non-principal jurisdiction under section 4A.3 or 4A.4 of the Instrument must comply with all applicable requirements of the non-principal jurisdiction, including the obligation to pay the required fees in that jurisdiction and any non-harmonized requirements.

In Québec, firms and individuals in the mutual fund and scholarship plan sectors are subject to a specific regulatory framework that also applies under passport:

- mutual fund firms registered in Québec are not required to be members of the Mutual Fund Dealers Association of Canada (MFDA) and are under the direct supervision of the Autorité des marchés financiers, as are scholarship plan firms,

- individuals in the mutual fund and scholarship plan sectors are required to be members of the Chambre de la sécurité financière,

- firms and individuals must maintain professional liability insurance, and

- firms must contribute to the Fonds d'indemnisation des services financiers which provides financial compensation to investors who are victims of fraudulent tactics or embezzlement committed by these firms or individuals.

In addition, in Québec, an individual who is a representative of an investment dealer cannot concurrently be employed by a financial institution and carry on business as a representative in a Québec branch of a financial institution unless he or she is a representative specialized in mutual funds or scholarship plans.

In British Columbia, investment dealers that trade in the U.S. over-the-counter markets must comply with local requirements to manage the risks of trading these securities, retain records and report quarterly to the Commission.

To register in a non-principal jurisdiction
Before making a submission under section 4A.3 or 4A.4, the firm or individual should ensure that the firm's or individual's principal jurisdiction is correctly identified in the firm's or individual's latest submission under NI 33-109.

Firm
Under section 4A.3(1) of the Instrument, if a firm is registered in its principal jurisdiction in a category set out in NI 31-103, other than the category of "restricted dealer", the firm is registered in the same category in a non-principal jurisdiction if the firm

(a) has submitted a completed Form 33-109F6 in accordance with NI 33-109, and

(b) is a member of an SRO if required for that category.

A firm should refer to Part 4 and section 5.2 of NP 11-204 for guidance on how to make its submission under the Instrument.

Under section 4A.3(3) of the Instrument, a firm may make the relevant submission by giving it to its principal regulator instead of the non-principal regulator. In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to register firms, the firm should make the submission by giving it to the relevant office of the SRO.

To register under section 4A.3(1) of the Instrument, the firm must be a member of an SRO if required in the local jurisdiction for that category of registration. This condition does not apply if the firm has an exemption in the local jurisdiction from the requirement to be a member of the SRO. All jurisdictions require investment dealers to be members of the Investment Industry Regulatory Organization of Canada. All jurisdictions, except Québec, require mutual fund dealers to be members of the MFDA. A mutual fund dealer whose principal jurisdiction is Québec must be a member of the MFDA before it can register in another jurisdiction.

Individual
Under section 4A.4 of the Instrument, if an individual acting on behalf of a sponsoring firm is registered in his or her principal jurisdiction in a category set out in NI 31-103, the individual is registered in the same category in a non-principal jurisdiction if

(a) the individual's sponsoring firm is registered in the non-principal jurisdiction in the same category as in the firm's principal jurisdiction,

(b) the individual submitted a completed Form 33-109F2 or Form 33-109F4 in accordance with NI 33-109, and

(c) the individual is a member or an approved person of an SRO if required for that category.

Section 5.2 of NP 11-204 provides guidance on how to make a submission.

To register under section 4A.4 of the Instrument, the individual must be a member or an approved person of an SRO if required in the local jurisdiction for that category of registration. This condition does not apply if the individual has an exemption in the local jurisdiction from the requirement to be a member or approved person of the SRO. Québec legislation requires individuals who are representatives of mutual fund or scholarship plan dealers to be members of the Chambre de la sécurité financière. Other jurisdictions require individuals who are representatives of mutual fund dealers to be approved persons under the rules of the MFDA.

For greater certainty, if an individual is registered in a category in his or her principal jurisdiction for more than one sponsoring firm, each sponsoring firm must be registered in the same category in the non-principal jurisdiction in which the individual seeks registration under section 4A.4 of the Instrument.

4A.6 Terms and conditions of registration

Section 4A.5 (1) of the Instrument provides that, if a firm or individual is registered in the same category in the principal jurisdiction and in the non-principal jurisdiction, a T&C imposed on the registration in the principal jurisdiction applies to the firm or individual as if it were imposed in the non-principal jurisdiction (i.e., by operation of law). Under section 4A.5(2) of the Instrument, a T&C continues to apply until the earlier of the date the securities regulatory authority or regulator that imposed it, cancels or revokes it, or it expires.

Under section 4A.5 of the Instrument, if the principal regulator amends or adds a T&C to a category in which a firm or individual is registered, the amended or additional T&C automatically applies to the firm's or individual's registration in the same category in the non-principal jurisdiction.

In the event of a change of principal regulator, and for each category in which a firm or an individual is registered in the non-principal jurisdiction under section 4A.3 or 4A.4 of the Instrument, the firm's or individual's

- original principal regulator will revoke any T&C it imposed, and
- new principal regulator will adopt any T&C's that are appropriate.

This will enable the new principal regulator to amend the firm's or individual's T&Cs in appropriate circumstances and result in any T&C amended by the new principal regulator applying automatically in a non-principal jurisdiction as if it had been imposed in that jurisdiction (i.e., by operation of law).

4A.7 Suspension

Under section 4A.6 of the Instrument, if a firm's or an individual's registration in the principal jurisdiction is suspended, the firm's or individual's registration is automatically suspended in any non-principal jurisdiction where the firm or individual is registered. For greater certainty, a suspension of registration is a suspension of a firm's or individual's trading or advising

privileges and the firm or individual remains registered under securities legislation. A firm's or individual's registration is suspended on the same day in the principal jurisdiction and the non-principal jurisdiction. NRD will show the same suspension date in each relevant jurisdiction.

A firm's or individual's registration is suspended in the non-principal jurisdiction for as long as the firm's or individual's registration is suspended in the principal jurisdiction. If the principal regulator lifts a firm's or individual's suspension, the firm or individual may resume trading or advising in the non-principal jurisdiction on the date NRD shows that the suspension has been lifted. Any T&C imposed by the principal regulator when it lifts a suspension applies automatically in the non-principal jurisdiction under section 4A.5 of the Instrument.

4A.8 Termination

Under section 4A.7 of the Instrument, if a firm's or individual's registration in the principal jurisdiction is cancelled, revoked or terminated, as applicable, the firm's or individual's registration in the non-principal jurisdiction is automatically cancelled, revoked or terminated, as applicable. A firm's or individual's registration is terminated on the same date in the principal jurisdiction and the non-principal jurisdiction. NRD will show the same termination date in each relevant jurisdiction.

4A.9 Surrender

Under section 4A.8 of the Instrument, a firm's or individual's registration is automatically cancelled, revoked or terminated, as applicable, in a category in all non-principal jurisdictions in which the firm or individual is registered if the firm or individual applies to surrender registration in the category in its principal jurisdiction and the principal regulator accepts the surrender.

A firm should submit an application to surrender registration in one or more categories in the firm's principal jurisdiction and Ontario, if Ontario is a non-principal jurisdiction. The application should identify any non-principal jurisdiction where the firm is registered in the same category(ies). In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, a firm should submit its application to surrender to the relevant office of the SRO. A firm should refer to Appendix B of CP 33-109 for guidance on how to submit its application for surrender to the principal regulator or the relevant office of the SRO.

An individual should make the relevant NRD submission under NI 33-109 to surrender registration.

If a firm or individual applies to surrender a category in the principal jurisdiction, the principal regulator may suspend registration in the category pending surrender, or impose a T&C. See section 4A.7 of this Policy for guidance on suspension of registration.

If the principal regulator imposes a T&C, section 4A.5 of the Instrument provides that the T&C applies in each non-principal jurisdiction where a firm or individual is registered in the same category as if the T&C had been imposed in the non-principal jurisdiction.

The Instrument does not deal with a firm or individual that seeks to surrender a category in a non-principal jurisdiction only. If a firm or individual seeks to surrender a category in a non-principal jurisdiction, other than Ontario,

- the firm may still submit its application by giving it to the principal regulator only or, if the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, the relevant office of the SRO in the principal jurisdiction,

- the individual should make the relevant NRD submission under NI 33-109,

- the firm's or individual's submission should indicate the non-principal jurisdiction where the firm or individual is applying to surrender registration, and

- the fact that a securities regulatory authority, regulator or SRO accepts the surrender of registration of a firm or individual in the non-principal jurisdiction does not affect the registration of the firm or individual in another jurisdiction.

4A.10 Transition – terms and conditions in non-principal jurisdiction

The purpose of section 4A.9(1) of the Instrument is to delay until October 28, 2009 the automatic application of section 4A.5 of the Instrument in a non-principal jurisdiction in which a firm or individual is registered on September 28, 2009. This gives the firm or individual time to make an application under section 4A.9(2) of the Instrument for an exemption from having a T&C imposed by the principal regulator apply automatically in the non-principal jurisdiction.

A firm or individual should apply for the exemption contemplated in section 4A.9(2) of the Instrument separately in each non-principal jurisdiction because the purpose of the exemption application is to give the firm or individual an opportunity to be heard on the automatic application in the non-principal jurisdiction of a T&C imposed by the principal regulator. For this reason, a firm or individual should not make the application under NP 11-203.

If a firm or individual does not apply for an exemption under section 4A.9(2) of the Instrument in a non-principal jurisdiction,

- a T&C imposed by the principal regulator automatically applies on October 28, 2009 in the non-principal jurisdiction , and

- a T&C previously imposed by the non-principal regulator ceases to apply unless it is enforcement related.

4A.11 Transition – notice of principal regulator for foreign firm

Under section 4A.10(1) of the Instrument, a foreign firm registered in a category in multiple jurisdictions before September 28, 2009 is required to submit the information to identify its principal jurisdiction in item 2.2(b) in Form 33-109F6 by submitting a Form 33-109F5 on or before October 28, 2009. This information will determine the foreign firm's principal regulator under section 4A.1 of the Instrument.

Section 4A.10(2) of the Instrument permits the foreign firm to make this submission to a non-principal regulator by giving it only to its principal regulator. In a jurisdiction where the principal regulator has delegated, assigned or authorized an SRO to perform registration functions, the foreign firm should make the submission to the relevant office of the SRO. Foreign firms should refer to Appendix B of CP 33-109 for guidance on how to make a submission.

Because the principal regulator for a foreign individual is the same as the principal regulator for the individual's sponsoring firm, the Instrument does not require the foreign individual to make a submission to identify the individual's principal regulator.

PART 4B APPLICATION TO BECOME A DESIGNATED RATING ORGANIZATION

4B.1 Application

Part 4B of the Instrument only applies to an application for designation as a designated rating organization. Designated rating organizations applying for a discretionary exemption from a provision of National Instrument 25-101 *Designated Rating Organizations* should refer to Part 4 of the Instrument.

4B.2 Principal regulator for application for designation

For purposes of an application for designation as a designated rating organization under Part 4B of the Instrument, the principal regulator is the principal regulator identified under sections 4B.2 to 4B.5 of the Instrument. The principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4B.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and New Brunswick.

Section 7 of NP 11-205 gives guidance on how to identify the principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument.

4B.3 Discretionary change of principal regulator for application for designation

Section 4B.5 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument on its own motion or on application. Section 8 of NP 11-205

gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for an application for designation as a designated rating organization under Part 4B of the Instrument.

4B.4 Passport application of designation

Section 4B.6(1) of the Instrument provides that a credit rating organization is deemed to be designated as a designated rating organization in the non-principal jurisdiction if the principal regulator for the application grants the designation, the credit rating organization gives the notice required under paragraph (c) of that section and other conditions are met.

A deemed designation under section 4B.6(1) of the Instrument is available in the passport jurisdictions for which the credit rating organization gives the required notice when filing the application for designation. Credit rating organizations should give the notice in paragraph (c) of that section for all passport jurisdictions. However, the deemed designation can become available later in other passport jurisdictions if the circumstances warrant. To obtain the deemed designation in the new jurisdiction, the credit rating organization would have to give the notice referred to in section 4B.6(1)(c) of the Instrument in respect of that jurisdiction and meet the other conditions of the designation.

Because, under the Instrument, a credit rating organization makes an application for designation only in the principal jurisdiction to obtain a deemed designation in multiple jurisdictions, the credit rating organization is required to pay fees only in the principal jurisdiction.

NP 11-205 sets out the process for seeking designation as a designated rating organization in multiple jurisdictions under Part 4B of the Instrument.

PART 4C APPLICATION TO CEASE TO BE A REPORTING ISSUER

4C.1 Application

Part 4C of the Instrument only applies to an application for an order to cease to be a reporting issuer.

4C.2 Principal regulator for application to cease to be a reporting issuer

For purposes of an application for an order to cease to be a reporting issuer under Part 4C of the Instrument, the principal regulator is the principal regulator identified under sections 4C.2 and 4C.3 of the Instrument. The principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4C.1 of the Instrument specifies the following jurisdictions for this purpose: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 8 of NP 11-206 gives guidance on how to identify the principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument.

4C.3 Discretionary change of principal regulator

Section 4C.4 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument on its own motion. Section 9 of NP 11-206 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for an application to cease to be a reporting issuer under Part 4C of the Instrument.

4C.4 Deemed to cease to be a reporting issuer

Subsection 4C.5(1) of the Instrument provides that an issuer is deemed to cease to be a reporting issuer in the non-principal jurisdiction if the principal regulator for the application issues the order, the issuer gives the notice required under paragraph (c) of that subsection and other conditions are met. Issuers should give this notice in each passport jurisdiction in which it is a reporting issuer. Under subsection 4C.5(2) of the Instrument, the filer may satisfy this notice requirement by giving the required notice to the principal regulator.

Under the Instrument, an issuer makes an application only in the principal jurisdiction to obtain an order deeming it to cease to be a reporting issuer in multiple jurisdictions. As a result, the issuer is required to pay fees only in the principal jurisdiction.

NP 11-206 sets out the process for seeking an order to cease to be a reporting issuer in multiple jurisdictions under Part 4C of the Instrument.

4C.5 Transition

Subsection 40 (1) of NP 11-206 provides that the coordinated review process set out in NP 11-203 will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

Subsection 40 (2) of NP 11-206 provides that the coordinated review process set out under the heading "The Simplified Procedure" in CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

PART 5 EFFECTIVE DATE

5.1 Effective date

The Instrument applies to continuous disclosure documents, prospectuses and discretionary exemption applications filed on or after March 17, 2008.

The Instrument applies to an individual or firm seeking registration outside its principal jurisdiction on or after September 28, 2009. In addition, it applies to an individual or firm that is

registered on that date unless the individual or firm requests and obtains an exemption under ~~section~~subsection 4A.9(2).

The Instrument applies to applications for designation as a designated rating organization filed on or after April 20, 2012.

The Instrument applies to applications for an order to cease to be a reporting issuer filed on or after June 23, 2016.

Companion Policy 11-102CP
Passport System

Appendix A

CD requirements under MI 11-101

For ease of reference, this appendix reproduces the definition of CD requirements in MI 11-101 even though some references might no longer be relevant because sections were repealed after September 19, 2005 when MI 11-101 came into force.

British Columbia:	
Securities Act:	section 85 and 117
Securities Rules:	section 144 (except as it relates to fees), 145 (except as it relates to fees), 152 and 153 sections 2, 3 and 189 as they relate to a filing under another CD requirement, as defined in MI 11-101
Alberta:	
Securities Act:	sections 146, 149 (except as it relates to fees), 150, 152 and 157.1
Securities Commission Rules (General):	except as it relates to a prospectus, section 143 – 169, 196 and 197
Saskatchewan:	
The Securities Act, 1988:	section 84, 86 – 88, 90, 94 and 95
The Securities Regulations:	section 117 – 138.1 and 175 as it relates to a filing under another CD requirement, as defined under MI 11-101
Manitoba:	
Securities Act:	sections 101(1), 102(1), 104, 106(3), 119, 120 (except as it relates to fees) and 121– 130
Securities Regulation:	sections 38 – 40 and 80 – 87
Québec:	
Securities Act:	sections 73 excluding the filing requirement of a statement of material change, 75 excluding the filing requirement, 76, 77 excluding the filing requirement, 78, 80 – 82.1, 83.1, 87, 105 excluding the filing requirement, 106 and 107 excluding the filing requirement
Securities Regulation: *Regulations*:	sections 115.1 – 119, 119.4, 120 – 138 and 141 – 161 No. 14, No. 48, Q-11, Q-17 (Title IV) and 62 – 102

	A document filed with or delivered to the Autorité des marchés financiers, delivered to securityholder in Québec or disseminated in Québec under section 3.2 of the Instrument, is deemed, for the purposes of securities legislation in Québec, to be a document filed, delivered or disseminated under Chapter II of Title III or section 84 of the *Securities Act* (Québec).
New Brunswick:	
Securities Act:	sections 89(1) – (4), 90, 91, 100 and 101
Nova Scotia:	
Securities Act:	section 81, 83, 84 and 91
General Securities Rules:	sections 9, 140(2), 140(3) and 141
Newfoundland and Labrador:	
Securities Act:	except as they relate to fees, sections 76, 78 – 80, 82, 86 and 87
Securities Regulations:	sections 4 – 14 and 71 – 80
Yukon:	
Securities Act:	section 22(5) except as it relates to filing a new or amended prospectus

All jurisdictions:

(a) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, except as it relates to a prospectus,

(b) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, except as it relates to a prospectus,

(c) National Instrument 51-102 *Continuous Disclosure Obligations*,

(d) National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*,

(e) National Instrument 52-108 *Auditor Oversight*,

(f) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*,

(g) National Instrument 52-110 *Audit Committees*, except in British Columbia,

(h) BC Instrument 52-509 *Audit Committees*, only in British Columbia,

(i) National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*,

(j) National Instrument 58-101 *Disclosure of Corporate Governance Practices*,

(k) section 8.5 of National Instrument 81-104 *Commodity Pools*, and

(l) National Instrument 81-106 *Investment Fund Continuous Disclosure*.

ANNEX F

National Policy 11-206
Process for Cease to be a Reporting Issuer Applications

PART 1
APPLICATION

Application

1. This policy describes the process for the filing and review of an application by a filer for an order that an issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer.

PART 2
DEFINITIONS

Definitions

2. In this policy

"AMF" means the regulator in Québec;

"application" means a request by a filer for an order for an issuer to cease to be a reporting issuer in all the jurisdictions of Canada in which it is a reporting issuer;

"beneficial owner" means a beneficial owner as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"dual application" means an application described in section 7 of this policy;

"dual review" means the review under this policy of a dual application;

"filer" means

(a) an issuer filing an application, or

(b) an agent of a person referred to in paragraph (a);

"marketplace" means a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

"modified procedure" means the procedure for issuers with a *de minimis* connection to Canada described in section 20 of this policy;

"notified passport jurisdiction" means a passport jurisdiction for which a filer gave the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*;

"OSC" means the regulator in Ontario;

"passport application" means an application described in section 6 of this policy;

"passport jurisdiction" means the jurisdiction of a passport regulator;

"passport regulator" means a regulator that has adopted Multilateral Instrument 11-102 *Passport System*;

"pre-filing" means a consultation with the principal regulator for an application, initiated before the filing of the application, regarding the interpretation of securities legislation or securities directions or their application to a particular application;

"regulator" means a securities regulatory authority or regulator;

"securityholder" means, for a security, the beneficial owner of the security;

"simplified procedure" means the procedure for issuers that have a *de minimis* number of securityholders as described in section 19 of this policy.

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-102 *Passport System*, National Instrument 14-101 *Definitions* or, in Québec, in *Regulation 14-501Q on definitions*, have the same meaning as in those instruments.

Interpretation

4. For the purposes of this policy, a reference to an application for an order that an issuer has ceased to be a reporting issuer is deemed to include:

(a) an application under section 153 of the *Securities Act* (Alberta) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(b) an application under section 88 of the *Securities Act* (British Columbia) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(c) an application under subparagraph 1(1.2)(b) of the *Securities Act* (Manitoba) for an order declaring that an issuer has ceased to be a reporting issuer,

(d) an application under subparagraph 1.1(1)(a) of the *Securities Act* (New Brunswick) for an order designating for the purposes of New Brunswick securities law, a person not to be a reporting issuer,

(e) an application under section 84 of the *Securities Act* (Newfoundland and Labrador) for an order that the reporting issuer is no longer a reporting issuer,

(f) an application under subparagraph 6(1)(a) of the *Securities Act* (Northwest Territories) for an order designating an issuer to cease to be a reporting issuer,

(g) an application under section 89 of the *Securities Act* (Nova Scotia) for an order that the reporting issuer is deemed to have ceased to be a reporting issuer,

(h) an application under subparagraph 6(1)(a) of the *Securities Act* (Nunavut) for an order designating an issuer to cease to be a reporting issuer,

(i) an application under clause 1(10)(a)(ii) of the *Securities Act* (Ontario) for an order that, for the purposes of Ontario securities law, a person or company is not a reporting issuer,

(j) an application under subparagraph 6(1)(a) of the *Securities Act* (Prince Edward Island) for an order designating an issuer to cease to be a reporting issuer,

(k) an application under section 92 of the *Securities Act, 1988* (Saskatchewan), for an order that the reporting issuer is no longer a reporting issuer,

(l) an application under section 69 or 69.1 of the *Securities Act* (Québec), for an order to revoke the issuer's status as a reporting issuer, and

(m) an application under subparagraph 6(1) (a) of the Securities Act (Yukon) for an order designating an issuer to cease to be a reporting issuer.

PART 3
OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES

Overview

5. This policy applies to an application by a filer for an order that an issuer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer. An issuer may not apply to cease to be a reporting issuer in only some, but not all, of the jurisdictions in which it is a reporting issuer.

These are the possible types of applications:

(a) the principal regulator is a passport regulator and the issuer is not a reporting issuer in Ontario. This is a "passport application",

(b) the principal regulator is the OSC and the issuer is also a reporting issuer in a passport jurisdiction. This is also a "passport application",

(c) the principal regulator is a passport regulator and the issuer is also a reporting issuer in Ontario. This is a "dual application".

An application under this policy may not be combined with an application for exemptive relief under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions.*

Passport application

6. **(1)** If the principal regulator is a passport regulator and the issuer is not a reporting issuer in Ontario, the filer files the application only with, and pays fees only to, the principal regulator. Only the principal regulator reviews the application. The principal regulator's order is deemed to automatically have the same result in the notified passport jurisdictions.

(2) If the principal regulator is the OSC and the filer also seeks an order for the issuer to cease to be a reporting issuer in a passport jurisdiction, the filer files the application only with, and pays fees only to, the OSC. Only the OSC reviews the application. The OSC's order is deemed to automatically have the same result in the notified passport jurisdictions.

Dual application

7. If the principal regulator is a passport regulator and the issuer is also a reporting issuer in Ontario, the filer files the application with, and pays fees to, both the principal regulator and the OSC. The principal regulator reviews the application and the OSC, as a non-principal regulator, coordinates its review with the principal regulator. The principal

regulator's order is deemed to automatically have the same result in the notified passport jurisdictions and evidences the decision of the OSC.

Principal regulator

8. **(1)** For any application under this policy, the principal regulator is identified in the same manner as in sections 4C.1 to 4C.4 of Multilateral Instrument 11-102 *Passport System*. This section summarizes sections 4C.1 to 4C.4 of Multilateral Instrument 11-102 *Passport System* and provides guidance on identifying the principal regulator for an application under this policy.

(2) For the purpose of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.

(3) Except as provided in subsection (4) and in section 9 of this policy, the principal regulator is,

(a) for an application made for an investment fund, the regulator of the jurisdiction in which the investment fund manager's head office is located, or

(b) for an application made for an issuer other than an investment fund, the regulator of the jurisdiction in which the issuer's head office is located.

(4) If the jurisdiction identified under subsection (3) is not a specified jurisdiction, the principal regulator for the application is the regulator of the specified jurisdiction with which the issuer or, in the case of an investment fund, the investment fund manager, has the most significant connection.

(5) The factors a filer should consider in identifying the principal regulator for the application based on the most significant connection test are, in order of influential weight:

(a) location of management,

(b) location of assets and operations,

(c) location of majority of securityholders or clients, and

(d) location of trading market or quotation and trade reporting system in Canada.

Discretionary change in principal regulator

9. **(1)** If the principal regulator identified under section 8 of this policy thinks it is not the appropriate principal regulator, it will first consult with the filer and the other regulator it thinks would be more appropriate. If all agree, the first identified principal regulator will give the filer written notice of the new principal regulator and the reasons for the change.

(2) A filer may request a discretionary change of principal regulator for an application if

(a) the filer believes the principal regulator identified under section 8 of this policy is not the appropriate principal regulator,

(b) the location of the head office changes over the course of the application, or

(c) the most significant connection to a specified jurisdiction changes over the course of the application.

(3) Regulators do not anticipate changing a principal regulator except in exceptional circumstances.

(4) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change. The current principal regulator will consult with the other regulator the filer thinks would be more appropriate. If they both agree, the first identified principal regulator will give the filer written notice of the new principal regulator.

General guidelines

10. **(1)** A regulator will generally send communications to a filer by e-mail.

(2) The British Columbia Securities Commission allows reporting issuers to voluntarily surrender their reporting issuer status under certain circumstances set out in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*. However, that procedure is only available for an issuer that is only a reporting issuer in British Columbia and may not be used by an issuer that intends to apply for an order under this policy.

Issuers subject to business corporations legislation in certain jurisdictions

11. In certain jurisdictions of Canada, the local business corporations legislation:

(a) contains certain provisions that apply to reporting issuers that were incorporated, continued or amalgamated under the business corporations legislation, and

(b) provides that if a reporting issuer no longer wants those provisions to apply to it, it must obtain an order from the relevant regulator that it is no longer a public company for the purposes of the business corporations legislation.

Issuers should review their business corporations legislation to determine if they need to make a separate application to the relevant regulator for an order under the business corporations legislation. An order obtained under this policy is only for the purposes of securities legislation.

Reporting issuer that has been dissolved or terminated

12. **(1)** A reporting issuer does not need to apply for an order that it has ceased to be a reporting issuer if it is:

(a) a corporation that was dissolved under applicable corporate legislation,

(b) a limited partnership that was dissolved under applicable limited partnership legislation,

(c) a trust that was terminated under its declaration of trust, or

(d) another form of business organization that was dissolved or terminated under its applicable governing legislation or constating or establishing document.

(2) In each case, it will be sufficient if an agent files evidence of the dissolution or termination with the regulator in each jurisdiction where the issuer was a reporting issuer.

(3) For a corporation, sufficient evidence includes a copy of the certificate and articles of dissolution.

(4) For a limited partnership, sufficient evidence typically includes:

(a) a copy of the declaration of dissolution or similar document filed under applicable limited partnership legislation, and

(b) a written representation from the general partner about the effective date of dissolution under applicable limited partnership legislation.

(5) For a trust, sufficient evidence typically includes:

(a) a copy of the resolution authorizing the termination of the trust,

(b) a report on voting results indicating that the resolution was passed,

(c) a written representation that the trust no longer exists (it is sufficient if this representation is provided by an agent or former trustees or officers),

(d) a copy of the change in corporate structure notice filed under section 4.9 of National Instrument 51-102 *Continuous Disclosure Obligations* or a copy of the change in legal structure notice filed under section 2.10 of National Instrument 81-106 *Investment Fund Continuous Disclosure*, and

(e) evidence such as a copy of a news release or written submission from an agent that the trust has no securities outstanding and none are traded on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

(6) If an issuer has commenced dissolution proceedings but still exists, it will remain a reporting issuer in the absence of an order that it has ceased to be a reporting issuer.

Issuers that are only a reporting issuer in one jurisdiction

13. If an issuer is only a reporting issuer in one jurisdiction, it may apply for a local order to cease to be a reporting issuer in that jurisdiction. Although the application will be treated as a local application rather than as an application under this policy, the regulator in the jurisdiction will generally apply the principles set out in this policy to that application.

The British Columbia Securities Commission allows reporting issuers that are only reporting in British Columbia to voluntarily surrender their reporting issuer status under certain circumstances set out in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status.*

Resale restrictions

14. For applications under the modified procedure or in the procedure for other applications described in section 21 of this policy, a filer should consider whether any of the issuer's securities may be subject to any resale restrictions under applicable securities legislation following the issuance of an order that the issuer has ceased to be a reporting issuer.

If the issuer has, at any time in the past, issued securities to Canadian securityholders pursuant to certain prospectus exemptions, those Canadian securityholders would no longer be able to rely on the resale provisions in sections 2.5 and 2.6 of National Instrument 45-102 *Resale of Securities* to sell their securities if the issuer has ceased to be a reporting issuer.

The issuer should disclose, in its application, what efforts it has conducted to ascertain the number of Canadian securityholders who purchased securities pursuant to a prospectus exemption and still hold those securities. The issuer should provide an analysis of whether those Canadian securityholders can rely on section 2.14 or any other

provision in National Instrument 45-102 *Resale of Securities* to sell their securities following the issuance of the order that the issuer has ceased to be a reporting issuer.

If Canadian securityholders would not be able to rely on a provision in National Instrument 45-102 *Resale of Securities* to sell their securities following the issuance of the requested order, the issuer should disclose, in its application, whether the issuer will be filing a separate application for exemptive relief under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* to permit such sales.

PART 4
PRE-FILINGS

General

15. **(1)** A filer should submit a pre-filing sufficiently in advance of an application to avoid any delays in the processing of the application.

(2) Generally, a pre-filing should only be made where an application will involve a novel and substantive issue or raise a novel policy concern.

(3) The principal regulator will treat the pre-filing as confidential except that it may:

(a) provide copies or a description of the pre-filing to other regulators for discussion purposes, and

(b) have to release the pre-filing under freedom of information and protection of privacy legislation.

Procedure for passport application pre-filing

16. A filer should submit a pre-filing for a passport application by letter to the principal regulator and should:

(a) identify in the pre-filing the principal regulator for the application and each passport jurisdiction for which the filer intends to give the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*, and

(b) submit the pre-filing to the principal regulator only.

Procedure for dual application pre-filing

17. **(1)** A filer submitting a pre-filing for a dual application should identify in the pre-filing the principal regulator, each passport jurisdiction for which the filer intends to give the notice referred to in paragraph 4C.5(1)(c) of Multilateral Instrument 11-102 *Passport System*, and Ontario.

(2) The filer should submit the pre-filing to the principal regulator and the OSC.

(3) The principal regulator will arrange with the OSC to discuss the pre-filing within 7 business days, or as soon as practicable after the pre-filing is submitted.

Disclosure in related application

18. The filer should include in the application that follows a pre-filing,

(a) a description of the subject matter of the pre-filing and the approach taken by the principal regulator, and

(b) any alternative approach proposed by a non-principal regulator that was involved in discussions and that disagreed with the principal regulator.

PART 5
TYPES OF APPLICATION PROCEDURES

The simplified procedure

19. The simplified procedure is available to a filer that is seeking an order for an issuer to cease to be a reporting issuer in each of the jurisdictions in Canada in which it is a reporting issuer and meets all of the following criteria:

(a) it is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets,*

(b) its outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide,

(c) its securities, including debt securities, are not traded in Canada or another country on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported, and

(d) it is not in default of securities legislation in any jurisdiction.

The modified procedure

20. (1) A reporting issuer that is incorporated or organized under the laws of a foreign jurisdiction may make an application under the modified procedure if it meets all of the following criteria:

(a) the issuer files continuous disclosure reports under U.S. securities laws and is listed on a U.S. exchange,

(b) the issuer is able to make a representation that residents of Canada do not:

(i) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the issuer worldwide, and

(ii) directly or indirectly comprise more than 2% of the total number of securityholders of the issuer worldwide,

(c) in the 12 months before applying for the order, the issuer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported.

If the issuer is unable to meet the above 12 month requirement because its securities have only recently been delisted from an exchange in Canada or have only recently been removed from trading on a marketplace or other facility in Canada for bringing together buyers and sellers where trading data is publicly reported, CSA staff may nevertheless be willing to recommend that an order be granted if the issuer is able to show that:

(i) prior to the delisting or the removal from trading, the issuer only attracted a *de minimis* number of Canadian investors, in particular, the daily average volume of trading of the issuer's securities in Canada during the 12 months prior to the delisting or the removal from trading was less than 2% of the worldwide daily average volume of trading of the issuer's securities during that 12 month period, and

(ii) the issuer did not take any other steps that indicate there is a market for its securities in Canada,

(d) the issuer provides advance notice to Canadian resident securityholders in a news release that it has applied for an order to cease to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer and, if that order is made, the issuer will no longer be a reporting issuer in any jurisdiction of Canada. If applicable, the news release should also disclose that some of the issuer's outstanding securities may be subject to resale restrictions. There should be sufficient time between the news release and the issuance of the order to provide securityholders with the opportunity to object to the order,

(e) the issuer undertakes to concurrently deliver to its Canadian securityholders, all disclosure the issuer would be required to deliver to U.S. resident securityholders under U.S. securities law or exchange requirements.

(2) The representation in paragraph (1)(b) should not be qualified or limited to the knowledge of the issuer, unless the issuer can fully demonstrate that it has made diligent enquiry to support the representation and why it cannot give an unqualified representation. CSA staff recognize that some issuers have difficulty making representations on the beneficial ownership of securities by residents of Canada. However, CSA staff will not generally recommend granting the order without the issuer satisfying the 2% test in paragraph (1)(b).

(3) A non-U.S. issuer incorporated or organized under the laws of a foreign jurisdiction can also seek an order under the modified procedure if the issuer

(a) is listed on a major foreign exchange and meets the 2% test described in paragraph (1)(b), and

(b) demonstrates that its Canadian securityholders will receive adequate continuous disclosure under the foreign securities law or exchange requirements.

Procedure for other applications

21. An issuer that does not meet the criteria in section 19 or 20 may make an application under this policy. In the application, the issuer should clearly explain why it does not meet the criteria in section 19 or 20, as applicable, and state the reasons and provide submissions as to why the principal regulator, and the OSC in the case of a dual application, should grant the order.

An example would be a situation where the issuer has completed a going-private transaction and would otherwise meet the criteria in section 19, but for the fact that it is in default of securities legislation as a result of failing to file financial statements that were due after the completion of the transaction.

However, it is important for filers to realize that unless the filer can identify a previous order that is directly on point, CSA staff will treat any application filed under this section as novel. Novel applications may take more time to consider and the filer may not get the desired result.

PART 6
FILING MATERIALS

Election to file under this policy and identification of principal regulator

22. **(1)** In its application, the filer should indicate whether it is filing a passport application or a dual application under this policy and identify the principal regulator for the application.

(2) A filer should file an application sufficiently in advance of any deadline to ensure that staff has a reasonable opportunity to complete the review and make recommendations for an order.

(3) A filer seeking an order in Québec should file a French language version of the draft order when the AMF is acting as principal regulator.

Materials to be filed with an application under the simplified procedure

23. **(1)** For a passport application under the simplified procedure, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application, in the format of the sample application letter set out in Schedule 1, in which the filer:

(i) states that the application is being made under the simplified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(v) sets out any request for confidentiality,

(vi) includes representations that confirm that the issuer meets each of the criteria in section 19, and

(vii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(b) a draft form of order, in the format set out in Annex A, with representations that confirm that the issuer meets the 4 criteria in section 19.

(2) For a dual application under the simplified procedure, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC to each of them, as appropriate, and file the following materials with both the principal regulator and the OSC:

(a) a written application, in the format of the sample application letter set out in Schedule 2, in which the filer:

(i) states that the application is being made under the simplified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(v) sets out any request for confidentiality,

(vi) sets out any request to abridge the review period (see subsection 32(3) of this policy) or the opt-in period (see subsection 34(4) of this policy) and provides supporting reasons,

(vii) includes representations that confirm that the issuer meets each of the criteria in section 19, and

(viii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(b) a draft form of order, in the format set out in Annex B, with representations that confirm that the issuer meets the 4 criteria in section 19.

(3) If the issuer is in the process of completing a going-private transaction following which it will want an order that it has ceased to be a reporting issuer, the issuer may apply for relief using the simplified procedure prior to completing the transaction. The principal regulator cannot make an order until the transaction is complete and the issuer can represent that it has satisfied all the criteria for the simplified procedure.

(4) In circumstances where an issuer has exchanged its securities with another party (or that party's securityholders) in connection with a statutory arrangement or procedure, the issuer should consider whether any other party in the transaction will or has become a reporting issuer following the exchange. If so, the issuer should disclose in its application the name of that party and the jurisdictions in which that party will or has become a reporting issuer and provide a brief summary of the statutory arrangement or procedure and the parties involved.

Materials to be filed with an application under the modified procedure

24. (1) For a passport application under the modified procedure, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:

(a) a written application in which the filer:

(i) states that the application is being made under the modified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) sets out, for any related pre-filing, the information referred to in section 18 of this policy,

(v) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(vi) sets out any request for confidentiality,

(vii) provides submissions on how the issuer meets each of the criteria in section 20,

(viii) provides submissions on how the issuer has dealt, or proposes to deal, with the resale issues set out in section 14 of this policy,

(ix) sets out references to previous orders of the principal regulator or other regulators that would support issuing the order, or indicates that the application is novel,

(x) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(xi) states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default,

(b) supporting materials, and

(c) a draft form of order, in the format set out in Annex C, with representations that explain how the issuer meets each of the criteria in section 20 and states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.

(2) For a dual application under the modified procedure, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC to each of them, as appropriate, and file the following materials with both the principal regulator and the OSC:

(a) a written application in which the filer:

(i) states that the application is being made under the modified procedure,

(ii) states the basis for identifying the principal regulator under section 8 of this policy,

(iii) identifies whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,

(iv) sets out, for any related pre-filing, the information referred to in section 18 of this policy,

(v) gives notice of the non-principal passport jurisdictions for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon,

(vi) sets out any request for confidentiality,

(vii) sets out any request to abridge the review period (see subsection 32(3) of this policy) or the opt-in period (see subsection 34(4) of this policy) and provides supporting reasons,

(viii) provides submissions on how the issuer meets each of the criteria in section 20,

(ix) provides submissions on how the issuer has dealt, or proposes to deal, with the resale issues set out in section 14 of this policy,

(x) sets out references to previous orders of the principal regulator or other regulators that would support issuing the order, or indicates that the application is novel,

(xi) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application, and

(xii) states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default,

(b) supporting materials, and

(c) a draft form of order, in the format set out in Annex D, with representations that explain how the issuer meets each of the criteria in section 20 and that states that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.

(3) The application filed under this section should describe what due diligence the filer has done to ascertain:

(a) the number of securities of the issuer (of each class or series) directly or indirectly beneficially owned by residents of Canada, and

(b) the number of securityholders of the issuer resident in Canada.

If an issuer has outstanding American Depositary Receipts (ADR), American Depositary Shares (ADS) or Global Depositary Receipts (GDR), the number of shares represented by ADR, ADS or GDR should be considered in the 2% test.

(4) The due diligence conducted by the issuer described in subsection (3) would normally include the following:

(a) where a registered holder of securities of the issuer is a depository or an intermediary located in Canada, procedures similar to the procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* to obtain beneficial ownership information,

(b) where a registered holder of securities of the issuer is a depository or an intermediary located in a foreign jurisdiction, similar procedures set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* if it is reasonable to expect that the depository or intermediary may be holding securities of the issuer that are directly or beneficially owned by residents of Canada.

For example, if the securities of the issuer are traded in a foreign jurisdiction on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported, similar inquiries should be made of depositories or intermediaries in that jurisdiction if it is reasonable to expect that residents of Canada may have purchased securities of the issuer through that marketplace or facility.

Similarly, if securities of the issuer are held in a foreign jurisdiction by a foreign intermediary that is an affiliate of a Canadian intermediary, the foreign intermediary should be asked if it is holding securities of the issuer on behalf of residents of Canada.

Materials to be filed with other applications

25. An issuer described in section 21 of this policy should file the materials listed in section 24 of this policy. In its application, instead of providing submissions on how the issuer meets the criteria in the modified procedure, the issuer should provide submissions on why it does not meet the criteria in section 19 or 20 of this policy, as applicable, and state the reasons and provide submissions as to why regulators should grant the order.

Request for confidentiality

26. **(1)** A filer requesting that the regulators hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) CSA staff is unlikely to recommend that an order be held in confidence after its effective date. However, if a filer requests that the regulators hold the application, supporting materials, or order in confidence after its effective date, the filer

should describe the request for confidentiality separately in its application, and pay any required fee:

(a) in the principal jurisdiction, if the filer is making a passport application, or

(b) in the principal jurisdiction and in Ontario, if the filer is making a dual application.

(3) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(4) Communications on requests for confidentiality will normally take place by e-mail. If a filer is concerned with this practice, the filer may request in the application that all communications take place by telephone.

Filing

27. (1) Except as set out in subsections (3) and (4), a filer should send the application materials in paper and in electronic format together with the fees to

(a) the principal regulator, in the case of a passport application, or

(b) the principal regulator and the OSC, in the case of a dual application.

(2) The filer should also provide an electronic copy of the application materials, including the draft order, by e-mail. For a dual application, filing the application concurrently with the principal regulator and the OSC will enable these regulators to process the application expeditiously.

(3) In British Columbia, an electronic filing system is available for filing and tracking applications. Filers should file an application in British Columbia using that system instead of e-mail.

(4) In Ontario, an electronic system is available for filing applications. Filers should file an application in Ontario using that system instead of e-mail.

(5) Filers should send pre-filing and application materials by e-mail (or through the electronic system in British Columbia and Ontario) using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on *BCSC e-services* and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	www.osc.gov.on.ca/filings (follow the steps for submitting applications)
Québec	dispenses-passeport@lautorite.qc.ca
New Brunswick	passport-passeport@fcnb.ca
Nova Scotia	nsscexemptions@novascotia.ca

Incomplete or deficient material

28. If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

Acknowledgment of receipt of filing

29. After the principal regulator receives a complete application, the principal regulator will send the filer an acknowledgment of receipt of the application. For a dual application, the principal regulator will send a copy of the acknowledgement to the OSC. The acknowledgement will identify the name, phone number and e-mail address of the individual reviewing the application and, for a dual application, the end date of the review period identified in subsection 32(3) of this policy.

Withdrawal or abandonment of application

30. (1) If a filer decides to withdraw an application at any time during the process, the filer must notify the principal regulator and, for a dual application, the principal regulator and the OSC and provide an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file unless the filer provides acceptable reasons not to close the file in writing within 10 business days of the notification from the principal regulator. If the filer does not provide acceptable reasons, the principal regulator will notify the filer and for a dual application, the OSC, that the principal regulator has closed the file.

PART 7
REVIEW OF MATERIALS

Review of passport application

31. **(1)** The principal regulator will review a passport application in accordance with its securities legislation and securities directions and based on its review procedures, analysis and consideration of previous orders.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

Review and processing of dual application

32. **(1)** The principal regulator will review a dual application in accordance with its securities legislation and securities directions, based on its review procedures, analysis and consideration of previous orders. The principal regulator will consider any comments from the OSC.

(2) The filer will generally deal only with the principal regulator, which will be responsible for providing comments to the filer once it has considered the comments from the OSC and completed its own review. However, in exceptional circumstances, the principal regulator may refer the filer to the OSC.

(3) The OSC will have 7 business days from receiving the acknowledgement referred to in section 29 of this policy to review the application. In exceptional circumstances, the principal regulator may abridge the review period if the filer filed the dual application concurrently with the OSC and shows that it is necessary and reasonable in the circumstances for the application to receive immediate attention.

(4) Unless the filer provides compelling reasons as to why it did not start the application process sooner, the principal regulator will not consider the following circumstances as exceptional:

(a) the recent closing of a take-over bid, plan of arrangement or similar transaction that resulted in the issuer being eligible to make an application,

(b) the upcoming deadline for the filing of a continuous disclosure document that would result in the issuer being in default of securities legislation if the order that the issuer has ceased to be a reporting issuer is not granted before that deadline,

(c) an upcoming date on which the issuer must have ceased to be a reporting issuer for legal, tax or business reasons, or

(d) other situations in which the deadline was known before filing the application and the filer could have filed the application earlier.

While staff will attempt to accommodate transaction timing where possible, filers planning time-sensitive transactions should build sufficient regulatory approval time into their transaction schedules.

The fact that a filer may consider an application as routine is not a compelling argument for requesting an abridgement.

(5) Filers should provide sufficient information in an application to enable staff to assess how quickly they should handle the application. For example, if the filer has committed to take certain steps by a specific date and needs to have staff's view or an order by that date, the filer should explain why staff's view or the order to cease to be a reporting issuer is required by the specific date and identify these time constraints in its application.

(6) In a dual application, the OSC will advise the principal regulator, before the expiration of the review period, of any substantive issues that would cause OSC staff to recommend that the order not be granted. The principal regulator may assume that the OSC does not have comments on the application if the principal regulator does not receive them within the review period.

PART 8
DECISION-MAKING PROCESS

Passport application

33. (1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether or not to grant the order a filer sought in a passport application.

(2) If the principal regulator is not prepared to grant the order based on the information before it, the principal regulator will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

Dual application

34. (1) After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the order a filer sought in a dual application and immediately circulate its decision to the OSC.

(2) In a dual application, the OSC will have 5 business days from receipt of the principal regulator's order to confirm whether:

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(3) If the OSC is silent, the principal regulator will consider that the OSC will not be making the same decision as the principal regulator.

(4) If the filer shows that it is necessary and reasonable in the circumstances, the principal regulator may request, but cannot require, the OSC to abridge the opt-in period. In some circumstances, abridging the opt-in period may not be feasible. For example, only a panel of the OSC that convenes according to a schedule can make some types of decisions.

(5) The principal regulator will not send the filer an order for a dual application until receipt from the OSC of the confirmation referred to in paragraph (2)(a). If the OSC does not provide the confirmation, the principal regulator will advise the filer that it will not be receiving an order from the principal regulator or the OSC.

(6) If the principal regulator is not prepared to grant the order based on the information before it, it will notify the filer and the OSC.

(7) If a filer receives a notice under subsection (6) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC.

PART 9
ORDER

Effect of order made under passport application

35. (1) Under a passport application, the order of the principal regulator that an issuer has ceased to be a reporting issuer is the decision of the principal regulator. Under subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System*, an issuer is deemed to cease to be a reporting issuer in all notified passport jurisdictions as a result of the order of the principal regulator for the application.

(2) The order is effective in each notified passport jurisdiction on the date of the principal regulator's order (even if the regulator in the notified passport jurisdiction is closed on that date).

Effect of order made under dual application

36. Under a dual application, the order of the principal regulator that an issuer has ceased to be a reporting issuer is the decision of the principal regulator. Under subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System*, an issuer is deemed to cease to be a reporting issuer in all notified passport jurisdictions as a result of the order of the principal regulator for the application. The order of the principal regulator under a dual application also evidences the OSC's decision, if the OSC provided the confirmation referred to in paragraph 34(2)(a) of this policy.

Listing non-principal jurisdictions

37. **(1)** For convenience, the order of the principal regulator on a passport application or a dual application will refer to the notified passport jurisdictions, but it is the filer's responsibility to ensure that it gives the required notice for each jurisdiction for which section 4C.5 of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon. A filer must give the notice for each jurisdiction of Canada in which the issuer is a reporting issuer.

(2) The order of the principal regulator on a dual application will contain wording that makes it clear that the order evidences and sets out the decision of the OSC.

Form of order

38. An order under this policy will be in the form set out in one of the following:

(a) Annex A, *Form of order for a passport application under the simplified procedure*,

(b) Annex B, *Form of order for a dual application under the simplified procedure*,

(c) Annex C, *Form of order for a passport application under the modified procedure*,

(d) Annex D, *Form of order for a dual application under the modified procedure*,

(e) Annex E, *Form of order for a passport application for other applications*, or

(f) Annex F, *Form of order for a dual application for other applications*.

Issuance of order

39. For a dual application, the principal regulator will send the order to the filer and to the OSC.

PART 10
TRANSITION AND EFFECTIVE DATE

Transition

40. **(1)** The coordinated review process set out in National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

(2) The coordinated review process set out under the heading "The Simplified Procedure" in CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* will continue to apply to an application for an order that an issuer has ceased to be a reporting issuer filed under that process in multiple jurisdictions before June 23, 2016.

Effective date

41. This policy comes into effect on June 23, 2016.

Annex A
Form of order for a passport application under the simplified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications

and

In the Matter of
[*name of issuer* (the Filer)]

Order

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

(a) the [*name of the principal regulator*] is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex B

Form of order for a dual application under the simplified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation of
[*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications
and

In the Matter of
[*name of issuer* (the Filer)]

Order

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a dual application):

(a) the [*name of the principal regulator*] is the principal regulator for this application,

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], and

(c) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

Representations

This order is based on the following facts represented by the Filer:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

Order

Each of the Decision Makers is satisfied that the order meets the test set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex C

Form of order for a passport application under the modified procedure

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation
of [*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications

and

In the Matter of
[*name of issuer* (the Filer)

Order

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

(a) the [*name of the principal regulator*] is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

This order is based on the following facts represented by the Filer:

1. [*Insert material representations necessary to explain how the Filer meets the modified procedure criteria and why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex D

Form of order for a dual application under the modified procedure

[Citation: [*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation
of [*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications

and

In the Matter of
[*name of issuer*] (the Filer)

Order

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a dual application):

(a) the [*name of the principal regulator*] is the principal regulator for this application,

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], and

(c) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*[,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

This order is based on the following facts represented by the Filer:

1. [*Insert material representations necessary to explain how the Filer meets the modified procedure criteria and why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

Order

Each of the Decision Makers is satisfied that the order meets the test set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex E

Form of order for a passport application for other applications

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation
of [*name of principal jurisdiction*] (the Jurisdiction)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications

and

In the Matter of
[*name of issuer*] (the Filer)

Order

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

(a) the [*name of the principal regulator*] is the principal regulator for this application, and

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*].

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here*.]

Representations

This order is based on the following facts represented by the Filer:

1. [*Insert material representations necessary to explain why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

Order

The principal regulator is satisfied that the order meets the test set out in the Legislation for the principal regulator to make the order.

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Annex F

Form of order for a dual application for other applications

[Citation:[*neutral citation*] [*Date of order*]]

In the Matter of
the Securities Legislation
of [*name of principal jurisdiction*] and Ontario (the Jurisdictions)

and

In the Matter of
the Process for Cease to be a Reporting Issuer
Applications

and

In the Matter of
[*name of issuer*] (the Filer)

Order

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a dual application):

(a) the [*name of the principal regulator*] is the principal regulator for this application,

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [*names of all non-principal passport jurisdictions where the Filer is a reporting issuer*], and

(c) this order is the order of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [,] [and] MI 11-102 [and, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator)] have the same meaning if used in this order, unless otherwise defined.

[*Add additional definitions here.*]

Representations

This order is based on the following facts represented by the Filer:

1. [*Insert material representations necessary to explain why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the Filer used to identify the principal regulator for the application.*]

2. [*State that the issuer is not in default of securities legislation in any jurisdiction or if the issuer is in default, the nature of the default.*]

Order

Each of the Decision Makers is satisfied that the order meets the test set out in the Legislation for the Decision Maker to make the order.

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

_____
(*Name of signatory for the principal regulator*)

_____
(*Title*)

_____
(*Name of principal regulator*)
(*justify signature block*)

Schedule 1

Example of an Application Letter under the Simplified Procedure for a Passport Application

[Enter date]

[Name of the principal regulator]

Dear Sir/Madam:

Re: [Enter name of issuer] (the Filer) – passport application for an order under the securities legislation of [name of principal jurisdiction] that the Filer has ceased to be a reporting issuer

We are applying under the simplified procedure to the [identify principal regulator] as principal regulator for an order under the securities legislation (the Legislation) of [name of principal jurisdiction] that the Filer has ceased to be a reporting issuer (the Order Sought).

We identify [name of regulator] as the principal regulator for the application on the basis of [name the applicable criteria] under section 8 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206).

In accordance with subsection 4C.5(2) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) and in satisfaction of the notice requirement in paragraph 4C.5(1)(c) of MI 11-102, the Filer provides notice to the securities regulatory authority or regulator in [list the non-principal jurisdictions where the Filer is a reporting issuer] that subsection 4C.5(1) of MI 11-102 is intended to be relied upon for the Order Sought.

Under the simplified procedure in NP 11-206, the Filer represents that:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

[If applicable, set out any request for confidentiality and/or requests to abridge the review period or the opt-in period and provide supporting reasons.]

[Identify whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application.]

[Enter name of Filer]

[Signature of the person who has signing authority]

[Include a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application.]

Schedule 2

Example of an Application Letter under the Simplified Procedure for a Dual Application

[Enter date]

[List name of the principal regulator and the Ontario Securities Commission]

Dear Sir/Madam:

Re: [Enter name of issuer] (the Filer) – dual application for an order under the securities legislation of [name of principal jurisdiction] and Ontario that the Filer has ceased to be a reporting issuer

We are applying under the simplified procedure to the [identify principal regulator] as principal regulator and the Ontario Securities Commission for an order under the securities legislation (the Legislation) of [name of principal jurisdiction] and Ontario that the Filer has ceased to be a reporting issuer (the Order Sought).

We identify [name of regulator] as the principal regulator for the application on the basis of [name the applicable criteria] under section 8 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206).

In accordance with subsection 4C.5(2) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) and in satisfaction of the notice requirement in paragraph 4C.5(1)(c) of MI 11-102, the Filer provides notice to the securities regulatory authority or regulator in [list the non-principal jurisdictions where the Filer is a reporting issuer] that subsection 4C.5(1) of MI 11-102 is intended to be relied upon for the Order Sought.

Under the simplified procedure in NP 11-206, the Filer represents that:

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

[If applicable, set out any request for confidentiality and/or requests to abridge the review period or the opt-in period and provide supporting reasons.]

[Identify whether another related application has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application.]

[Enter name of Filer]

[Signature of the person who has signing authority]

[Include a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application.]

ANNEX G

National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*

PART 1
INTRODUCTION

Scope of this policy

1. Reporting issuers are subject to continuous disclosure requirements under securities legislation so that there is information in the marketplace to enable investors and prospective investors to make an informed investment decision. The integrity and fairness, or confidence in the integrity and fairness, of the capital markets may be compromised if trading in securities of a reporting issuer is permitted to continue when the reporting issuer is not in compliance with the continuous disclosure requirements.

This policy provides guidance to issuers, investors and other market participants regarding how the Canadian Securities Administrators (CSA or we) will generally respond to certain types of continuous disclosure defaults by a reporting issuer, referred to as specified defaults in this policy.[2]

This policy also explains why we issue a failure-to-file cease trade order in response to a specified default. Beginning in part 4, this policy also explains how a failure-to-file cease trade order has effect in multiple jurisdictions due to the operation of:

- Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, in those CSA jurisdictions that have adopted it, or

- A statutory reciprocal order provision as defined in section 3.

This policy also explains what a reporting issuer should do to apply for a full or partial revocation (including a variation) of a failure–to-file cease trade order.

Any CSA jurisdiction that has adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or has a statutory reciprocal order provision will apply the operational processes set out in this policy.

Although Ontario has not adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, this policy describes an interface process ("dual" regime) to facilitate the reciprocation in Ontario of failure-to-file cease trade orders issued and revoked by other CSA regulators.

[2] The term "specified default" is defined in section 3 of this policy and is based on the harmonized list of deficiencies developed by the CSA and described in CSA Notice 51-322 *Reporting Issuer Defaults.*

This policy applies to a reporting issuer and, where the context permits, to a securityholder or other party.

Cease trade orders outside of the scope of this policy

2. The following cease trade orders for continuous disclosure defaults are not covered by the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*:

(a) a cease trade order issued in respect of a failure to file deficiency that is not a specified default;[3]

(b) a cease trade order issued where a reporting issuer has made a required filing but the required filing is deficient in terms of content (a content deficiency);[4]

(c) a management cease trade order as defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

(d) a cease trade order issued in respect of an issuer that is only a reporting issuer in one jurisdiction;[5]

(e) a cease trade order issued prior to the effective date of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions.*

Cease trade orders that do not meet the definition of failure-to-file cease trade order, and as such do not automatically take effect in each MI 11-103 jurisdiction where the issuer is a reporting issuer, will generally be issued by the CSA regulators following principles of mutual reliance. Once the principal regulator, as this term is defined in section 3, issues a cease trade order, each other CSA regulator in a jurisdiction where the issuer is a reporting issuer will then decide whether to issue a similar order in its jurisdiction.[6]

The application process for a revocation of a cease trade order that does not meet the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, is described in National Policy 12-202 *Revocations of Certain Cease Trade Orders.*

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[3] The definition of "specified default" does not include certain failure to file deficiencies described in section 1 of CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.* We have omitted these items from the definition because these filings will generally be non-periodic in nature and in some cases it may be unclear whether a filing requirement has been triggered.

[4] Examples of content deficiencies are set out in section 2 of CSA Notice 51-322 *Reporting Issuer Defaults.*

[5] A local CSA regulator will generally apply the same principles and considerations as set out in this policy when issuing a local cease trade order.

[6] These cease trade orders would be automatically reciprocated in jurisdictions that have a statutory reciprocal order provision.

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

3. In this policy:

"cease trade order" means an order under a provision of Canadian securities legislation, set out in Annex A, that one or more persons or companies must not trade in securities of a reporting issuer, whether directly or indirectly;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"dual application" means an application described in section 22;

"dual failure-to-file cease trade order" means an order described in section 14;

"failure-to-file cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"filer" means the person or company filing an application to revoke or partially revoke a failure-to-file cease trade order;

"management cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations;*

"MI 11-103 jurisdiction" means the jurisdiction of a CSA regulator that has adopted Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"MRFP" means a management report of fund performance as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure;*
"non-principal regulator" means, for a person or company, the CSA regulator of a jurisdiction other than the principal jurisdiction;

"OSC" means the regulator in Ontario;

"OTC reporting issuer" has the same meaning as in Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-The-Counter Markets*;

"partial revocation order" means an order that permits one or more persons or companies to conduct specific trades when a failure-to-file cease trade order is in effect, and includes a variation of the failure-to-file cease trade order;

"principal jurisdiction" means, for a person or company, the jurisdiction of the principal regulator;

"principal regulator" means the regulator described in section 13;

"revocation order" means either a partial revocation order or an order fully revoking a failure-to-file cease trade order;

"SEDAR" means System for Electronic Document Analysis and Retrieval;

"SEDI" means System for Electronic Disclosure by Insiders;

"specified default" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"statutory reciprocal order provision" means a provision in the securities statute of a jurisdiction, set out in Annex C, that provides for the automatic reciprocation of any order imposing sanctions, conditions, restrictions or requirements issued by another CSA regulator based on a finding or admission of a contravention of securities legislation;

"venture issuer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*.

Further definitions

4. Terms used in this policy that are defined in National Instrument 14-101 *Definitions* have the same meaning as in that instrument.

Interpretation

5. **(1)** In certain jurisdictions, the CSA regulator may issue a failure-to-file cease trade order that prohibits trading in, and the acquisition or purchase of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

(2) In Québec, "trade" is not defined in the *Securities Act* (Québec). Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* covers any activity in respect of a transaction in securities that may be the object of a failure-to file cease trade order issued under paragraph 3 of section 265 of the *Securities Act* (Québec).

PART 3
OVERVIEW AND IMPLICATIONS OF CEASE TRADE ORDERS ISSUED FOR CONTINUOUS DISCLOSURE DEFAULTS

DIVISION 1 OVERVIEW

Possible regulatory responses to a specified default

6. In the jurisdictions where the issuer is a reporting issuer, the CSA regulators will generally respond to a specified default by noting the issuer in default on their default lists. For more information about the CSA default lists, refer to CSA Notice 51-322 *Reporting Issuer Defaults.*

The CSA regulators will then generally respond to a specified default in one of two ways:

(a) by issuing a failure-to-file cease trade order;

(b) if an issuer applies under National Policy 12-203 *Management Cease Trade Orders*, and demonstrates that it is able to comply with that policy, by issuing a management cease trade order.

If the outstanding filing is expected to be filed relatively quickly, the default is not expected to be recurring and the issuer meets the eligibility criteria, a management cease trade order may be an appropriate response to the default.

While we recognize that issuers may sometimes face difficulties in complying with filing deadlines due to circumstances beyond their control, we do not believe it is appropriate to vary a filing deadline simply to allow an issuer to avoid being in default. The CSA regulators will consider the issuer's circumstances in deciding what action, if any, is appropriate to respond to a default. Once an issuer is in default, a failure-to-file cease trade order may be issued by the CSA regulator at any time.

Reasons for issuing a failure-to-file cease trade order in response to a specified default

7. In the event of a specified default, the CSA regulators generally respond by issuing a failure-to-file cease trade order. Some of the reasons for issuing a failure-to-file cease trade order are listed below.

(a) Investors and prospective investors should be able to make an informed investment decision about the securities of the defaulting reporting issuer. This ability may be compromised if certain disclosures have not been made when required.

(b) The integrity and fairness, or confidence in the integrity and fairness, of the capital markets may be compromised if trading in securities of the reporting issuer is permitted to continue during the period of default (when there is heightened

potential that some people may have access to information that would normally be reflected in the continuous disclosure document that the reporting issuer is in default of filing).

(c) The practice of responding to a specified default with a failure-to-file cease trade order has a significant positive effect on general compliance. The prospect of a cease trade order creates a strong incentive for the reporting issuer's management to avoid a specified default. Similarly, the issuance of a cease trade order once the issuer is in default creates a strong incentive on the part of management to diligently rectify the specified default.

(d) A failure-to-file cease trade order represents a rapid, public response by the CSA regulators to a specified default by a reporting issuer. This sends a message to issuers and investors that filing deadlines are important and that there will be serious consequences for a specified default, helping to preserve integrity and fairness in the securities marketplace.

We acknowledge that a failure-to-file cease trade order can impose a burden on issuers and investors because existing investors may be unable to sell their securities and prospective investors are unable to purchase securities of the issuer while the cease trade order remains in effect. In addition, issuers are generally unable to access financing while the cease trade order remains in effect. Nevertheless, if a specified default occurs, the issuance of a failure-to-file cease trade order addresses our overriding concern of investor protection.

Enforcement action

8. If a reporting issuer is in default of a continuous disclosure requirement, CSA regulators may also consider taking enforcement action against the reporting issuer, the directors and officers of the reporting issuer, or any other responsible party. Nothing in this policy should be interpreted as limiting the discretion of the CSA regulators in responding to such a default through enforcement action.

Insider trading

9. The guidelines below should be considered if a reporting issuer is in default or reasonably anticipates that a specified default or a default of another continuous disclosure requirement will occur, and a cease trade order has not yet been issued in respect of the issuer.

(a) We expect an issuer to monitor and restrict trading by a director, officer and other insider of the issuer due to the increased risk that these individuals may have access to material undisclosed information. This may include information that would otherwise have been reflected in the continuous disclosure filing in respect of which the issuer is or reasonably anticipates being in default, information about

any investigation into the events that may have led to the default or anticipated default, and information about the status of remediation activities.

(b) Management and other insiders of the issuer should consider the insider trading prohibitions under securities legislation before entering into any transaction involving securities of the issuer that is or reasonably anticipates being in default.

Refer to National Policy 51-201 *Disclosure Standards* for guidance regarding disclosure, the maintenance of confidential information, and the application of insider trading laws.

(c) We also remind issuers and other market participants that an officer or other insider of a reporting issuer in default will generally be unable to sell securities acquired from the issuer on a prospectus exempt basis because of the resale restrictions in subsections 2.5(2)7 and 2.6(3)5 of National Instrument 45-102 *Resale of Securities* which require that a selling security holder have no reasonable grounds to believe that the issuer is in default of securities legislation.

DIVISION 2 OTHER IMPLICATIONS OF A CEASE TRADE ORDER

Effect of a cease trade order in a jurisdiction where an issuer is not a reporting issuer

10. Although a trade in a jurisdiction where an issuer is not a reporting issuer may not violate a cease trade order in another jurisdiction, the trading activity may still be contrary to the public interest and therefore subject to enforcement or other administrative proceedings. Market participants in a jurisdiction in which an issuer is not a reporting issuer should be cautious about trading in a security if a CSA regulator in another jurisdiction has issued a cease trade order. Continuous disclosure obligations reflect the minimum requirements we think are necessary to generate sufficient public disclosure to permit investors to make informed investment decisions. The issuance of a cease trade order by a CSA regulator will generally mean that an issuer has not met the required standard and that there is significant risk of harm to investors if trading is allowed to continue. Accordingly, market participants should carefully consider the existence of the continuous disclosure default, and the determination of the principal regulator, before effecting a trade in a jurisdiction where the issuer is not reporting.

In a jurisdiction that has a statutory reciprocal order provision, a cease trade order issued by another CSA regulator will have effect in this jurisdiction even where the issuer is not a reporting issuer.

Effect of a cease trade order in a foreign jurisdiction

11. If a market participant intends to execute a trade in securities of a cease-traded issuer on an exchange or marketplace outside of Canada, the market participant should consider whether the trade may be considered to be a trade in one or more jurisdictions in Canada where either the cease trade order is in effect or trading is prohibited or restricted under

Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or a statutory reciprocal order provision. For example, a transaction may be a trade in a jurisdiction if "acts in furtherance of the trade" occur within that jurisdiction. A transaction may also be a trade in a jurisdiction if there are connecting factors or other facts and circumstances that indicate that the securities may not "come to rest" outside Canada but may be resold to investors in a jurisdiction where a cease trade order is in effect or trading is prohibited under Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or a statutory reciprocal order provision. The conditions of each cease trade order should be carefully considered.

Effect of a cease trade order on market participants subject to Investment Industry Regulatory Organization of Canada regulation

12. Presently, all marketplaces (including exchanges, alternative trading systems and quotation and trade reporting systems) in Canada have retained Investment Industry Regulatory Organization of Canada (IIROC) as their regulation services provider. Under the Universal Market Integrity Rules (UMIR), which have been adopted by IIROC, if a CSA regulator issues a cease trade order with respect to an issuer whose securities are traded on a marketplace, IIROC imposes a regulatory halt on trading of those securities on all marketplaces for which IIROC acts as the regulation services provider. Once the halt is imposed by IIROC, no person subject to the UMIR may trade those securities on any marketplace in Canada, over-the-counter or on a foreign organized regulated market, subject to any conditions set out in the cease trade order.

PART 4
ISSUANCE OF A FAILURE-TO-FILE CEASE TRADE ORDER

DIVISION 1 OVERVIEW

Principal regulator

13. Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, if a CSA regulator issues a failure-to-file cease trade order in respect of a reporting issuer's securities, a person or company must not trade in a security of the issuer in any MI 11-103 jurisdiction where the issuer is a reporting issuer, except in accordance with any conditions of the order, including any variation or partial revocation of it. The effect is the same in jurisdictions that have a statutory reciprocal order provision, except that a failure-to-file cease trade order issued by another CSA regulator will have effect in these jurisdictions even where the issuer is not a reporting issuer.

In most cases, the CSA regulator that will issue a failure-to-file cease trade order will be the reporting issuer's principal regulator, that is, the one selected by the issuer at the time that it becomes a reporting issuer and that it identified on its SEDAR profile. For the purposes of this policy, we will refer to the CSA regulator that issues the failure-to-file cease trade order as the principal regulator.

Dual failure-to-file cease trade order

14. A dual failure-to-file cease trade order is a failure-to-file cease trade order issued in respect of an issuer by its principal regulator where the principal regulator is a CSA regulator other than the OSC, the issuer is a reporting issuer in Ontario and the OSC, as a non-principal regulator, confirms that it is opting into the failure-to-file cease trade order.

DIVISION 2 DECISION-MAKING PROCESS

Issuance of failure-to-file cease trade orders

15. After considering the recommendation of its staff, the principal regulator will determine whether or not to issue a failure-to-file cease trade order.

Dual failure-to-file cease trade orders

16. **(1)** After considering the recommendation of its staff, the principal regulator will determine whether or not to issue the failure-to-file cease trade order. If the principal regulator decides to issue the failure-to-file cease trade order, it will circulate its order to the OSC before 12:00 pm (noon) local time in the jurisdiction of the principal regulator.

(2) The OSC, on the same business day that it receives the principal regulator's order, will confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will opt out and not make the same decision as the principal regulator.

(3) If the OSC elects to opt out, it will notify the principal regulator and give its reasons for opting out.

(4) If the OSC does not provide a response before the expiry of the opt-in period referred to in subsection (2), the principal regulator will consider that the OSC has opted out.

(5) The principal regulator generally will not issue the dual failure-to-file cease trade order before the earlier of

(a) the expiry of the opt-in period referred to in subsection (2), and

(b) receipt from the OSC of the confirmation referred to in subsection (2).

(6) If the OSC does not opt into or is considered to have opted out of the principal regulator's order as set out in subsections (3) and (4), the principal regulator will issue a failure-to-file cease trade order.

DIVISION 3 EFFECT OF A FAILURE-TO-FILE CEASE TRADE ORDER

Effect of a failure-to-file cease trade order

17. Once the principal regulator issues a failure-to-file cease trade order, the effect under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders*, in each MI 11-103 jurisdiction where the issuer is a reporting issuer, is that a person or company must not trade in a security of the issuer, except in accordance with the conditions, if any, contained in the order. The conditions of a failure-to-file cease trade order may include a variation or partial revocation.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the failure-to-file cease trade order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Effect of a dual failure-to-file cease trade order

18. Once the principal regulator issues a dual failure-to-file cease trade order, the effect under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders*, in each MI 11-103 jurisdiction where the issuer is a reporting issuer, is that a person or company must not trade in a security of the issuer, except in accordance with the conditions, if any, contained in the order. The conditions of a failure-to-file cease trade order may include a variation or partial revocation. The order of the principal regulator also evidences the OSC's decision. As a result, trading in the securities that are subject to the failure-to-file cease trade order is also prohibited in Ontario.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the dual failure-to-file cease trade order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Transmission of failure-to-file cease trade orders

19. **(1)** The principal regulator will send the failure-to-file cease trade order to the reporting issuer.

(2) The principal regulator will send the OSC a copy of the dual failure-to-file cease trade order.

PART 5
REVOCATION OF A FAILURE-TO-FILE CEASE TRADE ORDER

DIVISION 1 INITIATING THE REVOCATION PROCESS

Full revocation

20. The way an issuer initiates the process to obtain a full revocation of a failure-to-file cease trade order depends on how long the failure-to-file cease trade order has been in effect.

(a) In the case of a failure-to-file cease trade order that has been in effect for 90 days or less, the filing of the required continuous disclosure documents initiates the review process by the principal regulator for a revocation of the failure-to-file cease trade order. We will not require an issuer to make an application in this circumstance.[7]

(b) In the case of a failure-to-file cease trade order that has been in effect for more than 90 days, the issuer should make an application as set out in section 33.

Partial revocation

21. An issuer seeking a partial revocation order should meet the revocation qualification criteria under Division 3 and make an application as set out in section 34.

Dual application

22. An issuer whose principal regulator is a CSA regulator other than the OSC and that is also a reporting issuer in Ontario will make an application to both its principal regulator and to the OSC.

Principal regulator

23. The principal regulator for a revocation order is the CSA regulator that issued the failure-to-file cease trade order.

[7] In the jurisdictions where an application is required by law to obtain a revocation order, the filing of the outstanding documents referred to in the failure-to-file cease trade order will be deemed to be the application, or the dual application, as the case may be.

DIVISION 2 FULL REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

Filing outstanding continuous disclosure for a full revocation

24. **(1)** We will generally not exercise our discretion to revoke a failure-to-file cease trade order that has been in effect for 90 days or less, unless the issuer has filed all of the outstanding continuous disclosure documents specified in the failure-to-file cease trade order, and any annual or interim financial statements, MD&A or MRFP, and certification of filings, that subsequently became due.[8]

(2) We will generally not exercise our discretion to revoke a failure-to-file cease trade order that has been in effect for more than 90 days, subject to sections 25 and 26, unless the issuer has filed all of its outstanding continuous disclosure.

Exceptions to interim filing requirements

25. In exercising their discretion to revoke a failure-to-file cease trade order that has been in effect for more than 90 days, the principal regulator or, for a dual application, the principal regulator and the OSC, may elect not to require the issuer to file certain outstanding interim financial reports, interim MD&A, interim MRFP, or interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, subject to section 24, if the issuer has filed all of the following:

(a) audited annual financial statements, annual MD&A, annual MRFP, and annual certificates, required to be filed under applicable securities legislation;

(b) annual information forms, information circulars and material change reports required to be filed under applicable securities legislation;

(c) for all interim periods in the current fiscal year, interim financial reports (which include the applicable comparatives from the prior fiscal year), interim MD&A, interim MRFP, and interim certificates, required to be filed under applicable securities legislation.

Exceptions to annual filing requirements

26. In certain cases, an issuer seeking to revoke a failure-to-file cease trade order that has been in effect for more than 90 days may consider that the length of time that has elapsed since the date of the failure-to-file cease trade order makes the preparation and filing of all outstanding disclosure impractical or of limited use to investors. This may particularly apply to disclosure for periods that ended more than 3 years before the date of the

[8] Before we revoke a failure-to-file cease trade order for an OTC reporting issuer, we may require the issuer to file additional documents, including those required under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*.

application for a non-venture issuer or more than 2 years before the date of the application for a venture issuer, or for periods prior to a significant change in the issuer's business. An issuer seeking a full revocation order in these circumstances should make detailed submissions explaining its position. In appropriate cases, the principal regulator or, for a dual application, the principal regulator and the OSC, will consider whether the filing of certain outstanding disclosure may be unnecessary as a condition of a full revocation order. The factors that we may consider include one or more of the following:

(a) the age of information to be contained in the continuous disclosure filing: information from older periods may be less relevant than information from more recent periods;

(b) whether there is access to records of the issuer: lack of access to records may hinder compliance with some filing requirements;

(c) whether the issuer conducted activity during the period: if an issuer was inactive or changed its business at any time while it was cease-traded, disclosure of information from or prior to this time may be less relevant;

(d) the length of time the failure-to-file cease trade order has been in effect;

(e) whether the historical disclosure relates to significant transactions or litigation.

We generally consider that disclosure for periods within the most recent 3 financial years for a non-venture issuer, or the most recent 2 financial years for a venture issuer, provides useful information for investors. We generally do not consider the time and cost required to prepare disclosure to be a compelling factor in the determination of the disclosure to be provided in connection with an application to revoke a failure-to-file cease trade order.

Outstanding fees

27. Before a full revocation order is issued, the issuer should pay all outstanding fees to each CSA regulator in whose jurisdiction it is a reporting issuer. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees.

Depending on how long the failure-to-file cease trade order has been in effect, and whether the issuer filed its continuous disclosure documents in a timely manner while it was cease-traded, the amount of outstanding fees can be considerable. Before submitting an application, an issuer should contact each relevant CSA regulator to confirm the fees that will be payable.

Annual meeting

28. An issuer should ensure that it has complied with the requirement in applicable corporate or similar governing legislation or any equivalent requirement in its constating documents to hold an annual meeting of securityholders. If the issuer has not complied

with the annual meeting requirement, the CSA regulator will generally not exercise its discretion to issue a full revocation order unless the issuer provides an undertaking to hold an annual meeting within 3 months after the date on which the failure-to-file cease trade order is revoked.

An undertaking does not relieve the issuer from any requirement to hold an annual meeting requirement.

News release

29. If the issuance of an order revoking a failure-to-file cease trade order or the circumstances giving rise to the issuer seeking the revocation order are a "material change", the issuer is required by Canadian securities legislation to issue and file a news release and material change report. For example, if the issuer has ceased to carry on an active business, or its business purpose has been abandoned, the circumstances giving rise to the issuer seeking the revocation order may be a "material change". If so, the news release and material change report should disclose that the issuer has ceased to carry on an active business or that its business purpose has been abandoned, and should disclose the issuer's future business plans or that the issuer has no future business plans.

Even if there is no material change, the issuer should consider issuing a news release that announces the revocation order.

DIVISION 3 PARTIAL REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

Permitted transactions

30. We will consider granting a partial revocation order to permit certain transactions involving trades in securities of the issuer, such as a private placement to raise sufficient funds to prepare and file outstanding continuous disclosure documents or a shares-for-debt transaction to allow the issuer to recapitalize. We will generally not exercise our discretion to grant a partial revocation order unless the issuer intends to subsequently apply for a full revocation order and reasonably anticipates having sufficient resources after the proposed transaction to bring its continuous disclosure and fees up to date.

Other circumstances may arise that warrant a partial revocation order. For example, we will generally consider granting a partial revocation order to permit a securityholder to sell securities for a nominal amount solely to establish a tax loss, or if the issuer is winding up or in the context of insolvency. It may be possible to establish a loss for tax purposes without disposing of the securities. Securityholders may want to consult the *Income Tax Act* before applying for a partial revocation order.

Issuers may wish to consult their legal counsel to determine whether a particular transaction constitutes a trade and therefore requires an application for a partial revocation order. For example, in most jurisdictions of Canada, a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation, would generally not be considered a "trade" under securities legislation. As such, a partial revocation order would not typically be required in these circumstances. However, after the gift, the securities will generally remain subject to the cease trade order.

Acts in furtherance of a trade

31. The definition of trade, where applicable, includes acts in furtherance of a trade. In any particular case, it is a question of legal interpretation whether a step taken by an issuer or other party is an act in furtherance of a trade, and therefore a breach of the failure-to-file cease trade order. If securities have been issued in breach of a cease trade order, we will consider whether enforcement action is appropriate. Issuers should consult their legal counsel whenever there is doubt as to whether a proposed action would be an act in furtherance of a trade. We generally expect an issuer to obtain a partial revocation order before carrying out an act in furtherance of a trade. For example, we expect an issuer or other party intending to conduct a trade to obtain a partial revocation order before entering into an agreement to transfer securities and before publicly disclosing an intended transaction in securities.

Continuing effect of failure-to-file cease trade order

32. Following the completion of a trade permitted by a partial revocation order, all securities of the issuer remain subject to the failure-to-file cease trade order until a full revocation is granted, depending on the terms of the failure-to-file cease trade order.

DIVISION 4 FILING MATERIALS FOR A REVOCATION APPLICATION

Materials to be filed with an application for a full revocation of a failure-to-file cease trade order that has been in effect for more than 90 days

33. (1) To make an application to fully revoke a failure-to-file cease trade order that has been in effect for more than 90 days, a filer should remit the fees payable, where applicable, under the securities legislation of the principal regulator, as set out in Annex B. The application should include all of the following information:

(a) details of any revocation applications currently in progress in the other jurisdictions;

(b) a copy of any draft material change report or news release as discussed in section 29;

(c) confirmation that all continuous disclosure documents have been filed with the relevant CSA regulator or a description of the documents that will be filed;

(d) confirmation that the issuer has the necessary financial resources to pay all outstanding fees, referred to in section 27, or has paid these fees to each relevant CSA regulator;

(e) confirmation that the issuer's SEDAR and SEDI profiles are up-to-date;

(f) a draft full revocation order as contemplated in subsection 36(1);

(g) a completed personal information form and authorization in the form set out in Appendix A of National Instrument 41-101 *General Prospectus Requirements*, or Form 51-105F3A, for issuers subject to Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*, for each current and incoming director, executive officer and promoter of the issuer;

(h) if the issuer has been subject to another cease trade order within the 12-month period before the date of the current failure-to-file cease trade order, a detailed explanation of the reasons for the multiple defaults.

(2) To make a dual application to fully revoke a dual failure-to-file cease trade order that has been in effect for more than 90 days, a filer should remit any application fees payable under the securities legislation of the principal regulator and the OSC. The application should include the same information as set out in subsection (1).

(3) With respect to paragraph (1)(g), if the promoter is not an individual, the issuer should provide a completed personal information form and authorization for each director and executive officer of the promoter. If the issuer is an investment fund, the issuer should also provide a completed personal information form and authorization for each director and executive officer of the manager of the investment fund.

Materials to be filed with an application for a partial revocation

34. (1) To make an application for a partial revocation order, a filer should submit the application and remit any application fees payable under the securities legislation of the principal regulator, as set out in Annex B. The application should include all of the following information:

(a) the jurisdictions where the proposed trades would occur;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a description of the proposed trades and their purpose;

(d) a draft partial revocation order as contemplated in subsection 36(1) that includes conditions that the applicant will

(i) obtain, and provide upon request to the principal regulator, signed and dated acknowledgements from all participants in the proposed trades, which clearly state that the securities of the issuer acquired by the participant will remain subject to the failure-to-file cease trade order until a full revocation order is granted, the issuance of which is not certain, and

(ii) provide a copy of the failure-to-file cease trade order and the partial revocation order to all participants in the proposed trades;

(e) if the purpose of the proposed partial revocation is to permit the issuer to raise funds, use of proceeds information as discussed in subsection (4);

(f) if applicable, details of the exemptions the issuer intends to rely on to complete the proposed trades;

(g) if the proposed trades are the result of a decision by a court, a copy of the relevant court order.

(2) To make a dual application for a partial revocation order, a filer should submit the application and remit any application fees payable under the securities legislation of the principal regulator and the OSC. The application should include the same information as set out in subsection (1).

(3) A filer requesting a partial revocation order only in a jurisdiction that is not the principal jurisdiction should contact the CSA regulator of that jurisdiction so that appropriate steps can be taken regarding the filer's request.

(4) If the purpose of a proposed partial revocation of a failure-to-file cease trade order is to permit the issuer to raise funds, the application and the offering document, if any, should contain all of the following:

(a) an estimate, reasonably supported, of the amount the issuer expects to raise from the financing;

(b) a reasonably detailed explanation of the purpose of the financing and how the issuer plans to use the funds;

(c) an estimate, reasonably supported, of the total amount the issuer will need in order to apply for a full revocation order, which includes the amount of funds required to prepare and file the documents that are necessary to bring the issuer's continuous disclosure up to date and pay outstanding fees.

Request for confidentiality

35. (1) A filer requesting that the CSA regulators hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(3) Staff of the CSA regulators are unlikely to recommend that an order be held in confidence after its effective date. However, if a filer requests that the CSA regulators hold the application, supporting materials, or order in confidence after its effective date, the filer should describe the request for confidentiality separately in its application, and pay any required fee

(a) in the principal jurisdiction, or

(b) in the principal jurisdiction and in Ontario, if the filer is making a dual application.

(4) Communications on requests for confidentiality will normally take place by e-mail. If a filer is concerned with this practice, the filer may request in the application that all communications take place by telephone.

Form of order

36. (1) For the purposes of preparing a draft order to be included in an application for a full revocation of a failure-to-file cease trade order that has been in effect for more than 90 days or a partial revocation order, an issuer can refer to one of the following forms set out in this policy:

(a) if the application is for a full revocation of a failure-to-file cease trade order, the issuer should use Annex D – *Form of order for a full revocation of a FFCTO that has been in effect for more than 90 days*;

(b) if the application is a dual application for a full revocation of a dual failure-to-file cease trade order, the issuer should use Annex E — *Form of order for a full revocation of a dual FFCTO that has been in effect for more than 90 days;*

(c) if the application is for a partial revocation of a failure-to-file cease trade order, the issuer should use Annex F — *Form of order for a partial revocation of a FFCTO – applied for by issuer;* and

(d) if the application is a dual application for a partial revocation of a dual failure-to-file cease trade order, the issuer should use Annex G — *Form of order for a partial revocation of a dual FFCTO – applied for by issuer*.

(2) If a filer that is not the issuer is requesting a partial revocation order only in a jurisdiction that is not the principal jurisdiction, the filer should contact the CSA regulator of that jurisdiction for guidance on the appropriate form of order.

Filing

37. (1) Except as set out in subsections (3) and (4), a filer should send the application materials in paper format, including the draft order together with the fees, where applicable, and by e-mail to

(a) the principal regulator, or

(b) the principal regulator and the OSC, in the case of a dual application.

(2) For a dual application, filing the application concurrently with the principal regulator and the OSC will enable these CSA regulators to process the application expeditiously.

(3) In British Columbia, an electronic filing system is available for filing and tracking applications. Filers should file an application in British Columbia using that system instead of e-mail.

(4) In Ontario, an electronic system is available for filing applications. Filers should file an application in Ontario using that system instead of e-mail.

(5) Filers should send application materials by e-mail (or through the electronic systems in British Columbia and Ontario) using the relevant address or addresses listed below:

British Columbia	www.bcsc.bc.ca (click on *BCSC e-services* and follow the steps)
Alberta	legalapplications@asc.ca
Saskatchewan	exemptions@gov.sk.ca
Manitoba	exemptions.msc@gov.mb.ca
Ontario	www.osc.gov.on.ca/filings (follow the steps for submitting applications)
Québec	dispenses-passeport@lautorite.qc.ca
New Brunswick	passport-passeport@fcnb.ca
Nova Scotia	nsscexemptions@novascotia.ca

Incomplete or deficient material

38. If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

Acknowledgment of receipt of filing

39. After the principal regulator receives a complete application, the principal regulator will send the filer an acknowledgment of receipt of the application. For a dual application, the principal regulator will send a copy of the acknowledgement to the OSC. The acknowledgement will identify the name, phone number and e-mail address of the individual reviewing the application and, for a dual application, the end date of the review period identified in subsections 43(3), (4) or (5), as applicable.

Withdrawal or abandonment of application

40. **(1)** If a filer decides to withdraw an application at any time during the process, the filer must notify the principal regulator or, for a dual application, the principal regulator and the OSC, and provide an explanation of the withdrawal.

(2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file unless the filer provides acceptable reasons not to close the file in writing within 10 business days of the notification from the principal regulator. If the filer does not provide acceptable reasons, the principal regulator will notify the filer and, for a dual application, the filer and the OSC, that the principal regulator has closed the file.

DIVISION 5 REVIEW PROCESS FOR A REVOCATION ORDER

Review of continuous disclosure

41. **(1)** All full revocations will involve some level of review of the filings the issuer made in order to rectify the specified default. If the failure-to-file cease trade order has been in effect for more than 90 days, this review will be similar to the full review under the harmonized continuous disclosure review program described in CSA Staff Notice 51-312 (Revised) *Harmonized Continuous Disclosure Review Program.*

(2) Partial revocations generally do not involve a review of the issuer's continuous disclosure record.

Review process for a revocation of a failure-to-file cease trade order

42. **(1)** The principal regulator will conduct a review in relation to the revocation of a failure-to-file cease trade order in accordance with its securities legislation and securities directions and based on its review procedures, analysis and consideration of previous orders.

(2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

Review process for a revocation of a dual failure-to-file cease trade order

43. **(1)** The principal regulator will conduct a review in relation to the revocation of a dual failure-to-file cease trade order in accordance with its securities legislation and securities directions, based on its review procedures, analysis and consideration of previous orders. The principal regulator will consider any comments from the OSC.

(2) The filer will generally deal only with the principal regulator. The principal regulator will provide comments to the filer once it has completed its own review and considered any comments from the OSC. In exceptional circumstances, the principal regulator may refer the filer to the OSC.

(3) For a dual failure-to-file cease trade order that has been in effect for 90 days or less, the OSC will have one business day from being notified by the principal regulator that the issuer has filed the continuous disclosure documents specified in the failure-to-file cease trade order to conduct a review in relation to the revocation of the order.

(4) For a dual failure-to-file cease trade order that has been in effect for more than 90 days, the OSC will have 7 business days from receiving the acknowledgement

referred to in section 39 to conduct a review in relation to the revocation of the order.

(5) For a partial revocation of a dual failure-to-file cease trade order, the OSC will have 7 business days from receiving the acknowledgement referred to in section 39 to conduct a review.

(6) For the revocation of a dual failure-to-file cease trade order, the OSC will advise the principal regulator, before the expiration of the review period, of any substantive issues that would cause OSC staff to recommend that the revocation order not be granted. The principal regulator may assume that the OSC does not have comments in respect of the revocation if the principal regulator does not receive the comments from the OSC within the review period.

DIVISION 6 DECISION-MAKING PROCESS

Revocation of a failure-to-file cease trade order

44. (1) After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the revocation of a failure-to-file cease trade order.

(2) If the principal regulator is not prepared to grant the revocation order based on the information before it, the principal regulator will notify the filer accordingly.

(3) If a filer receives a notice under subsection (2) and this process is available in the jurisdiction of the principal regulator, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

Revocation of a dual failure-to-file cease trade order

45. (1) After completing the review process and considering the recommendation of its staff, the principal regulator will determine whether or not to grant the revocation of a dual failure-to-file cease trade order and promptly circulate its decision to the OSC.

(2) For a full revocation of a dual failure-to-file cease trade order that has been in effect for 90 days or less, the OSC will have one business day from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(3) For a full revocation of a dual failure-to-file cease trade order that has been in effect for more than 90 days, the OSC will have 5 business days from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(4) For a partial revocation of a dual failure-to-file cease trade order, the OSC will have 5 business days from receipt of the principal regulator's revocation order to confirm whether

(a) it has made the same decision as the principal regulator and is opting into the order, or

(b) it will not be making the same decision as the principal regulator.

(5) If the OSC elects to opt out as referred to in subsection (2), (3), or (4) as applicable, it will notify the principal regulator and give its reasons for opting out.

(6) If the OSC does not provide a response in the time frames contemplated under subsection (2), (3), or (4), as applicable, the principal regulator will consider that the OSC has opted out.

(7) The principal regulator will not send the filer an order for the revocation of a dual failure-to-file cease trade order before the earlier of

(a) the expiry of the opt-in period referred to in subsection (2), (3) or (4), as applicable, and

(b) receipt from the OSC of the confirmation referred to in subsection (2), (3) or (4), as applicable.

(8) If the OSC does not provide the confirmation referred to in subsection (2), (3) or (4), the principal regulator will advise the filer that it will not be receiving an order from the OSC and direct the filer to consult the OSC on this matter.

(9) If the principal regulator is not prepared to grant the order based on the information before it, it will notify the filer and the OSC.

(10) If a filer receives a notice under subsection (9) and this process is available in the jurisdiction of the principal regulator, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the OSC.

DIVISION 7 EFFECT OF A REVOCATION ORDER

Effect of a revocation of a failure-to-file cease trade order

46. Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders*, a principal regulator's revocation order has the effect of removing or limiting the prohibition or restriction on trading in each MI 11-103 jurisdiction where the issuer is a reporting issuer, to the same extent as in the jurisdiction of the principal regulator.

The effect is the same in each jurisdiction that has a statutory reciprocal order provision, except that the revocation order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

Effect of a revocation of a dual failure-to-file cease trade order

47. **(1)** Under section 2 of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders*, a principal regulator's revocation order has the effect of removing or limiting the prohibition or restriction on trading in each MI 11-103 jurisdiction where the issuer is a reporting issuer, to the same extent as in the jurisdiction of the principal regulator. The effect is the same in each jurisdiction that has a statutory reciprocal order provision except that the revocation order will have effect in these jurisdictions even where the issuer is not a reporting issuer.

(2) If the OSC has opted into the principal regulator's revocation order under section 45, the prohibition or restriction on trading in Ontario, referred to in section 18, is removed or limited to the same extent as in the jurisdiction of the principal regulator. The order of the principal regulator also evidences the OSC's decision.

(3) If the OSC has opted out or is considered to have opted out of the principal regulator's revocation order under section 45, the prohibition or restriction on trading in Ontario referred to in section 18 continues to apply.

PART 6
EFFECTIVE DATE

Effective Date

48. This policy comes into effect on June 23, 2016.

Annex A

Securities Act provisions for Cease Trade Orders

Jurisdiction	Legislative reference
British Columbia	Section 164
Alberta	Section 33.1
Saskatchewan	Section 134.1
Manitoba	Sections 147.1 and 148
Ontario	Section 127
Québec	Section 265, paragraph 3
New Brunswick	Section 188.2
Nova Scotia	Section 134A
Prince Edward Island	Section 59
Newfoundland and Labrador	Subsection 127(1)
Yukon	Section 59
Northwest Territories	Section 59
Nunavut	Section 59

Annex B

Securities Act provisions for full or partial revocation applications

Jurisdiction	Legislative reference
British Columbia	Section 171
Alberta	Section 214
Saskatchewan	Subsections 158(3) and (4)
Manitoba	Subsection 147.1(1)
Ontario	Section 144
Québec	Sections 265, paragraph 3 and 318
New Brunswick	Subsections 188.2(3) and (4)
Nova Scotia	Section 151
Prince Edward Island	Section 15
Newfoundland and Labrador	Section 142.1
Yukon	Section 15
Northwest Territories	Section 15
Nunavut	Section 15

Annex C

Statutory reciprocal order provisions (*Securities Act*)

Jurisdiction	Legislative reference
Alberta	Section 198.1

Annex D

Form of order for a <u>full</u> revocation of a FFCTO that has been in effect for <u>more than 90 days</u>

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator*] (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the [*regulator of / securities regulatory authority*] (the **Principal Regulator**) on [*date of the FFCTO*].

2. The Issuer has applied to the Principal Regulator under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for an order revoking the FFCTO.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

[Representations - *Include representations if necessary.*

3. This decision is based on the following facts represented by the Issuer:]

Order

4. The Principal Regulator is satisfied that the order to revoke the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.

5. The decision of the Principal Regulator under the Legislation is that the FFCTO is revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"].

_____

(Name of signatory for the principal regulator)

_____

(*Title*)

_____

(*Name of principal regulator*)

Annex E
Form of order for a <u>full</u> revocation of a <u>dual</u> FFCTO that has been in effect for <u>more than 90 days</u>

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator]* **and Ontario** (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the regulator or securities regulatory authority in each of [*the principal regulator jurisdiction*] (the **Principal Regulator**) and Ontario (each a **Decision Maker**) respectively on [*date(s) of the FFCTO*].

2. The Issuer has applied to each of the Decision Makers under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for an order revoking the FFCTOs.

3. This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

[Representations - *Include representations if necessary.*

4. This decision is based on the following facts represented by the Issuer:]

Order

5. Each of the Decision Makers is satisfied that the order to revoke the FFCTO meets the test set out in the Legislation for the Decision Maker to make the decision.

6. The decision of the Decision Makers under the Legislation is that the FFCTO is revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"].

_____
(Name of signatory for the principal regulator)

_____
(*Title*)

_____
(*Name of principal regulator*)

Annex F
Form of order for a <u>partial</u> revocation of a FFCTO - applied for by issuer

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

PARTIAL REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator*] (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the [*regulator / securities regulatory authority*] (the **Principal Regulator**) on [*date of the FFCTO*].

2. The Issuer has applied to the Principal Regulator for a partial revocation order of the FFCTO.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

3. This decision is based on the following facts represented by the Issuer:

    a. [*Include necessary representations from Issuer.*]

Order

4. The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.

5. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"] solely to permit [*enter the name of the defined transaction e.g., Private Placement*].

_____

(Name of signatory for the principal regulator)

_____

(*Title*)

_____

(*Name of principal regulator*)

Annex G
Form of order for a <u>partial</u> revocation of a <u>dual</u> FFCTO - applied for by issuer

Citation: [*neutral citation*] Date: [*date of order*]

[*name of issuer*]

PARTIAL REVOCATION ORDER
Under the securities legislation of [*insert jurisdiction of principal regulator]* **and Ontario** (the **Legislation**)

Background

1. [*name of the issuer*] (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the regulator or securities regulatory authority in each of [*the principal regulator jurisdiction*] (the **Principal Regulator**) and Ontario (each a **Decision Maker**) respectively on [*date(s) of the FFCTOs*].

2. The Issuer has applied to each of the Decision Makers for a partial revocation order of the FFCTO.

3. This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* [or, in Québec, in *Regulation 14-501Q on definitions* (when the Autorité des marchés financiers is the principal regulator),] or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

4. This decision is based on the following facts represented by the Issuer:

    a. [*Include necessary representations from Issuer.*]

Order

5. Each of the Decision Makers is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Decision Maker to make the decision.

6. The decision of the Decision Makers under the Legislation is that the FFCTO is partially revoked [*if the FFCTO was a bulk order, add* "as it applies to the Issuer"] solely to permit [*enter the name of the defined transaction e.g., Private Placement*].

_____

(Name of signatory for the principal regulator)

_____

(*Title*)

_____

(*Name of principal regulator*)

ANNEX H

National Policy 12-202 *Revocation of Certain Cease Trade Orders*

PART 1
INTRODUCTION

Scope of this policy

1. This policy[9] provides guidance for issuers applying for the revocation of a cease trade order (or CTO, as defined below) for a continuous disclosure default that is not covered by the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions.* These CTOs include all of the following:

(a) a CTO issued in respect of a failure to file deficiency that is not a specified default;[10]

(b) a CTO issued where a reporting issuer has made a required filing but the required filing is deficient in terms of content (a content deficiency);[11]

(c) a management cease trade order as defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* ;

(d) a CTO issued in respect of an issuer that is only a reporting issuer in one jurisdiction;

(e) a CTO issued prior to the effective date of Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions.*

This policy describes what the issuer should file, the general type of review that the Canadian Securities Administrators (or we) will perform, and explains some of the factors that we will consider when determining whether to grant a full or partial

[9] National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order* has been withdrawn and replaced by this policy, National Policy 12-202 *Revocation of Certain Cease Trade Orders.* This replacement policy, which includes a title change, reflects the fact that the processes surrounding the full or partial revocation (including variation) of cease trade orders that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* have been moved to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

[10] The definition of "specified default" does not include certain failure to file deficiencies described in section 1 of CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report, or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.* We have omitted these items from the definition because these filings will generally be non-periodic in nature and in some cases it may be unclear whether a filing requirement has been triggered.

[11] Examples of content deficiencies are set out in section 2 of CSA Notice 51-322 *Reporting Issuer Defaults.*

revocation of the CTO.[12] It also applies, where the context permits, to a securityholder or other party applying for a revocation order.

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

2. In this policy:

"application" means an application for a partial or full revocation of a CTO submitted to the applicable jurisdictions (see Appendix A for section references); in British Columbia, if the CTO has been in effect for 90 days or less, the filing of the required continuous disclosure documents constitutes the application;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"cease trade order" (or "CTO") has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions;*

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"MRFP" means a management report of fund performance as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"partial revocation order" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

"SEDAR" means System for Electronic Document Analysis and Retrieval;

"SEDI" means System for Electronic Disclosure by Insiders;

"venture issuer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations.*

[12] The full or partial revocation of a CTO will have an automatic effect in jurisdictions that have a statutory reciprocal order provision, as this term is defined in section 3 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or National Instrument 14-101 *Definitions* have the same meaning as in those instruments.

Interpretation

4. **(1)** In certain jurisdictions, the CSA regulator may issue a CTO that prohibits trading in, and the acquisition or purchase of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

(2) In Québec, "trade" is not defined in the *Securities Act* (Québec). This policy covers any activity in respect of a transaction in securities that may be the object of an order issued under paragraph 3 of section 265 of the *Securities Act* (Québec), other than CTOs that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions.*

PART 3
REVOCATION QUALIFICATION CRITERIA AND CONSIDERATIONS

DIVISION 1 FULL REVOCATION

Filing outstanding continuous disclosure for a full revocation

5. **(1)** We will generally not exercise our discretion to grant a full revocation order, subject to sections 6 and 7, unless the issuer has filed all of its outstanding continuous disclosure.

(2) Most of the continuous disclosure requirements are in the following rules or regulations:

(a) National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

(c) National Instrument 81-106 *Investment Fund Continuous Disclosure*;

(d) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

(e) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

(f) Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

(g) National Instrument 52-110 *Audit Committees*;

(h) National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

Exceptions to interim filing requirements

6. In exercising our discretion to revoke a CTO, we may elect not to require the issuer to file certain outstanding interim financial reports, interim MD&A, interim MRFP, or interim certificates under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, subject to section 7, if the issuer has filed all of the following:

(a) audited annual financial statements, annual MD&A, annual MRFP, and annual certificates, required to be filed under applicable securities legislation;

(b) annual information forms, information circulars and material change reports required to be filed under applicable securities legislation;

(c) for all interim periods in the current fiscal year, interim financial reports (which include the applicable comparatives from the prior fiscal year), interim MD&A, interim MRFP, and interim certificates, required to be filed under applicable securities legislation.

Exceptions to annual filing requirements

7. In certain cases, an issuer seeking a revocation order may consider that the length of time that has elapsed since the date of the CTO makes the preparation and filing of all outstanding disclosure impractical or of limited use to investors. This may particularly apply to disclosure for periods that ended more than 3 years before the date of the application for a non-venture issuer or more than 2 years before the date of the application for a venture issuer, or for periods prior to a significant change in the issuer's business. An issuer seeking a revocation order in these circumstances should make detailed submissions explaining its position. In appropriate cases, we will consider whether the filing of certain outstanding disclosure may be unnecessary as a condition of a full revocation order. The factors that we may consider include one or more of the following:

(a) the age of information to be contained in the continuous disclosure filing: information from older periods may be less relevant than information from more recent periods;

(b) whether there is access to records of the issuer: lack of access to records may hinder compliance with some filing requirements;

(c) whether the issuer conducted activity during the period: if an issuer was inactive or changed its business at any time while it was cease-traded, disclosure of information from or prior to this time may be less relevant;

(d) the length of time the CTO has been in effect;

(e) whether the historical disclosure relates to significant transactions or litigation.

We generally consider that disclosure for periods within the most recent 3 financial years for a non-venture issuer, or the most recent 2 financial years for a venture issuer, provides useful information for investors. We generally do not consider the time and cost required to prepare disclosure to be a compelling factor in the determination of the disclosure to be provided in connection with an application to revoke a CTO.

Outstanding fees

8. Before a full revocation order is issued, the issuer should pay all outstanding fees to each CSA regulator in whose jurisdiction it is a reporting issuer. Outstanding fees generally include, where applicable, all activity and participation fees, and late filing fees.

Depending on how long the CTO has been in effect, and whether the issuer filed its continuous disclosure documents in a timely manner while it was cease-traded, the amount of outstanding fees can be considerable. Before submitting an application, an issuer should contact each relevant CSA regulator to confirm the fees that will be payable.

Annual meeting

9. An issuer should ensure that it has complied with the requirement in applicable corporate or similar governing legislation or any equivalent requirement in its constating documents to hold an annual meeting of securityholders. If the issuer has not complied with the annual meeting requirement, we will generally not exercise our discretion to issue a full revocation order unless the issuer provides an undertaking to the relevant CSA regulator(s) to hold the annual meeting within 3 months after the date on which the CTO is revoked.

An undertaking does not relieve the issuer from any requirement to hold an annual meeting requirement.

News release

10. If the issuance of a revocation order or the circumstances giving rise to the issuer seeking the revocation order are a “material change”, the issuer is required by Canadian securities

legislation to issue and file a news release and material change report. For example, if the issuer has ceased to carry on an active business, or its business purpose has been abandoned, the circumstances giving rise to the issuer seeking the revocation order may be a "material change". If so, the news release and material change report should disclose that the issuer has ceased to carry on an active business or that its business purpose has been abandoned, and should disclose the issuer's future business plans or that the issuer has no future business plans.

Even if there is no material change, the issuer should consider issuing a news release that announces the revocation order.

DIVISION 2 PARTIAL REVOCATIONS

Permitted transactions

11. We will consider granting a partial revocation order to permit certain transactions involving trades in securities of the issuer, such as a private placement to raise sufficient funds to prepare and file outstanding continuous disclosure documents or a shares-for-debt transaction to allow the issuer to recapitalize. We will generally not exercise our discretion to grant a partial revocation order unless the issuer intends to subsequently apply for a full revocation order and reasonably anticipates having sufficient resources after the proposed transaction to bring its continuous disclosure and fees up to date.

Other circumstances may arise that warrant a partial revocation order. For example, we will generally consider granting a partial revocation order to permit a securityholder to sell securities for a nominal amount solely to establish a tax loss, or if the issuer is winding up or in the context of insolvency. It may be possible to establish a loss for tax purposes without disposing of the securities. Securityholders may want to consult the *Income Tax Act* before applying for a partial revocation order.

Issuers may wish to consult their legal counsel to determine whether a particular transaction constitutes a trade and therefore requires an application for a partial revocation order. For example, in most jurisdictions of Canada, a disposition of securities by way of a bona fide gift, made in good faith and not as part of a plan or scheme to evade requirements of securities legislation, would generally not be considered a "trade" under securities legislation. As such, a partial revocation order would not typically be required in these circumstances. However, after the gift, the securities will generally remain subject to the CTO.

Acts in furtherance of a trade

12. The definition of trade, where applicable, includes acts in furtherance of a trade. In any particular case, it is a question of legal interpretation whether a step taken by an issuer or other party is an act in furtherance of a trade, and therefore a breach of the CTO. If securities have been issued in breach of a CTO, we will consider whether enforcement

action is appropriate. Issuers should consult their legal counsel whenever there is doubt as to whether a proposed action would be an act in furtherance of a trade. We generally expect an issuer to obtain a partial revocation order before carrying out an act in furtherance of a trade. For example, we expect an issuer or other party intending to conduct a trade to obtain a partial revocation order before entering into an agreement to transfer securities and before publicly disclosing an intended transaction in securities.

Continuing effect of CTO

13. Following the completion of a trade permitted by a partial revocation order, all securities of the issuer remain subject to the CTO until a full revocation is granted, depending on the terms of the CTO.

PART 4
APPLICATIONS

Application for a full revocation

14. **(1)** All applications for a full revocation will result in some level of review of the issuer's continuous disclosure record for compliance.

(2) An issuer requesting a full revocation order should submit an application, with the application fees, to the CSA regulator in all jurisdictions where the issuer's securities are cease-traded. The application should include all of the following information:

(a) the jurisdictions where the issuer's securities are cease-traded;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a copy of any draft material change report or news release as discussed in section 10;

(d) confirmation that all continuous disclosure documents have been filed with the relevant CSA regulator or a description of the documents that will be filed;

(e) confirmation that the issuer has the necessary financial resources to pay all outstanding fees, referred to in section 8, or has paid these fees to each relevant CSA regulator;

(f) confirmation that the issuer's SEDAR and SEDI profiles are up-to-date;

(g) a draft revocation order;

(h) a completed personal information form and authorization in the form set out in Appendix A of National Instrument 41-101 *General Prospectus Requirements* for each current and incoming director, executive officer and promoter of the issuer;

(i) if the issuer has been subject to another CTO within the 12-month period before the date of the current CTO, the issuer should provide a detailed explanation of the reasons for the multiple defaults.

(3) With respect to paragraph 14(2)(h), if the promoter is not an individual, the issuer should provide a completed personal information form and authorization for each director and executive officer of the promoter. If the issuer is an investment fund, the issuer should also provide a completed personal information form and authorization for each director and executive officer of the manager of the investment fund.

Application for a partial revocation

15. (1) An issuer requesting a partial revocation order should submit an application with the application fees, where applicable, to the CSA regulator in all jurisdictions where the issuer's securities are cease-traded and where the proposed trades would occur. The application should include all of the following information:

(a) the jurisdictions where the issuer's securities are cease-traded and where the proposed trades would occur;

(b) details of any revocation applications currently in progress in the other jurisdictions;

(c) a description of the proposed trades and their purpose;

(d) a draft partial revocation order that includes conditions that the applicant will

(i) obtain, and provide upon request to the relevant CSA regulators, signed and dated acknowledgements from all participants in the proposed trades, which clearly state that the securities of the issuer acquired by the participant will remain subject to the CTO until a full revocation order is granted, the issuance of which is not certain, and

(ii) provide a copy of the CTO and partial revocation order to all participants in the proposed trades;

(e) if the purpose of the proposed partial revocation is to permit an issuer to raise funds, use of proceeds information as discussed in subsection (2);

(f) if applicable, details of the exemptions the issuer intends to rely on to complete the proposed trades;

(g) if the proposed trades are the result of a decision by a court, a copy of the relevant court order.

(2) If the purpose of a proposed partial revocation of a CTO is to permit the issuer to raise funds, the application and the offering document, if any, should contain all of the following:

(a) an estimate, reasonably supported, of the amount the issuer expects to raise from the financing;

(b) a reasonably detailed explanation of the purpose of the financing and how the issuer plans to use the funds;

(c) an estimate, reasonably supported, of the total amount the issuer will need in order to apply for a full revocation order, which includes the amount of funds required to prepare and file the documents that are necessary to bring the issuer's continuous disclosure up to date and pay outstanding fees.

Request for confidentiality

16. (1) An issuer requesting that a CSA regulator hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.

(2) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality would expire.

(3) Staff of a CSA regulator is unlikely to recommend that an order be held in confidence after its effective date. However, if an issuer requests that a CSA regulator hold the application, supporting materials, or order in confidence after its effective date, the issuer should describe the request for confidentiality separately in its application, and pay any required fee to the CSA regulator.

(4) Communications on requests for confidentiality will normally take place by e-mail. If an issuer is concerned with this practice, the issuer may request in the application that all communications take place by telephone.

PART 5
EFFECTIVE DATE

Prior policy

17. National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order* is withdrawn and replaced by this policy.

Effective date

18. This new policy comes into effect on June 23, 2016.

Appendix A

Legislative references for an application under local securities legislation

British Columbia:
Securities Act: sections 164 and 171.

Alberta:
Securities Act: section 214.

Saskatchewan:
The Securities Act, 1988: subsections 158(3) and (4).

Manitoba:
Securities Act: subsection 148(1).

Ontario:
Securities Act: section 144.

Quebec:
Securities Act: section 265 paragraph 3 and section 318.

New Brunswick:
Securities Act: section 188.2.

Nova Scotia:
Securities Act: section 151.

Prince Edward Island:
Securities Act: sections 15 and 59.

Newfoundland and Labrador:
Securities Act: section 142.1.

Yukon:
Securities Act: sections 15 and 59.

Northwest Territories:
Securities Act: sections 15 and 59.

Nunavut:
Securities Act: sections 15 and 59.

ANNEX I

National Policy 12-203 *Management Cease Trade Orders*

PART 1
INTRODUCTION

Scope of this policy

1. This policy[13] provides guidance to issuers, investors and other market participants as to when the Canadian Securities Administrators (CSA or we) will consider responding to a specified default by issuing a management cease trade order (or MCTO). It explains what we mean by the term MCTO and why we issue MCTOs, addresses what other actions we will ordinarily take when issuing an MCTO, and identifies what we expect from defaulting reporting issuers in these circumstances.

The definition of "specified default" does not include certain defaults described in CSA Notice 51-322 *Reporting Issuer Defaults*, such as a failure to file a material change report, or a failure to file technical disclosure or other reports required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.*

We have omitted these items from the definition because these filings will generally be non-periodic in nature, and in some cases it may be unclear whether the issuer has triggered a filing requirement. However, a CSA regulator may apply this policy statement if a reporting issuer is in default of a continuous disclosure requirement that is not included in the definition of specified default. Similarly, a CSA regulator may apply this policy statement if a reporting issuer has made a required filing but the required filing is deficient in terms of content.

The guidance in this policy is general in nature. Each CSA regulator will decide how to respond to a specified default, including whether to issue an MCTO on a case-by-case basis after considering all relevant facts and circumstances.

[13] National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* has been withdrawn and replaced by this policy, National Policy 12-203 *Management Cease Trade Orders*. This replacement policy, which includes a title change, reflects the fact that the process surrounding the issuance of failure-to-file cease trade orders has been moved to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

PART 2
DEFINITIONS AND INTERPRETATION

Definitions

2. In this policy:

"alternative information guidelines" means the guidelines relating to a default announcement and default status report described in sections 9 and 10;

"cease trade order" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

"CSA regulator" means a securities regulatory authority or a regulator, as applicable;

"default announcement" means a news release and material change report as described in section 9;

"default status report" means a report as described in section 10;

"failure-to-file cease trade order" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"management cease trade order" (or "MCTO") has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions;*

"principal regulator" has the same meaning as in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*;

"specified default" has the same meaning as in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*;

"specified requirement" means the requirement to file within the time period prescribed by securities legislation one or more of the following:

(a) annual financial statements;

(b) an interim financial report;

(c) annual or interim MD&A or annual or interim MRFP;

(d) an annual information form;

(e) a certification of filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

"SEDAR" means System for Electronic Document Analysis and Retrieval.

Further definitions

3. Terms used in this policy that are defined in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* or National Instrument 14-101 *Definitions* have the same meaning as in those instruments.

Interpretation

4. In certain jurisdictions, the CSA regulator may issue cease trade orders and MCTOs that prohibit trading in, and the purchase or acquisition of, securities of a reporting issuer. In these jurisdictions, references in this policy to a "trade" refer to a trade in, acquisition of, or purchase of securities of the reporting issuer, as applicable.

In Québec, "trade" is not defined in the *Securities Act* (Québec). This policy covers any activity in respect of a transaction of securities that may be the object of an order issued under paragraph 3 of section 265 of the *Securities Act* (Québec), other than cease trade orders that fall within the definition of failure-to-file cease trade order in Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*.

PART 3
ISSUANCE AND REVOCATION OF A MANAGEMENT CEASE TRADE ORDER

Possible regulatory responses to a specified default

5. In the jurisdictions where the issuer is a reporting issuer, the CSA regulators will generally respond to a specified default by noting the issuer in default on their default lists. For more information about the CSA default lists, refer to CSA Notice 51-322 *Reporting Issuer Defaults.*

The CSA regulators will then generally respond to a specified default in one of two ways:

(a) by issuing a failure-to-file cease trade order;

(b) if an issuer applies under section 8, and demonstrates that it is able to comply with this policy, by issuing an MCTO.

For more information about failure-to-file cease trade orders refer to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

If the outstanding filing is expected to be filed relatively quickly, the default is not expected to be recurring and the issuer meets the eligibility criteria outlined in section 6, an MCTO may be an appropriate response to the default.

If the issuer's principal regulator decides that an MCTO is appropriate, it will generally issue an MCTO that restricts the trading of the issuer's chief executive officer and chief financial officer. At the discretion of the principal regulator, it will similarly decide whether to extend it to the issuer's directors or other persons or companies. Since MCTOs are not covered by Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, the non-principal regulators in the jurisdictions in which the issuer is a reporting issuer will generally issue MCTOs in respect of persons or companies named in the principal regulator's MCTO that reside in their jurisdiction.[14]

Eligibility criteria

6. We will consider granting an MCTO if the issuer satisfies all of the following criteria:

(a) the outstanding filings are expected to be filed as soon as they are available and within a reasonable period. In most cases, we expect this to be within 2 months. However, in exceptional circumstances, as determined by the principal regulator, we may permit an issuer to take longer than 2 months to remedy the default;

(b) the issuer is generating revenue from its principal business or, if it is in the development stage, the issuer is actively pursuing the development of its products or properties;

(c) the issuer has the necessary financial and human resources, including a reasonable number of directors and officers in place, to remedy the default in a timely and effective manner and complies with all other continuous disclosure requirements (other than requirements reasonably linked to the specified default) for the duration of the default;

(d) the issuer's securities are listed on a Canadian stock exchange and there is an active, liquid market for those securities. Thinly traded issuers will generally not be considered eligible for an MCTO;

(e) the issuer is not on the defaulting reporting issuer list in any CSA jurisdiction for any reason other than the failure to comply with the specified requirement (and any other requirement that is reasonably linked to the specified requirement).

We will also consider an issuer's history of complying with its continuous disclosure obligations when evaluating the issuer's request for an MCTO. A reporting issuer subject to insolvency proceedings should also refer to section 14 for additional considerations.

[14] Management cease trade orders will be automatically reciprocated in jurisdictions that have a statutory reciprocal order provision as this term is defined in section 3 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.* This automatic reciprocation will occur in these jurisdictions even where the issuer is not a reporting issuer.

Application timing

7. If an issuer satisfies the eligibility criteria set out above, it should contact its principal regulator at least 2 weeks before the due date for the required filings and apply in writing for an MCTO instead of a having a cease trade order issued against the issuer.

We believe that, in most cases, an issuer exercising reasonable diligence should be able to determine whether it can comply with a specified requirement at least 2 weeks in advance of the deadline. We acknowledge, however, that there will be rare situations where an issuer, notwithstanding the exercise of reasonable diligence, will be unable make this determination at least 2 weeks before the due date. In these rare cases, the issuer should include a brief explanation of the reasons for the delayed filing in its application.

We will generally not consider an application for an MCTO that is submitted after a filing deadline.

Application contents

8. An issuer that wishes to apply for an MCTO under this policy should apply to the issuer's principal regulator and send a copy of the application to each CSA regulator in the other jurisdictions in which the issuer is a reporting issuer.

In its application, the issuer should

(a) identify the specified default, the reasons for the default and the anticipated duration of the default,

(b) explain how the issuer satisfies each of the eligibility criteria described in section 6,

(c) set out a detailed remediation plan that explains how the issuer proposes to remedy the default and includes a realistic timetable for remedying the default,

(d) include consents signed by the chief executive officer and the chief financial officer (or equivalent) to the issuance of an MCTO (see Appendix A),

(e) include a copy of the proposed or actual default announcement,

(f) confirm that the issuer will comply with the alternative information guidelines,

(g) include a copy of the issuer undertaking described in section 13, and

(h) briefly describe the issuer's blackout policies and other policies and procedures relating to insider trading.

Alternative Information Guidelines — Default Announcement

9. If a reporting issuer determines that it will not comply, or subsequently determines that it has not complied, with a specified requirement, this will often represent a material change that the issuer should immediately communicate to the securities marketplace by way of a news release and material change report in accordance with part 7 of National Instrument 51-102 *Continuous Disclosure Obligations.* In determining whether a failure to comply with a specified requirement is a material change, the issuer should consider both the events leading to the failure and the failure itself.

If neither the circumstances leading to the default, nor the default, represent a material change, the issuer should nevertheless consider whether the circumstances involve important information that should be immediately communicated to the marketplace by way of news release.

The CSA regulators will generally not exercise their discretion to issue an MCTO unless the issuer issues and files a default announcement containing the information set out below. If the default involves a material change, the material change report may contain this information, in which case a separate default announcement is not necessary. The default announcement should be authorized by the chief executive officer or the chief financial officer (or equivalent) of the reporting issuer, approved by the board or audit committee and prepared and filed with the CSA regulators on SEDAR in the same manner as a news release and material change report referred to in part 7 of National Instrument 51-102 *Continuous Disclosure Obligations.* An issuer will usually be able to determine that it will not comply with a specified requirement at least 2 weeks before the due date and, as soon as it makes this determination, should issue the default announcement.

The default announcement should

(a) identify the relevant specified requirement and the (anticipated) default,

(b) disclose in detail the reason(s) for the (anticipated) default,

(c) disclose the plans of the reporting issuer to remedy the default, including the date it anticipates remedying the default,

(d) confirm that the reporting issuer intends to satisfy the provisions of the alternative information guidelines so long as it remains in default of a specified requirement,

(e) disclose relevant particulars of any insolvency proceeding to which the reporting issuer is subject, including the nature and timing of information that is required to be provided to creditors, and confirm that the reporting issuer intends to file with the CSA regulators throughout the period in which it is in default, the same information it provides to its creditors when the information is provided to the

creditors and in the same manner as it would file a material change report under part 7 of National Instrument 51-102 Continuous *Disclosure Obligations*, and

(f) subject to section 11, disclose any other material information concerning the affairs of the reporting issuer that has not been generally disclosed.

A default announcement is not needed if the issuer is in default of a previous specified requirement, has followed the provisions of this section regarding a default announcement of that earlier default and is complying with the provisions of section 10 regarding default status reports.

Alternative Information Guidelines — Default Status Reports

10. After the default announcement, and during the period of the MCTO, the CSA regulators will generally exercise their discretion to issue a cease trade order unless the defaulting reporting issuer issues bi-weekly default status reports, in the form of news releases, containing the following information:

(a) any changes to the information contained in the default announcement or subsequent default status reports that would reasonably be expected to be material to an investor, including a description of all actions taken to remedy the default and the status of any investigations into any events which may have contributed to the default;

(b) particulars of any failure by the defaulting reporting issuer in fulfilling its stated intentions with respect to satisfying the provisions of the alternative information guidelines;

(c) information regarding any (anticipated) specified default subsequent to the default which is the subject of the default announcement;

(d) subject to section 11, any other material information concerning the affairs of the reporting issuer that has not been generally disclosed.

Where there are no changes otherwise required to be disclosed in items (a) to (d), this fact should be disclosed in a default status report.

To keep the market continuously informed of any developments during the period of default, the issuer should issue default status reports every 2 weeks following the default announcement. If a CSA regulator, at any time, issues a cease trade order against an issuer, default status reports will no longer be necessary.

Every default status report should be prepared, authorized, filed and communicated to the securities marketplace in the same manner as that specified in section 9 for a default announcement.

Confidential material information

11. The alternative information guidelines in this policy supplement the material change reporting requirements in National Instrument 51-102 *Continuous Disclosure Obligations* and should be interpreted in a similar manner. Similar to the procedures in that instrument, an issuer may omit confidential material information from default status announcement or default status reports if in the opinion of the issuer, and if that opinion is arrived at in a reasonable manner, disclosure of the applicable material information would be unduly detrimental to the interests of the reporting issuer.

Compliance with other continuous disclosure requirements

12. The alternative disclosure described in sections 9 and 10 supplements the issuer's disclosure record during the period of default. It does not provide an alternative to the continuous disclosure requirements under Canadian securities legislation.

If a reporting issuer is in default of a specified requirement, the issuer must still comply with all other applicable continuous disclosure requirements, other than requirements reasonably linked to the specified requirement in question. For example, an issuer that has not filed its financial statements on time will also be unable to comply with the requirement to file management's discussion and analysis under National Instrument 51-102 *Continuous Disclosure Obligations*. However, failure to comply with a requirement to file audited financial statements in accordance with the requirements of part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* does not excuse compliance with other requirements of that instrument such as the requirement to file an Annual Information Form in accordance with part 6 or material change reports in accordance with part 7.

Issuer undertaking to cease certain trading activities

13. The reporting issuer should include with the application an undertaking that, for so long as the issuer is in default of the specified requirement in question, the issuer will not, directly or indirectly, issue securities to or acquire securities from an insider or employee of the issuer except in accordance with legally binding obligations to do so existing as of the date of the specified default. The issuer should address the undertaking to the CSA regulator of each jurisdiction in which the issuer is a reporting issuer.

Reporting issuers subject to insolvency proceedings

14. If a reporting issuer is the subject of insolvency proceedings, we will consider an application for an MCTO if in addition to complying with all applicable sections of this policy, including the eligibility criteria in section 6,

(a) the issuer retains title to its assets,

(b) the issuer's directors and officers continue to manage the affairs of the issuer, and

(c) the issuer agrees to file a report disclosing the information it provides to its creditors

(i) simultaneously with delivery to its creditors, and

(ii) in the same manner as a report of a material change referred to in part 7 of National Instrument 51-102 *Continuous Disclosure Obligations.*

If the issuer chooses to file the information provided to creditors with a material change report, then, for the purposes of filing on SEDAR, this should be contained in the same electronic document as the material change report.

Financial information in default announcements and default status reports

15. Any unaudited financial information that is communicated to the marketplace should, except in certain circumstances involving insolvency, be directly derived from financial statements prepared and presented in accordance with generally accepted accounting principles. In default announcements and default status reports, this information should be accompanied by cautionary language that the information has been prepared by management of the defaulting reporting issuer and is unaudited.

Default correction announcement

16. Once the specified default is remedied, the reporting issuer should consider communicating that information to the securities marketplace in the same manner as that specified in this policy for a default announcement.

Revocation of a management cease-trade order

17. Some MCTOs will include a provision which describes when the MCTO will automatically expire.

The process for revoking an MCTO that does not automatically expire by its terms is described in National Policy 12-202 *Revocations of Certain Cease Trade Orders*.

PART 4
OTHER CONSIDERATIONS

Trading by management and other insiders during the period of default

18. Certain guidelines regarding trading by management and other insiders during the period of default are set out in section 9 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.*

No penalty or sanction for disclosure purposes

19. The CSA regulators do not consider MCTOs issued under this policy to be a "penalty" or "sanction" for the purposes of disclosure obligations in Canadian securities legislation relating to penalties or sanctions. They are not issued as part of an enforcement process and the CSA regulators do not intend them to suggest a finding of fault or wrongdoing on the part of any individual named in the MCTO. For example, a defaulting issuer's board of directors might invite an individual to serve as an officer or director of the issuer to assist the issuer in remedying its default. The individual might have no prior involvement with the defaulting reporting issuer. The fact that the principal regulator may subsequently name the individual in an MCTO does not mean the individual had any responsibility for the default, which occurred before the individual joined the issuer.

However, issuers are required to disclose MCTOs issued under this policy in accordance with the following disclosure requirements:

(a) Section 16.2 of Form 41-101F1 *Information Required in a Prospectus*;

(b) Item 16 of Form 44-101F1 *Short Form Prospectus*;

(c) Subsection 10.2(1) of Form 51-102F2 *Annual Information Form*;

(d) Item 7.2 of Form 51-102F5 *Information Circular*.

If an issuer is required to include disclosure of an MCTO in a public filing, the issuer may supplement the disclosure with additional information explaining the circumstances of the MCTO.

PART 5
EFFECTIVE DATE

20. National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* is withdrawn and replaced by this policy.

21. This policy comes into effect on June 23, 2016.

Appendix A — Sample Form of Consent

Consent

To: [*Name of Issuer's Principal Regulator*], as principal regulator (the Regulator),

And to: [*Name(s) of other Regulator(s) in whose jurisdiction(s) the Issuer is a reporting issuer* (collectively with the principal regulator, the Regulators)

Re: Consent to issuance of management cease trade order

I, [*name of individual providing the consent*] hereby confirm as follows:

1. I am the [*name of position with the Issuer, e.g., the chief executive officer or chief financial officer*] of [*name of Issuer*] (the Issuer).

2. The Issuer is a [*nature of entity, e.g., a corporation incorporated under the Canada Business Corporations Act*] with a head office located in [*province or territory*].

3. The Issuer is a reporting issuer in [*identify all jurisdictions in which the issuer is a reporting issuer*]. The Issuer's principal regulator, as determined in accordance with section 13 of National Policy 11-207 Failure-to-File Cease Trade Orders in Multiple Jurisdictions is [*name of principal regulator*].

4. The Issuer [is] [is not] [*delete as applicable*] a "venture issuer" as defined in National Instrument 51-102 *Continuous Disclosure Obligations*. The Issuer has a financial year ending [*state the issuer's year end, e.g., December 31*].

5. On or about [*identify the deadline for filing*] (the filing deadline), the Issuer will be required to file [*briefly describe the required filings, e.g.,*

a. audited annual financial statements for the year ended December 31, 2014, as required by Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations;*

b. management's discussion and analysis (MD&A) relating to the audited annual financial statements, as required by Part 5 of National Instrument 51-102 *Continuous Disclosure Obligations; and*

c. CEO and CFO certificates relating to the audited annual financial statements, as required by National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (collectively, the required filings)].

6. The Issuer has determined that it may not be able to make the required filings by the filing deadline. The Issuer wishes to apply to the Regulator[s] for a management cease trade order (an

MCTO) as an alternative to a general cease trade order in accordance with National Policy 12-203 *Management Cease Trade Orders.*

7. I am providing this consent in support of the Issuer's application for an MCTO in accordance with section 8 of National Policy 12-203 *Management Cease Trade Orders*.

8. I hereby consent to the issuance of an MCTO against me by the Issuer's principal regulator under the applicable statutory authority listed in Annex A to National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

9. Specifically, I understand that the MCTO will prohibit me from trading in or acquiring securities of the Issuer, directly or indirectly, until two full business days following the receipt by the principal regulator of all filings the Issuer is required to make under the securities legislation of the principal regulator or until further Order of the principal regulator.

10. I hereby further consent to the issuance of any substantially similar MCTO that another Regulator may consider necessary to issue by reason of the default described above.

DATED this day of [DATE]

by: .....

Name:

Title:

Amended ● .

ANNEX J

Local Matters

There are no local matters for Alberta to consider at this time.