Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

NOTICE

National Instrument 41-101 *General Prospectus Requirements* and Companion Policy 41-101CP *General Prospectus Requirements*,

Repeal of
National Instrument 41-101 *Prospectus Disclosure Requirements*,

Amendments to National Instrument 14-101 *Definitions*,

Amendments to National Instrument 44-101 *Short Form Prospectus Distributions* and Companion Policy 44-101CP *Short Form Prospectus Distributions*,

Amendments to National Instrument 44-102 *Shelf Distributions* and Companion Policy 44-102CP *Shelf Distributions*,

Amendments to National Instrument 44-103 *Post-Receipt Pricing* and Companion Policy 44-103CP *Post-Receipt Pricing*,

Amendments to National Instrument 45-101 *Rights Offerings*,

Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and Companion Policy 51-102CP *Continuous Disclosure Obligations*,

Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure*,

Amendments to National Instrument 81-104 *Commodity Pool*s and Companion Policy 81-104CP *Commodity Pools*,

Amendments to National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order*,

Repeal of National Policy 14 *Acceptability of Currencies in Material Filed with Securities Regulatory Authorities*,

and

Repeal of National Policy 21 *National Advertising – Warnings*

December 21, 2007

Introduction

We, the Canadian Securities Administrators (**CSA**) are adopting

- National Instrument 41-101 *General Prospectus Requirements* (the **Rule**) (Schedule 1 of Appendix B),
- Form 41-101F1 *Information Required in a Prospectus* of the Rule (**Form F1**) (Schedule 2 of Appendix B),
- Form 41-101F2 *Information Required in an Investment Fund Prospectus* of the Rule (**Form F2**) (Schedule 3 of Appendix B), and
- Companion Policy 41-101CP *General Prospectus Requirements* (the **Companion Policy**) (Schedule 4 of Appendix B).

The Rule, Form F1 and Form F2 are collectively referred to as the **Instrument**.

We are also adopting amendments to

- National Instrument 14-101 *Definitions* (**NI 14-101**) (Appendix C),
- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) (Schedule 1 of Appendix D),
- Form 44-101F1 *Short Form Prospectus* of NI 44-101 (**Form 44-101F1**) (Schedule 2 of Appendix D),
- National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) (Schedule 1 of Appendix E),
- Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* (**44-102CP**) (Schedule 2 of Appendix E),
- National Instrument 44-103 *Post-Receipt Pricing* (**NI 44-103**) (Schedule 1 of Appendix F),
- Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* (**44-103CP**) (Schedule 2 of Appendix F),
- Form 45-101F *Information Required in a Rights Offering Circular* of National Instrument 45-101 *Rights Offerings* (**Form 45-101F**) (Appendix G),
- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (Schedule 1 of Appendix H),

- Form 51-102F2 *Annual Information Form* of NI 51-102 (**Form 51-102F2**) (Schedule 2 of Appendix H),

- Form 51-102F5 *Information Circular* of NI 51-102 (**Form 51-102F5**) (Schedule 3 of Appendix H),

- Companion Policy 51-102CP to National Instrument 51-102 *Continuous Disclosure Obligations* (**51-102CP**) (Schedule 4 of Appendix H),

- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) (Schedule 1 of Appendix I),

- Form 81-101F1 *Contents of Simplified Prospectus* of NI 81-101 (**Form 81-101F1**) (Schedule 2 of Appendix I),

- Form 81-101F2 *Contents of Annual Information Form* of NI 81-101 (**Form 81-101F2**) (Schedule 3 of Appendix I),

- Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**) (Schedule 4 of Appendix I),

- National Instrument 81-104 *Commodity Pools* (**NI 81-104**) (Schedule 1 of Appendix J),

- Companion Policy 81-104CP to National Instrument 81-104 *Commodity Pools* (**81-104CP**) (Schedule 2 of Appendix J), and

- National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* (**NP 12-202**) (Appendix K).

We are also replacing Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions* (**44-101CP**) (Schedule 3 of Appendix D).

We are also repealing

- National Policy 14 *Acceptability of Currencies in Material Filed with Securities Regulatory Authorities* (**NP 14**), and

- National Policy 21 *National Advertising – Warnings* (**NP 21**).

The amendments to NI 14-101, NI 44-101, Form 44-101F1, NI 44-102, NI 44-103, Form 45-101F, NI 51-102, Form 51-102F2, Form 51-102F5, NI 81-101, Form 81-101F1, Form 81-101F2 and NI 81-104 are collectively referred to as the **Instrument Amendments**. The amendments to 44-102CP, 44-103CP, 51-102CP, 81-101CP, 81-104CP and NP 12-202, the replacement of 44-101CP, and the repeal of NP 14 and NP 21 are collectively referred to as the **Policy**

Amendments. The Instrument, the Companion Policy, the Instrument Amendments and the Policy Amendments are collectively referred to as the **Materials**.

Members of the CSA in the following jurisdictions have made, or expect to make, the Instrument and the Instrument Amendments as

- rules in each of British Columbia, Alberta, Manitoba, Ontario, Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland and Labrador,
- commission regulations in Saskatchewan,
- regulations in Québec, and
- policies in the Northwest Territories, Yukon and Nunavut.

In British Columbia and Ontario, the implementation of the Instrument and the Instrument Amendments is subject to ministerial approval.

In Ontario, the Instrument and the Instrument Amendments required to be delivered to the Minister of Finance were delivered on **December 20, 2007**.

In Québec, the Instrument and the Instrument Amendments are regulations made under section 331.1 of *The Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The Instrument and the Instrument Amendments will come into force on the date of its publication in the *Gazette Officielle du Québec* or on any later date specified in the regulation.

Provided all necessary ministerial approvals are obtained, the Instrument and Instrument Amendments will come into force on **March 17, 2008**.

The Companion Policy and the Policy Amendments have been, or are expected to be, adopted in all jurisdictions. The Companion Policy and the Policy Amendments have an effective date of **March 17, 2008**.

We are also withdrawing the following notices, effective **March 17, 2008**:

- CSA Staff Notice 42-303 *Prospectus Requirements*;
- CSA Staff Notice 44-301 *Frequently Asked Questions Regarding the New Prospectus Rules*;
- Canadian Securities Administrators' Notice 3 *Pre-Marketing Activities in the Context of Bought Deals*.

Each jurisdiction may also be adopting a local implementing rule and local amendments. Please refer to Appendix L in each jurisdiction for additional information.

Substance and purpose

The purpose of the Instrument is to create a comprehensive, seamless and transparent set of national prospectus requirements for all issuers including investment funds, other than mutual funds filing a prospectus under NI 81-101.

The Instrument is based on three general principles:

- The Instrument will harmonize across Canada and consolidate the general prospectus requirements among Canadian jurisdictions. It is primarily based on the requirements set out in Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* and, in Québec, Regulation Q-28 *Respecting General Prospectus Requirements* (**Rule 41-501**).

- The Instrument will substantially harmonize the general prospectus requirements with the continuous disclosure and short form prospectus disclosure regimes.

- The Instrument takes into consideration changes in the principles underlying the general prospectus requirements that we have identified as a result of regulatory reviews, applications for exemptive relief, or public comment and consultation.

A number of other national instruments build on the foundation of the Instrument, or make reference to requirements in the Instrument. The purpose of the Instrument Amendments is to harmonize the requirements set out in these other national instruments with the requirements of the Instrument.

Summary of written comments

On **December 21, 2006**, we published the Materials for comment. The comment period ended on **March 31, 2007**. We received submissions from 56 commenters. We have considered the comments received and thank all the commenters. The names of all the commenters are contained in Schedule 1 of Appendix A of this notice and a summary of their comments, together with the CSA responses, are contained in Schedule 2 of Appendix A of this notice.

After considering the comments, we made some changes to the versions of the Materials that were published for comment in December 2006. We do not believe these changes are material and are not republishing the Materials for a further comment period. The notable changes are summarized in Schedule 3 of Appendix A of this notice.

Questions – Prospectus Systems Committee

Please refer your questions to any of:

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APPENDIX A

Schedule 1

LIST OF COMMENTERS

	Commenter
1.	Anfield Sujir Kennedy & Durno
2.	ARC Energy Trust
3.	ARC Financial Corp.
4.	ARC Resources Ltd.
5.	Bennett Jones LLP
6.	Bill Braithwaite
7.	Blake, Cassels & Graydon LLP
8.	Borden Ladner Gervais LLP (Calgary)
9.	Borden Ladner Gervais LLP (Toronto)
10.	Bonavista Energy Trust
11.	Burnet, Duckworth & Palmer LLP
12.	Canaccord Capital
13.	Canadian Bankers Association
14.	CIBC World Markets Inc.
15.	Cinch Energy Corp.
16.	CIBC Mellon Trust Company
17.	Computershare Trust Company of Canada
18.	Cyries Energy inc.
19.	Davies Ward Phillips & Vineberg LLP

	Commenter
20.	Fidelity Investments Canada Limited
21.	FirstEnergy Capital Corp.
22.	Freehold Royalty Trust
23.	Heenan Blaike LLP
24.	The Investment Funds Institute of Canada
25.	IGM Financial Inc.
26.	Imperial Oil Limited
27.	Investment Industry Association of Canada
28.	Irwin, White & Jennings
29.	Kereco Energy Ltd.
30.	KPMG LLP
31.	Macleod Dixon LLP
32.	McCarthy Tétrault LLP
33.	MD Funds Management Ltd.
34.	Nexen Inc.
35.	Ogilvy Renault LLP
36.	Ontario Bar Association – Securities Law Subcommittee (Business Law)
37.	Osler, Hoskin & Harcourt LLP

	Commenter
38.	Penn West Energy Trust
39.	Petro-Canada
40.	Phillips, Hager & North Investment Management Ltd.
41.	Royal Bank of Canada
42.	Research Capital Corporation
43.	RESP Dealers Association of Canada
44.	The Securities Transfer Association of Canada
45.	Spectra Energy Income Fund
46.	Stikeman Elliott LLP
47.	Superior Plus Inc.

	Commenter
48.	Talisman Energy Inc.
49.	TD Asset Management Inc.
50.	TD Securities Inc.
51.	Tradex Management Inc.
52.	Tristone Capital Inc.
53.	Triton Energy Corp.
54.	TSX Inc. and TSX Venture Exchange Inc.
55.	VenGrowth Private Equity Partners Inc.
56.	Yoho Resources Inc.

Item	*Subject*	*Summarized Comment*	*CSA Response*

		particular knowledge of the business of the issuer.
		
		• Adverse effect on acquisitions financed by prospectus offerings.
		  • Vendors would need to conduct due diligence to avoid liability, resulting in either an increase in the purchase price of the significant business or placing the issuer at a competitive disadvantage against competing offers not directly or indirectly contingent on prospectus financing. In some cases, a vendor would never be willing to sign a certificate for an arm's length purchaser, regardless of the purchase price.
		  • Could significantly mitigate one of the principal reasons issuers become reporting issuers (i.e. use of public offerings to finance acquisitions).
		  • In particular, prospectus financing of acquisitions by junior issuers, by oil & gas issuers, from foreign issuers, and from liquidators will be adversely affected.
			certificate.

Item	*Subject*	*Summarized Comment*	*CSA Response*
		• Requirement to provide certificate for control person of substantial beneficiary of the offering will provide additional disincentive for vendors to deal with issuers that require access to the Canadian capital markets in connection with a potential significant acquisition. • Large vendors will often divest assets that are not material to them. For the purchaser, the assets may be highly material. Systems of internal controls and procedures for such assets and knowledge of large vendor's officers and directors would not be as detailed as for the purchaser. • Person or company that controls issuer or significant business does not always have the best information. For example, requirement would capture passive investors (including pension funds, institutional investors and financial institutions). • Not a requirement under	

Item	*Subject*	*Summarized Comment*	*CSA Response*
		U.S. securities law nor the laws of other jurisdictions. • Prospectus liability should not be imposed without specific amendment being made to securities acts. • In the event of proxy battle, a control block owner could prevent completion of a financing by refusing to sign a certificate. • Liability for misrepresentation in prospectus more appropriately dealt with contractually through indemnities and warranties in standard purchase and sale agreements. These contractual provisions provide purchaser/issuer with recourse in the event of misleading information being provided about the significant business. • Imposing vendor liability will not necessarily result in better disclosure by the purchaser. • One year retroactive application is problematic. It could increase uncertainty for those investors who wish to take significant	

Item	*Subject*	*Summarized Comment*	*CSA Response*
		ownership positions in issuers. It also may have the result of capturing parties that have no knowledge of the current status of the issuer. • Proposal may create barrier to accessing equity capital in Canada, reducing Canada's competitiveness in global capital markets. • Proposal may result in double liability for substantial beneficiary of the offering. If substantial beneficiary of the offering owns part of the issuer, such person becomes responsible for the disclosure in two different ways: directly through its execution of the prospectus certificate, and indirectly, through its ownership of an interest in the issuer. This could discourage valid and useful inter-company financing strategies. • Proposal may unfairly subject banks to the certificate requirements. Deemed beneficial ownership of securities owned by affiliates is problematic for financial institutions with diverse activities such as merchant banking,	

Item	*Subject*	*Summarized Comment*	*CSA Response*
		passive investment and hedging activities. Also, not clear which entity in the group would be required to provide a certificate.	
1.2: Section 5.13 of Rule published for comment	*Certificate of substantial beneficiary of the offering – suggested changes*	Eight commenters suggest specific changes to this requirement.	Though many commenters suggested specific changes, we removed the requirement entirely.
1.3: Section 5.13 of Rule published for comment	*Certificate of substantial beneficiary of the offering – alternatives*	Six commenters suggest specific alternatives to the requirement. • Policy concerns could be addressed under current "promoter" certification/liability provisions of Canadian securities legislation. • Use prospectus receipting powers to target situations that appear to have been constructed to avoid liability. • Though current requirements relating to certification of prospectuses are problematic and need to be revised, such revisions should be made as part of overall review of liability provisions relating to prospectuses. • Amend the definitions	We have the following responses to these comments: • We acknowledge this comment. • We expanded subsection 2.6(1) of the Companion Policy, which provides guidance on when a regulator will exercise its discretion to refuse receipt for a prospectus where it is not in the public interest to issue the receipt. • A review of the liability provisions relating to prospectuses in provincial and territorial securities legislation is beyond the scope of the Rule. • We kept the proposed definitions because it is not appropriate to delineate specific circumstances for income trust and other indirect prospectus

Item	*Subject*	*Summarized Comment*	*CSA Response*
		contained in subsection 5.4(1) and 5.5(2) of the Rule to delineate the circumstances in connection with an income trust prospectus offering and a spin-off of a business by way of initial public offering.	offerings. The guidance in section 2.6 of the Companion Policy applies to all prospectus distributions.
2: Material contracts (Questions 5 and 6)[2]			
2.1: Section 1.1 of Rule published for comment	*Material contracts – definition*	Three commenters suggest changes to the definition of "material contract". The definition provided is not useful. The definition should be broadened to permit some determination of materiality by the issuer or have some dollar value threshold attached. Provide guidance on how materiality is to be determined (e.g. by reference to the effect of the contract on market price or value of the securities of the issuer).	The definition of "material contract" is consistent with the current requirements for filing "other material contracts" in section 12.2 of NI 51-102. The concept of materiality under NI 51-102, determined by reference "to the issuer", is well understood.
2.2: Subparagraph 9.2(a)(iii) of Rule published for comment	*Material contracts – filing requirement – general comments*	Two commenters do not support this requirement. Investors should receive necessary information regarding an issuer's material contracts through the requirement to make full,	We kept the proposed requirement, subject to the changes described in items 2.3 through 2.9, below. After publishing for comment certain amendments to NI 51-

[2] Questions 5 and 6:

5. Should each type of contract listed in subsection 9.1(1) of Proposed NI 41-101 be excluded from the exemption to file contracts entered into in the ordinary course of business? Are there other types of contracts not listed that should be excluded from the exemption to file contracts entered into in the ordinary course of business? If so, please identify the type of contract and explain why they should be excluded.

6. Is the list of provisions that are "necessary to understanding the contract" set out in subsection 9.1(2) of Proposed NI 41-101 appropriate? If not, why not?

Item	*Subject*	*Summarized Comment*	*CSA Response*
		true, and plain disclosure in its prospectus regarding such contracts. Investors do not need to review the actual contract and so there should be no requirement to file the contract. This requirement will only serve to aid competitive interests and may prove detrimental to issuers, particularly those in highly competitive and/or sensitive business sectors. CSA should undertake a cost-benefit analysis to determine if the imposition of such broader obligations is warranted.	102 on December 9, 2005, we received three comments supporting the requirement to file material contracts (see, Notice of Amendments to NI 51-102, Summary of Comments, published October 13, 2006). These comments included a statement that the information in a filed material contract is not only useful, but is essential in understanding and evaluating an issuer's financial disclosure. The requirement to file material contracts is an existing prospectus and continuous disclosure requirement across Canada, and in other jurisdictions such as the United States.
2.3: Subparagraph 9.2(a)(iii) of Rule published for comment	*Material contracts – filing requirement – suggested changes*	One commenter suggests changes to this requirement. Only contracts entered into within the last financial year, or before the last financial year but still in effect should be required to be filed (similar to the limitation in subsection 12.2(1) of NI 51-102).	We made the suggested change. See section 9.3 of the Rule.
2.4: Clause 9.2(a)(iii)(B) of Rule published for comment	*Material contracts – redaction of information necessary to understanding the contract - general comments*	Three commenters do not support the limitation on redacting provisions that are necessary to understanding the contract. Their reasons include the following: • Disclosure of competitively sensitive	See our response to item 2.8, below.

Item	*Subject*	*Summarized Comment*	*CSA Response*
		information would be prejudicial to the issuer's business. • Limitations may result in more disclosure being provided than is otherwise required under section 27.1 of Proposed Form 1.	
2.5: Clause 9.2(a)(iii)(B) of Rule published for comment	*Material contracts – redaction of information necessary to understanding the contract – suggested changes*	One commenter requests that the Rule expressly permit an issuer to redact risk allocation provisions contained in commercial agreements that might be misinterpreted by participants in the secondary markets as statements of fact (e.g. a strict environmental warranty provided by a vendor to a purchaser is not necessarily a statement of facts by the vendor).	An issuer may redact these provisions if: (a) they are not "necessary to understanding the impact of the material contract on the business of the issuer"; and (b) the issuer has satisfied the other conditions in subsection 9.3(3) of the Rule.
2.6: Subsection 9.1(1) of Rule published for comment	*Material contracts – list of contracts that are not "contracts entered into in the ordinary course of business"*	Two commenters support the effort to clarify the current regime. No other types of contracts should be added to the list.	We acknowledge these comments. We have not added any other types of material contracts to the list in subsection 9.3(2) of the Rule.
2.7: Subsection 9.1(1) of Rule published for comment	*Material contracts – list of contracts that are not "contracts entered into in the ordinary*	Eight commenters suggest specific changes to the list: • Clarify that a materiality threshold applies to this list (if not, add one). Otherwise, agreements	We have the following responses to these comments: • Only material contracts are required to be filed. Subsection 9.3(2) of the Rule provides an

Item	*Subject*	*Summarized Comment*	*CSA Response*

	course of business" – suggested changes	that may only have a trivial effect on the capitalization of the issuer will have to be filed.
		
		• In paragraph 9.1(1)(a):
		  • Limit the filing of contracts to which officers are parties to "Named Executive Officers" (as defined in Form 51-102F6). Otherwise, issuers will be required to file employment contracts for a significant number of individuals that are not required to be disclosed in an information circular.
		  • Exclude all employment contracts.
		  • Exclude contracts to which substantial beneficiaries of the offering are parties. These are entered into in the ordinary course of business by most issuers.
		  • Clarify the reference to "current" assets. If the intention is to confine to current assets for balance sheet purposes, there is no compelling reason to distinguish current from non-current assets for balance sheet purposes.
		  • Exclude all contracts with directors, officers and similar parties at
			exemption from the requirement to file a material contract if it is entered into in the ordinary course of business unless the material contract is a type of contract listed in paragraphs 9.3(2)(a) through (f).
			
			• We removed "contracts of employment" from the type of contracts described in paragraph 9.3(2)(a) of the Rule. We also added subsection 3.6(3) of the Companion Policy to provide guidance on the types of contracts that may be contracts of employment.
			
			• We removed contracts to which substantial beneficiaries of the offerings are parties from the types of contracts described in paragraph 9.3(2)(a) of the Rule.
			
			• We removed the term "the contracts are for the purchase or sale of current assets at fair value" from paragraph 9.3(2)(a) of the Rule. Material contracts with directors, officers and similar parties, unless they are contracts of employment, are not eligible for the ordinary course of business exemption.

Item	*Subject*	*Summarized Comment*	*CSA Response*

		"fair value" (not just contracts for the purchase and sale of current assets at fair value).
		
		• In paragraph 9.1(1)(b):
		  • Clarify the meaning of the term "upon which the issuer's business depends to a material extent".
		  • Add a materiality standard to clarify the meaning of "major part" because there is no common understanding of the meaning of that term.
		
		• In paragraph 9.1(1)(c):
		  • Increase the "20%" threshold for certain issuers. For example, junior oil and gas companies will be required to disclose information that is not significant or useful to an investor.
		  • Clarify how an issuer is to account for a contract that contemplates non-cash consideration and whether fixed assets are to be valued at fair market value or book value.
		
		• In paragraph 9.1(1)(d):
		  • Clarify that only "material" credit
			• We removed the term "upon which the issuer's business depends to a material extent" from paragraph 9.3(2)(b) of the Rule. This term is redundant because an issuer must only file material contracts.
			
			• We replaced the term "the major part" with "majority" in paragraph 9.3(2)(b) of the Rule. "Majority" means greater than 50%.
			
			• We removed contracts calling for the acquisition or sale of any property, plant or equipment from the list in subsection 9.3(2) of the Rule. An issuer is not required to file these types of material contracts if they are in the ordinary course of business. However, under paragraph 9.3(2)(f) of the Rule, an issuer must file this type of material contract if it is a contract upon which its business is substantially dependent. We also added guidance in subsection 3.6(5) of the Companion Policy providing that a contract upon which an issuer's business is substantially dependent may include a contract calling for the acquisition or sale of substantially all

Item	*Subject*	*Summarized Comment*	*CSA Response*
		agreements are required to be filed. • Exclude credit agreements. Otherwise, issuers will incur significant costs redacting these "ordinary course of business" agreements without a corresponding benefit to shareholders. Lenders will not want terms and margins publicly disclosed because they could reveal competitive information. • Requirement to file "any credit agreement" is inconsistent with provision that only the financing covenants in "material" financing or credit agreements are prohibited from being redacted under paragraph 9.1(2)(g). • In paragraph 9.1(1)(e): • Exclude management or administration agreements. These are entered into in the ordinary course of business by most issuers. The term could encompass a wide range of agreements that are not of interest or importance to securityholders. Filing	of the issuer's property, plant and equipment, long-lived assets, or total assets. • Under paragraph 9.3(2)(d) of the Rule, only credit "and financing" agreements with terms that have a direct correlation with anticipated cash distributions are not eligible for the ordinary course of business exemption. • Under paragraph 9.3(2)(e) of the Rule, only "external" management and administration agreements are not eligible for the ordinary course of business exemption. • We added subsection 3.6(5) of the Companion Policy to provide guidance regarding the meaning of the term "on which the issuer's business is substantially dependent".

Item	*Subject*	*Summarized Comment*	*CSA Response*
		such agreements is unnecessary given current proposal to enhance executive compensation disclosure in Form 51-102F6. • Clarify that only "material" management or administration agreements are required to be filed. • In paragraph 9.1(1)(f), clarify the meaning of the term "on which the issuer's business is substantially dependent".	
2.8: Subsection 9.1(2) of Rule published for comment	*Material contracts – list of provisions "necessary to understanding the contract" – suggested changes*	One commenter suggests the list is unnecessary. There are significant variations between types of contracts and the provisions that would be relevant to an understanding of the contract. If there is to be a requirement not to redact provisions, the determination of what terms fall into that category should be left to the issuer and its counsel. Three commenters suggest that the list be deleted from the Rule and moved to guidance in the companion policy. The list should set out examples of clauses potentially necessary to understanding the contract rather than specifically	The Rule has been redrafted to clarify the following: • The filing requirement applies to material contracts entered into since the beginning of the last financial year ending before the date of the prospectus or before that financial year but that are still in effect at the time the prospectus is filed. • Material contracts that are entered into in the ordinary course of business do not need to be filed unless these contracts are of a type described in paragraphs 9.3(2)(a) through (f) of the Rule. We changed this list from the list in subsection

Item	*Subject*	*Summarized Comment*	*CSA Response*

		prescribing such clauses.
		
		Four commenters suggest specific changes to the list:
		
		• Add change of control clauses to the list.
		
		• Clarify that subsection 9.1(2) only applies to "material" provisions.
		
		• In the lead in language:
		  • Delete the term "include the following" and replace it with the term "means" so that the list is definitive.
		  • Add the term "information relating to the issuer or its securities" to make it consistent with clause 9.2(a)(iii)(B).
		
		• In paragraphs 9.1(2)(a), (b), (f) and (g), clarify the use of the adjective "material" given that, presumably, subsection 9.1(2) is only applicable to "material contracts".
		
		• In paragraph 9.1(2)(a), exclude the name of a material customer or material supplier under paragraph 9.1(2)(a).
		
		• In paragraph 9.1(2)(b), clarify how to determine or calculate the applicable
			9.1(1) of the Rule published for comment, as discussed in our response in item 2.7, above.
			
			The Rule also clarifies that an issuer may redact provisions in a material contract on the grounds that disclosure would be seriously prejudicial to the interests of the issuer or would violate confidentiality provisions. Under subsection 9.3(4) of the Rule, the list of provisions that may not be redacted has been limited to the following:
			
			• Debt covenants and ratios in material financing or credit agreements.
			
			• Events of default or other terms relating to the termination of the material contract.
			
			• Other terms necessary for understanding the impact of the material contract on the business of the issuer.
			
			We added subsection 3.6(8) of the Companion Policy to provide guidance on the meaning of "terms necessary for understanding the impact of the material contract on the business of the issuer".

Item	*Subject*	*Summarized Comment*	*CSA Response*

		interest rate of an agreement. This may be difficult on account of complex formulas.
		
		• In paragraph 9.1(2)(c), clarify meaning of "concession".
		
		• In paragraph 9.1(2)(e), clarify what type of disclosure regarding related party transactions is contemplated.
		
		• In paragraph 9.1(2)(f):
		  • Clarify meaning of "material contingency" clauses.
		  • Clarify meaning of "take-or-pay" clauses.
		
		• In paragraph 9.1(2)(g),
		  • Clarify why financing agreements are included even though they are excluded in paragraph 9.1(1)(d).
		  • Clarify meaning of "financial covenants".	

2.9 Subsection 3.6(3) of Companion Policy published for comment	*Material contracts – guidance on omission or redaction – suggested changes*	One commenter suggests that the guidance in subsection 3.6(3) of the Companion Policy be limited to those contracts entered into after the Rule comes into force. While new contracts can incorporate provisions that address the approach set out in the Companion Policy, contracts drafted prior to the	We added guidance in subsection 3.6(6) of the Companion Policy providing that a regulator or securities regulatory authority may consider granting an exemption to permit a provision of the type listed in subsection 9.3(4) of the Rule to be redacted in some cases.

Item	*Subject*	*Summarized Comment*	*CSA Response*
		introduction of the Rule do not have similar flexibility.	
3: Personal information form and authorization (Question 7)[3]			
3.1: Appendix A of Rule published for comment	*Personal Information Form (**PIF**) – general comments*	One commenter believes there are no practical difficulties with requiring an issuer to deliver PIFs with the first preliminary prospectus filed by the issuer. Three commenters do not support the expanded PIF in the form set out in Appendix A. Their reasons include the following: • Completion of a PIF in the suggested form is a time-consuming exercise, which occasionally requires hours of work on the part of those involved to collect historical information that might otherwise be considered dated. • The burden is exacerbated in the case of U.S. residents because allegations of fraud is routinely alleged in proceedings under U.S. federal securities laws.	We acknowledge these comments. In response to concerns about the burden of preparing and delivering an expanded PIF, we changed the delivery requirement so that it only applies to individuals for whom an issuer has not previously delivered: (a) an expanded PIF; or (b) before March 17, 2008, an authorization to collect personal information. The information required to be included in the expanded PIF set out in Appendix A of the Rule is necessary for the regulators to determine whether to refuse receipt of a prospectus because the past conduct of the individual affords reasonable grounds for belief that the business of the issuer will not be conducted with integrity and in the best interests of its securityholders. The benefits of requiring the delivery of the information set out in Appendix A outweigh the burden of preparing and

[3] Question 7:

7. Subparagraph 9.2(b)(ii) of Proposed NI 41-101 will require an issuer to deliver a completed personal information form and authorization for every individual described in this subparagraph with the first preliminary prospectus filed by the issuer after the Rule becomes effective. Please describe any significant practical difficulties an issuer may have in complying with this requirement.

Item	*Subject*	*Summarized Comment*	*CSA Response*
		Disclosure of such allegations of alleged fraud represents a significant additional burden. • No policy reason for establishing another filing for issuers to be obligated to obtain and file if the issuer is already a reporting issuer and is listed on a Canadian exchange (or filing an initial public offering with an application to be listed on a Canadian exchange). • PIFs should only be required for initial public offerings or where there is other good reason for the regulator to need them.	delivering the information. To further facilitate the delivery of expanded PIFs, we also made the following changes to Schedule 1 of Appendix A of the Rule: • we added a statement in bold that the expanded PIF is a confidential document, • we added instructions on how to deliver a completed Schedule 1 to the regulators, and • we changed the statutory declaration requirement to a certification requirement.
3.2: Appendix A of Rule published for comment	*PIF – suggested changes*	Two commenters suggest specific changes to the PIF set out in Appendix A: • Do not require individuals to submit two forms of PIFs (the form set out in Schedule 1 of Appendix A and the Exchange Form (as defined in Appendix A)). Should rely on the submission of the Exchange Form. • Confirm that the exchanges may continue to have the discretion to amend their Exchange	We have the following responses to these comments: • Individuals may deliver their Exchange Form, as permitted under Schedule 1 of Appendix A of the Rule, instead of an expanded PIF. However, these individuals must deliver a separate certificate and consent with the Exchange Form. • We do not intend to change any authorized discretion of exchanges to amend their Exchange Forms. We will, however, monitor any

Item	*Subject*	*Summarized Comment*	*CSA Response*
		Forms from time to time with no implications as to how such changes may affect the PIF. • Delete, as unnecessary, the references to TSX and TSX Venture as divisions of TSX Inc. and TSX Venture Exchange Inc., respectively. • Shorten the requirement to disclose 10 years of residential address history in the PIF because it is onerous.	changes to the Exchange Forms. • We deleted the references to TSX and TSX Venture as divisions of TSX Inc. and TSX Venture Exchange Inc. • We note that the Exchange Forms require ten years of residential address history.
3.3: Subparagraph 9.2(b)(ii) of Rule published for comment	*PIF – delivery requirement – general comments*	One commenter has no objection to the requirement provided that the form is interchangeable with the similar forms required by the Toronto Stock Exchange.	We acknowledge this comment. See our response to item 3.2, above.
3.4: Subparagraph 9.2(b)(ii) of Rule published for comment	*PIF – delivery requirement – suggested changes*	Seven commenters suggest specific changes to PIF delivery requirement: • Do not require that PIF be filed every three years. This will impose a significant administrative and timing burden on issuers. Particularly for issuers and individuals actively engaged in prospectus offerings. • Clarify that individual who holds multiple directorships does not have to file more than	We have the following responses to these comments: • See our response to item 3.1, above. • See our response to item 3.1, above. Individuals who are existing directors of a reporting issuer must provide an expanded PIF if they become a director for another issuer that files a prospectus. • The regulator may conduct background checks based on the information in an

Item	*Subject*	*Summarized Comment*	*CSA Response*
		once every three years. • Clarify if background checks will be undertaken by securities commissions, based on information in PIF and whether the receipt of a final prospectus may be delayed while securities regulatory authorities await the results of background inquiries undertaken in other jurisdictions. • Do not require PIF from substantial beneficiaries of the offering. • Do not require PIF from promoters. • Clarify that there is no stated time limit on the age of a previously filed PIF or Exchange Form when filed with a statutory declaration. • Add a transition provision indicating that the expanded PIF set out in Appendix A does not need to be delivered if a personal information form under the existing requirements (e.g. Form 41-501F2 *Authorization of Indirect Collection of Personal Information*) has been delivered in the three years previous to the	expanded PIF. The regulator will not generally delay the receipt of a final prospectus while awaiting the results of a foreign background check unless it is in the public interest to do so. • We removed the requirement for substantial beneficiaries of the offering to provide certificates. Accordingly, we also removed the requirement for substantial beneficiaries of the offering to provide an expanded PIF. • We kept the proposed requirement to provide an expanded PIF for promoters. An expanded PIF for promoters is necessary for the regulators in determining whether to refuse to issue a receipt for the prospectus because the past conduct of the promoter affords reasonable grounds for belief that the business of the issuer will not be conducted with integrity and in the best interests of its securityholders. • See our response to item 3.1, above. There is no stated time limit on the age of a previously delivered expanded PIF provided that a certificate dated within

Item	*Subject*	*Summarized Comment*	*CSA Response*
		applicable filing.	30 days of the preliminary prospectus is attached. • See our response to item 3.1, above. Given the changes to the delivery requirement, a transition provision is unnecessary.
4: Over-allocation and Distribution of securities under a prospectus to an underwriter (Questions 8 and 9)[4]			
4.1: Section 11.2 of Rule published for comment	*Over-allocation – general comments*	One commenter generally supports this proposal. Two commenters support the change in date of determination to the closing of the offering.	We acknowledge these comments.
4.2: Section 11.3 of Rule published for comment	*Distribution of securities under a prospectus to an underwriter – general comments*	Ten commenters do not support the adoption of this requirement. Their reasons include the following: • Compensation should be a matter of negotiation between the issuer and its underwriter. Issuers try to limit compensation securities than possible	We changed the requirement to permit the prospectus to qualify compensation securities up to 10% of the base offering and the securities represented by the over-allotment option. See our response to item 4.3, below. The requirement limiting the

[4] Question 8 and 9:

8. Section 11.3 of Proposed NI 41-101 and the definitions of over-allocation position and over-allotment option restrict the exercise of an over-allotment option to the lesser of the underwriters' over-allocation position and 15% of the base offering. This section substantially codifies and harmonizes across Canada the existing guidance in paragraph 10 of Ontario Securities Commission Policy 5.1 Prospectuses – General Guidelines; however, the time for the determination of the over-allocation position has been moved to the closing of the offering from the close of trading on the second trading day next following the closing of the offering. We believe that this change is consistent with current industry practice. We seek comment on this change.

9. Section 11.3 of Proposed NI 41-101 permits compensation options or warrants to be acquired by an underwriter under the prospectus where the securities underlying such compensation options or warrants are, in the aggregate, less than 5% of the number or principal amount of the securities distributed under the prospectus. Is 5% an appropriate limit?

Item	*Subject*	*Summarized Comment*	*CSA Response*

		and those with greater than 5% compensation securities tend to be less known issuers with less liquidity that require more work by the underwriters. Imposition of 5% threshold is unduly restrictive and unnecessary given competitive market among underwriters.
		
		• Costs of proposal outweighs the benefits.
		  • In particular, small and mid size issuers will be adversely affected.
		  • Restricted compensation securities issued to an underwriter increases the risks to underwriters and may deter underwriters from financing issuers.
		
		• No evidence of "backdoor underwritings". If backdoor underwriting exists, the problem could be adequately addressed by a civil liability regime for secondary market disclosure.
		
		• Underwriters do not typically give up the option value of compensation warrants (typically 18 to 24 months) to realize small spread which may exist
			compensation securities distributed under a prospectus that may be issued to a person or company acting as an underwriter does not preclude compensation securities being issued to that person or company under an exemption from the prospectus requirement. Compensation securities issued under an exemption to the prospectus requirement are subject to applicable resale restrictions under NI 45-102. Issuers and their underwriters are free to negotiate the payment of compensation securities on this basis.
			
			Under the extended definition of "distribution" in provincial and territorial securities legislation, "backdoor underwriting" occurs if securities acquired by a person or company acting as an underwriter under a prospectus are sold into the secondary market without the purchaser receiving a prospectus. The threshold in section 11.2 of the Rule is intended to reflect existing market practice.

Item	*Subject*	*Summarized Comment*	*CSA Response*
		between the trading price and the new issue price at the time a prospectus distribution is being completed. • While investors who purchase securities issued from the exercise of compensation warrants may not have a right of rescission, the rights provided under civil law would protect these purchasers in the event that the prospectus does not contain full, true and plain disclosure. • Not necessary if securities will be traded on a recognized market that imposes appropriate standards of trading oversight • Issue of compensation securities more appropriately considered in context of regulation of securities dealers generally by their self-regulatory organization. • Proposal may prohibit underwritten financings. If underwriter is unable to sell and distribute to the public the total amount of securities agreed to, the underwriter agrees to purchase the remaining securities directly from	

Item	*Subject*	*Summarized Comment*	*CSA Response*
		the issuer. If the securities an underwriter may purchase under the prospectus is limited to over-allotment options and compensation securities, this may limit prospectus offerings on an underwritten basis. • May have unintended consequence of causing issuers to pay more compensation in cash.	
4.3: Section 11.3 of Rule published for comment	*Distribution of securities under a prospectus to an underwriter – suggested changes and alternatives*	Four commenters suggest specific changes to the requirement: • Require a minimum hold period of 60 days rather than cap the percentage permitted. • Calculate the percentage limit based on not only the base offering but the over-allocation position as well, to conform with market practice. • Do not include any underlying securities issueable or transferable on the exercise of compensation securities in the limit. Otherwise, this results in double counting the same securities as effectively once the compensation security is exercised and the underlying security is	We have the following responses to these comments: • Compensation securities acquired under an exemption from the prospectus requirement are subject to the appropriate resale restrictions under NI 45-102. There is no policy reason justifying a different hold period. • We added the term "plus any securities that would be acquired upon the exercise of an over-allotment option" immediately after "base offering" in paragraph 11.2(b) of the Rule. • We replaced the term "together with any underlying securities issuable or transferable on the exercise of any these securities (if these

Item	*Subject*	*Summarized Comment*	*CSA Response*
		issued, the compensation security will no longer exist. • Clarify how to calculate limits for compensation securities in different forms, such as warrants or other exchangeable or convertible securities. • Raise the limit to 10% to facilitate fund raising for smaller issuers. The TSX Venture provides for a limit of up to 25% and market practice is to allow up to 10%.	securities are convertible or exchangeable securities)" with "on an as-if-converted basis" in paragraph 11.2(b) of the Rule. This clarifies that we did not intend for compensation securities that are convertible or exchangeable into an underlying security to be double-counted. This also clarifies how to calculate limits on compensation securities like warrants or other exchangeable or convertible securities. • We raised the limit to 10% on the understanding that this limit reflects existing market practice.
5: Waiting period (Question 10)[5]			
5.1: Section 1.1 of Rule published for comment	*Minimum waiting period*	Four commenters support the proposal not to have a minimum waiting period. One commenter notes that the review period set out in National Policy 43-201 effectively imposes a minimum waiting period.	We acknowledge these comments.

[5] Question 10:

10. Proposed NI 41-101 does not impose a minimum period of time between the issuance of a receipt by the regulator for a preliminary prospectus and the issuance of a receipt by the regulator for a final prospectus (though the MRRS review timelines will remain as they are set out in NP 43-201). In Ontario, the Securities Act (Ontario) imposes a minimum waiting period of at least 10 days but the proposed local implementing rule (see Appendix L) will vary this minimum waiting period so that it may be less than 10 days. Is a minimum waiting period necessary to ensure investors receive a preliminary prospectus and have sufficient time to reflect on the disclosure in the preliminary prospectus before making an investment decision?

Item	*Subject*	*Summarized Comment*	*CSA Response*
6: Amendments to preliminary and final prospectus (Question 11)[6]			
6.1: Part 6 of Rule published for comment	*Amendments to preliminary and final prospectus*	Six commenters support the *status quo* with respect to the trigger to file amendments to preliminary and final prospectuses. One commenter suggests an alternative trigger for filing an amendment could be the filing of audited annual financial statements and MD&A. Such continuous disclosure documents are deemed to be incorporated by reference into a short form prospectus. The absence of a comparable requirement in long form prospectuses means that reporting issuers distributing securities under a long form prospectus are subject to a lower level of disclosure than those under a short form prospectus. One commenter recommends requirements	We acknowledge these comments. We are not proposing any changes to Part 6 of the Rule at this time.

[6] Question 11:

11. Part 6 of Proposed NI 41-101 requires the filing of an amendment to a preliminary prospectus upon the occurrence of a material adverse change. An amendment to a final prospectus must be filed upon the occurrence of a material change. This Part codifies the existing requirements under the securities legislation of most jurisdictions. The requirements in Québec differ. An amendment to a preliminary prospectus is triggered if a material change is likely to have an adverse influence on the value or the market price of the securities being distributed and the existing requirement to amend a final prospectus is triggered if a material change occurs in relation to the information presented in the prospectus. "Material change" is not defined in Québec.

While not specifically included as an alternative in the Rule, we are soliciting your comments on whether we should instead be requiring an amendment based on the continued accuracy of the information in the prospectus. What should be the appropriate triggers for an obligation to amend a preliminary prospectus or final prospectus? Should the obligation to amend a preliminary prospectus or prospectus be determined based on the continued accuracy of the disclosure in the prospectus, rather than changes in the business, operations or capital of the issuer?

Item	*Subject*	*Summarized Comment*	*CSA Response*
		should be reviewed as part of an overall review of the liability provisions relating to prospectuses.	
7: *Bona fide* estimate of range of offering price or number of securities being distributed (Question 12)[7]			
7.1: Section 1.7 of Form F1 published for comment	*Pricing range – general comments*	Six commenters do not support the adoption of this requirement. Their reasons include the following: • Disclosure is not necessary for follow-on offerings. • No evidence of investor harm from non-disclosure. • Disclosure should not apply to smaller issuers. • In the United States, issuers typically do not include a price range in the registration statement containing a preliminary prospectus. Only the commercial copy of the preliminary prospectus filed and printed prior to the roadshow could	In light of these comments, we limited the requirement to disclose, in a preliminary prospectus, the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, to those instances where the issuer has already publicly disclosed this information in a jurisdiction or a foreign jurisdiction. We also added subsection 4.2(2) of the Companion Policy to provide further guidance regarding our concerns about disclosure of this information on a selective basis.

[7] Question 12:

12. We are proposing to require disclosure in the preliminary prospectus of a bona fide estimate of the range within which the offering price or the number of securities being distributed is expected to be set.

We are also considering adding a requirement to provide disclosure throughout a preliminary prospectus based on the mid-point of the disclosed offering price range or number of securities. This would require that the consolidated capitalization table, earnings coverage ratios and any pro forma financial information in the preliminary prospectus be calculated and disclosed using the mid-point of the offering range rather than being bulleted. Would such a requirement be appropriate ?

Item	*Subject*	*Summarized Comment*	*CSA Response*
		contain the price range. • As a result, issuers should only be required to include the range in an amended and restated preliminary prospectus that is being printed prior to the roadshow for consistency with the U.S. approach. • If price range is provided in an amendment instead of the preliminary, there may not be any benefit for investors. Issuers would have higher costs and more time (to print and re-circulate the amendment) without any tangible benefit to investors. CSA should undertake cost-benefit analysis to ensure added costs are justified. Two commenters support the adoption of this requirement. Such information is important to investors making informed investment decisions and the initiative will be helpful to the marketplace. Disclosure in the preliminary prospectus in the consolidated capitalization table, earnings coverage ratios and *pro forma* financial information should be calculated and disclosed using the mid-point of the pricing range.	

Item	*Subject*	*Summarized Comment*	*CSA Response*
		Such information is helpful to investors in understanding the effects that the offering will have on the issuer. Pricing outside the disclosed ranges may be a material adverse change in respect of the issuer and may require an amendment to the preliminary prospectus be filed. Such potential will serve as an incentive to issuers to consider, with the help of their advisers, a realistic set of estimates regarding an offering's pricing terms.	
7.2: Section 1.7 of Form F1 published for comment	*Pricing range – suggested changes and alternatives*	Two commenters note that the guidance in section 4.2 of the Companion Policy states that the difference between the estimate and the actual offering price or number of securities being distributed is not generally a material adverse change. The commenters suggest the following changes: • Delete the term "generally" in section 4.2 of the Companion Policy and replace it with the term "in itself". • Require an amendment if the actual offering price is more than a specific percentage (e.g. 5% or 10%) outside of the high- or low-end of the estimated range.	We replaced the term "generally" with "in itself". We changed the requirement so that an issuer must only disclose a pricing range if it was disclosed before the filing of the preliminary prospectus. See our response to item 7.1, above. As per the guidance in subsection 4.2(1) of the Companion Policy, a difference between an estimate and the actual offering price or number of securities being distributed is not, in itself, a material adverse change for which the issuer must file an amended preliminary prospectus. However, a significant difference between the actual offering price and an estimate

Item	*Subject*	*Summarized Comment*	*CSA Response*
		Two commenters suggest that issuers should have a right but not the obligation to provide disclosure of an estimated range.	may indicate an underlying material change requiring the filing of an amended preliminary prospectus. A specific percentage is inappropriate in these cases because issuers are responsible for determining whether an underlying material change has occurred.
8: Two years' financial statement history (Question 13)[8]			
8.1: Item 32 of Form F1 published for comment	*Two years' financial statement history*	Six commenters support this requirement.	We acknowledge these comments.

[8] Question 13:

13. We are proposing to harmonize the requirements between the short form and long form prospectus systems for reporting issuers and therefore, propose that reporting issuers using the long form prospectus system be required to include only two years' financial statement history in the prospectus as opposed to three years' history on the basis that prior years' history is readily available on SEDAR. Do you agree that reporting issuers using the long form system should only have to provide the same number of years financial history they would normally provide under the short form system?

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Part B: Comments on other NI 41-101 matters			
9: General			
9.1: Rule published for comment	*Harmonization – general comments*	Twelve commenters support the efforts to harmonize prospectus requirements across the country.	We acknowledge these comments.
9.2: Rule published for comment	*Harmonization – Ontario carve-outs – general comments*	Eight commenters do not support the Ontario carve outs. Their concerns include the following: • Inconsistent with stated purpose of harmonizing and consolidating prospectus requirements. • Increases complexity and cost. • Non-level regulatory playing field among jurisdictions may result in investors in different jurisdictions having varying rights and opportunities. • Certain carve-outs may not even be effective. For example, persons who are obligated to sign certificates under the requirements in other jurisdictions may be liable in Ontario despite carve-out. To avoid application in Ontario, issuer would have to file one prospectus in Ontario	We acknowledge these comments.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		and another in all other Canadian jurisdictions, which would run counter to the goal and stated purpose of streamlining the financing process. Two commenters urge the Ontario Securities Commission to move quickly to obtain any rulemaking necessary to eliminate these carve-outs.	
9.3: Rule published for comment	*Harmonization – Ontario carve-outs – other comments*	Two commenters suggest that the notes and explanations contained throughout the Rule that describes the situation in Ontario be retained.	We acknowledge these comments. The notes and explanations remain in the Ontario version of the Rule.
9.4: Rule	*Exchange requirements*	One commenter suggests that certain CSA members encourage their respective Exchanges to update their policies, manuals and forms to conform to the changes adopted in the Rule.	We acknowledge this comment. We have an ongoing dialogue with each of the Exchanges that includes discussions regarding any required updating of their policies, manuals and forms to reflect changes in provincial and territorial securities legislation.
9.5: Rule	*Prospectus liability regime*	One commenter suggests the CSA consider the appropriateness of amending the primary offering civil liability regime, which is based on certification, to more closely reflect the secondary market civil liability regime introduced in Ontario and certain other provinces.	We acknowledge this comment. Amending the primary offering civil liability regime is beyond the scope of the Rule.
9.6:	*Electronic*	One commenter notes an	We acknowledge this comment.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Rule	*roadshow materials and cross-border initial public offerings*	inconsistency between Canadian and U.S. securities law, which requires Canadian underwriters who want to utilize electronic roadshow materials to seek exemptive relief. Exemptive relief granted has required issuer and underwriters to provide purchasers with a contractual right of action equivalent to the statutory rights under section 130 of the *Securities Act* (Ontario) applicable to any misrepresentation in the roadshow materials. Exemption orders have not specified as of what date or time such liability attaches to the materials. Exemption orders do not contain any provision for updating or correcting the information to which liability attaches after the completion of the roadshow. Suggest that Rule should contain express provisions allowing for use of an electronic roadshow in cross-border initial public offerings. If contractual rights of action are required, the materials and the prospectus should be considered as a whole, which can be updated or corrected through amendments to the preliminary prospectus or through the final prospectus, as necessary.	It is premature to propose rules regulating electronic roadshows based on the limited number of exemptive relief applications that have been filed to date. We will continue to monitor these types of applications and will consider proposing requirements codifying any relief granted, as appropriate. Also, see our response to item 12.11, below.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
10: Rule - specific sections			

10.1: Section 1.1 of Rule published for comment	*Definitions*	Two commenters suggest changes to the following definitions in Part 1:
		
		• "Derivative":
		  • conform to definition of "specified derivative" in section 1.1 of NI 81-102;
		  • carve-out convertible debt, floating rate notes or exchangeable securities.
		
		• "Executive officer": carve-out chair or vice-chair who do not serve in full-time capacity.
		
		• "IPO venture issuer":
		  • clarify whether reference to "U.S. marketplace" includes an issuer trading on the OTC Bulletin Board or the Nasdaq Small Cap Market;
		  • clarify whether reference to "a marketplace outside of Canada" includes issuers listed and posted for trading on the Regulated Unofficial Market of the Frankfurt Stock Exchange or the Unofficial Regulated Market of the Berlin-Bremen Stock Exchange;
			We have the following responses to these comments:
			
			• We kept the proposed definition of "derivative". This definition is identical to the one in existing NI 44-101. Disclosure of the material attributes of "derivatives" is required under section 10.4 of Form F1. There is no policy reason to exclude convertible debt, floating rate notes, exchangeable securities, or the securities listed in section 1.1 of NI 81-102 from these disclosure requirements. For investment funds, see our response in item 15.1, below.
			
			• We kept the proposed definition of "executive officer". This definition is used in a number of disclosure items under Form F1, including the interests of management and others in material transactions. We decided to require this disclosure irrespective of whether the chair or vice chair is serving in a full- or part-time capacity.
			
			• In the definition of "IPO venture issuer":
			  • We kept the proposed reference to "U.S. marketplace". Under the Rule, "U.S. marketplace"

Reference	*Subject*	*Summarized Comment*	*CSA Response*

		• reference to "OFEX" should be to its new name, "PLUS MARKET".
		
		• "Junior issuer":
		  • limit requirement to make adjustments for acquisitions to significant acquisitions or significant probable acquisitions of a business;
		  • provide additional guidance on how these adjustments are to be made.
		
		• "Principal securityholder":
		  • carve-out underwriters and those holding securities as collateral;
		  • should be determined based on voting rights attached to "all voting securities" (not based on voting rights attached to any class of voting securities).
		
		• "Probable reverse takeover": change reference to "acquisition" to "probable reverse takeover".
		
		• "Special warrant":
		  • in paragraph (a), add the term "by the issuer" after "other security";
			has the same meaning as in NI 51-102. A U.S. marketplace means an exchange registered as a "national securities exchange" under section 6 of the 1934 Act, or the Nasdaq Stock Market". The SEC publishes the names of the registered national securities exchanges on its website. The Nasdaq Stock Market currently has three tiers of listed companies: The Nasdaq Global Select Market (formerly known as the Nasdaq National Market), The Nasdaq Global Market and The Nasdaq Capital Market (formerly known as the Nasdaq SmallCap Market). The OTC Bulletin Board is separate and distinct from the Nasdaq Stock Market. It does not currently fall into the definition of "U.S. marketplace".
			• We kept the proposed references to "listing or quoting on a marketplace outside of Canada". In item A-5 of CSA Staff Notice 51-311, CSA staff stated that they determined that trading on the Regulated Unofficial Market of the Frankfurt Stock Exchange (now known as the Open Market) or the Unofficial

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		• in paragraph (b), add the term "from the issuer" after "material additional consideration"; • clarify that the definition does not apply to secondary offerings.	Regulated Market of the Brelin-Bremen Stock Exchange does not constitute listing or quotation. • We changed the reference to "the market known as OFEX" to "the PLUS markets operated by PLUS Markets Group plc". This is consistent with the amendments to the definition of "venture issuer" in NI 51-102 that will become effective on December 31, 2007. • We changed the definition of "junior issuer" to limit the requirement to make adjustments for acquisitions to significant acquisitions or significant probable acquisitions of a business and to provide additional guidance on how these adjustments are to be made. • We kept the proposed definition of "principal securityholder". Determination by class of voting security is consistent with the requirement under section 6.5 of 51-102F5 and section 15.1 of Rule 41-501. A carve out for underwriters is not appropriate especially given the limitation under section 11.2 of the Rule. • We removed the definition of "probable reverse takeover"

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			from the Rule. • We kept the proposed definition of "special warrant". Paragraph (a) of the definition is identical to the definition in existing NI 44-101. We added paragraph (b) of the definition to clarify that special warrants include voluntary filings of a prospectus by the issuer to qualify the distribution of the other security.
10.2: Section 1.5 of Rule published for comment	*Interpretation of "payments to be made"*	One commenter asks how this provision would apply to payments where the amount is discretionary. Also, credit support for subordinated debt should be allowed to be given on a subordinated basis.	Full and unconditional credit support includes discretionary dividends to be made by the issuer of securities if the terms of the securities or an agreement governing rights of holders of the securities expressly provides that the holder of such securities will be entitled, once the discretionary dividend is declared, to receive payment from the credit supporter within 15 days of any failure by the issuer to pay the declared dividend. We added clarifying language to section 1.5 of the Rule. The definition of "full and unconditional credit support" does not preclude indebtedness that may be secured by a subordinated guarantee.
10.3: Subsection 2.2(3) of Rule published for	*Language*	One commenter asks for clarification that, in Québec, the documents must be in French or two separate	In Québec, the prospectus and documents required to be incorporated by reference must be in French or in French and

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment		versions, one in French and one in English. Provision appears to imply that one document in both languages may have to be filed.	English. They are usually filed as separate documents. Further clarification is unnecessary.
10.4: Section 4.2 of Rule published for comment	*Audit of financial statements*	One commenter suggests that pro forma financial statements be specifically carved out of these provisions as they are not audited.	We added subsection 4.1(3) to the Rule to clarify that pro forma financial statements are not subject to Part 4, including the audit requirement in section 4.2 of the Rule.
10.5: Section 4.4 of Rule published for comment	*Approval of financial statements and related documents*	One commenter suggests that subsection 4.4(1) should indicate what type of approval is required where the issuer does not have a board of directors. Subsection 4.4(2) should also take into consideration delegation by other means other than by constating documents (e.g. through a contract or agreement).	We kept the proposed requirements. With respect to subsection 4.4(1) of the Rule, the definition of "director" under provincial and territorial securities legislation includes a person acting in a capacity similar to that of a director of a company. This requirement is substantially similar to the requirement in Part 10 of Rule 41-501. With respect to subsection 4.4(2) of the Rule, if there is delegation of authority it should be included in the constating documents.
10.6: Paragraph 5.5(2)(b) of Rule published for comment	*Trust issuer*	Eleven commenters express concerns about the application of this paragraph to a corporate trustee that is a regulated trust company. Typically, the declaration of trust delegates responsibility for executing prospectus certificates to an operating subsidiary. In performing	We added subsection 5.5(4) to the Rule to clarify that regulated trust company trustees that do not perform functions for the issuer similar to those performed by the directors of a company are not required to sign the certificate provided that two individuals who do perform these functions sign the

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		its duties, the regulated trust company and its officer and directors would not be in a position to execute a prospectus certificate. Eight commenters suggest the following changes to this requirement: • Add the term "or by any two individuals who perform functions similar to those performed by the directors of a company" to paragraph 5.5(1)(b). • Provide an exemption similar to that applicable to investment funds for trust issuers that meet the same criteria. All trusts should be permitted to delegate the authority to sign a trust certificate to another entity, such as a management company, by way of the declaration of trust or other agreement. • Provide a transition period. This will allow trust issuers to call a meeting of unitholders to reorganize the trust.	certificate. We added subsection 2.6(3) to the Companion Policy to provide guidance that a certificate signed by an agent or attorney of the trustee would not be acceptable in the absence of relief from the requirements of section 5.5 of the Rule. We also added subsection 2.6(4) of the Companion Policy to clarify that in a situation where a regulated trust company is a trustee but does not perform functions similar to those of corporate directors, the regulated trust company and its officers and directors are not required to sign a prospectus certificate if two other individuals who perform those functions do provide a certificate. In light of these changes, the other suggested changes are unnecessary.
10.7: Section 5.8 of Rule published for comment	*Reverse takeovers*	Two commenters believe this requirement is onerous. The requirement is especially onerous for reverse takeovers involving large and sophisticated	In response to this comment, we changed section 5.8 of the Rule to require, except in Ontario, the chief executive officer and the chief financial officer of the reverse takeover acquirer to sign

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		entities. Requiring each director and officer to sign a certificate does not serve any purpose other than to impose liability on those individuals and, typically, those individuals are protected from personal liability through corporate indemnities and directors' and officers' insurance. Accordingly, the commenter recommends that the requirement be for one authorized signatory to execute the certificate on behalf of the reverse takeover acquirer (similar to the approach taken with respect to promoters).	a certificate. We also changed section 5.8 of the Rule to require, except in Ontario, two directors of the reverse takeover acquirer to sign a prospectus certificate on behalf of the board of directors of the reverse takeover acquirer.
10.8: Section 5.11 of Rule published for comment	*Certificate of promoter*	One commenter submits that the requirement in subsection 5.11(4) is overreaching because promoters may have control persons who are passive investors. The requirement may be appropriate in situations in which the regulator reasonably determines that a person or company is attempting to avoid prospectus liability merely through the insertion of a holding company. However, the existing definition of promoter may be broad enough to capture these situations. The commenter suggests subsection 5.11(4) be deleted and appropriate	We removed subsection 5.11(4) of the Rule that was published for comment. We added guidance to subsection 2.6(1) of the Companion Policy to clarify that public interest concerns may also arise where it appears a person or company is organizing its business and affairs to avoid a requirement to sign a prospectus certificate or to avoid prospectus liability.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		guidance and policy be set forth in the Companion Policy. One commenter suggests that guidance be provided as to when regulators intend on requiring additional certificates from control persons under subsection 5.11(4).	
10.9: Section 5.14 of Rule published for comment	*Certificate of selling securityholders*	One commenter suggests that guidance be provided as to when regulators intend on requiring additional certificates from control persons under this section.	We removed the requirement for control persons of selling securityholders to provide certificates under section 5.14 of the Rule published for comment. Under section 5.13 of the Rule, a regulator, other than in Ontario, may require a selling securityholder certificate. Regardless of whether they provide a certificate, selling securityholders are liable under provincial and territorial securities legislation. We added subsection 2.6(6) of the Companion Policy to provide further guidance on the circumstances under which a regulator may require a prospectus certificate from the selling securityholder.
10.10: Section 5.15 of Rule published for comment	*Certificate of operating entity*	One commenter believes this requirement is overly burdensome. Two commenters suggest that the requirement be for one authorized signatory to	In response to this comment, we changed section 5.14 of the Rule to require the chief executive officer and the chief financial officer of the operating entity to sign a certificate. We also changed section 5.14 of the

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		execute the certificate on behalf of the operating entity.	Rule to require two directors of the operating entity to sign a prospectus certificate on behalf of the board of directors of the operating entity.
10.11: Section 5.16 of Rule published for comment	*Certificate of other persons – general comments*	Two commenters do not support adopting this requirement. • Securities legislation in most provinces already provide regulators with the discretion to refuse to issue a receipt for a final prospectus if it is not in the public interest to do so. • Under this provision, regulators will have the power to require certification of a prospectus in ways that were entirely unintended. • Unlike the corresponding power to refuse receipt of a prospectus, there is no right to be heard in the event that a person required to certify a prospectus disagrees with the regulator. • Unfettered and discretionary nature of such certification requirements reduces transparency and certainty in public offerings.	We kept the proposed requirement. The requirement to provide a certificate for any person or company at the discretion of the regulator is an existing requirement under certain securities legislation. If the exercise of discretion results in receipt refusal, there is a right to a hearing.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
10.12: Section 5.16 of Rule published for comment	*Certificate of other persons – alternative*	One commenter suggests, in lieu of adopting the requirement, adding guidance to the Companion Policy that the regulator will not exercise this power unless it is in the public interest to do so.	We added subsection 2.6(2) of the Companion Policy to provide further guidance that the exercise of this discretion will generally be informed by pubic interest concerns, including those discussed in subsection 2.6(1) of the Companion Policy.
10.13: Section 6.2 of Rule published for comment	*Required documents for filing an amendment*	One commenter suggests that consent letters be required to be filed again with an amendment only where the original consent letters are no longer correct as of the date of the amendment.	We kept the proposed requirement. The nature of consent letters is such that they must be current as of the date of the amended prospectus.
10.14: Section 6.3 of Rule published for comment	*Auditor's comfort letter*	One commenter suggests deleting "relates to" and replacing it with "affects".	We added the term "materially affects or" immediately before "relates to" in section 6.3 of the Rule. This is identical to the language in section 5.3 of existing NI 44-101.
10.15: Section 6.6 of Rule published for comment	*Amendment to a final prospectus – general comment*	One commenter notes that this provision may make a prospectus distribution illegal where a material change has occurred, even where the material change occurred on account of circumstances outside the control of the issuer and/or where the issuer is not aware of the material change while it is in the process of distribution. This may result in disproportionate and unfair impact on underwriters.	A material change is generally limited to "a change in the business, operations or capital of the issuer". We also note that section 4.2 of NP 51-201 provides guidance on materiality determinations and section 4.3 of NP 51-201 provides examples of potentially material information. Under this definition, as supplemented by this guidance, it is unlikely that a material change will occur without the issuer's knowledge.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
10.16: Section 6.6 of Rule published for comment	*Amendment to a final prospectus – suggested change*	One commenter suggests adding "by the issuer" after "are to be distributed" in subsection 6.6(2).	We kept the proposed requirement.
10.17: Section 7.2 of Rule published for comment	*Non-fixed price offerings and reduction of offering price*	One commenter notes that this section is tighter than under current rules as section 1.5 of NI 41-501 (sic) does not contain a requirement to distribute at a fixed price. The commenter asks how this may affect the issuance of debt securities on an accrued interest basis.	We kept the proposed requirement. This section is consistent with the current rules. Under section 11.1 of Rule 41-501, a person or company distributing securities under a prospectus must do so at a fixed price. We are not aware of any difficulties in complying with the current requirement in respect of debt securities issued on an accrued interest basis.
10.18: Section 8.2 of Rule published for comment	*Minimum amount of funds*	One commenter suggests that funds should be returned to subscribers without any interest.	We kept the proposed requirement. Section 8.3 of the Rule does not mandate the payment of interest. Precluding the payment of interest would restrict market practices without any offsetting benefits to investors.
10.19: Subparagraphs 9.3(a)(xi), (xii) and (xiii) of Rule published for comment	*Undertaking in respect of continuous disclosure – undertaking to file documents and material contracts – undertaking in respect of restricted securities*	One commenter suggests it would streamline the long form prospectus filing process if the filing of these undertakings was eliminated and the subject matter of the undertakings simply included as requirements imposed by the Rule or NI 51-102, as applicable.	We kept the proposed requirement. Undertakings are more effective in dealing with policy concerns regarding a specific class of issuer without imposing general requirements that should not apply to many issuers. Undertakings can also be adapted to the specific circumstances of a particular issuer.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
10.20: Subparagraph 9.3(a)(xi) of Rule published for comment	*Undertaking in respect of continuous disclosure*	Two commenters believe that the requirement should only apply if an issuer is not required to consolidate results of the operating entity in an issuer's consolidated financial statements and disclosure.	We kept the proposed requirement. All income trust issuers must file this undertaking at the time of filing a final long form prospectus. However, the undertaking can specify that separate financial statements of the operating entity will only apply in instances when generally accepted accounting principles prohibit the consolidation of the operating entity and the income trust.
10.21: Subparagraph 9.3(a)(xiii) of Rule published for comment	*Undertaking in respect of restricted securities*	One commenter notes that this provision should also be subject to the same definition of "non-voting security" as set out in subsection 12.1(1) of the Rule.	We moved the definition of "non-voting security" to section 1.1 of the Rule.
10.22: Subparagraph 9.3(b)(ii) of Rule published for comment	*Communication with exchange*	One commenter believes that this requirement should only apply where application has been made to list securities on a Canadian exchange because it may be difficult to obtain such communication from exchanges outside of Canada.	We changed the requirement in subparagraph 9.2(b)(ii) of the Rule to limit it to Canadian exchanges.
10.23: Section 10.2 of Rule published for comment	*Licenses, registrations and approvals*	Two commenters express concerns about this requirement. Certain issuers will need to use funds held in trust to pay for any material licenses, registrations and approvals. Certain licenses, registrations and approvals	We changed the requirement in section 10.2 of the Rule so that it only applies if the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		may take many years to obtain (well beyond the time limit specified). One commenter suggests that funds should be returned to subscribers without any interest.	not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds. We also added section 3.12 of the Companion Policy to provide further guidance on this requirement. Section 10.2 of the Rule does not mandate the payment of interest. Precluding the payment of interest would restrict market practices without any offsetting benefits to investors.
10.24: Subsection 11.1(2) of Rule published for comment	*Over-Allocation and Underwriters – Definitions*	One commenter suggests replacing the term "closing of a distribution" with "completion of a distribution".	We kept the proposed requirement. There is no policy reason supporting the suggested change.
10.25: Section 12.1 of Rule published for comment	*Restricted securities – application and definitions*	One commenter suggests the following drafting changes: • In the definition of "restricted security reorganization": carve out an increase in the restricted class of securities itself from the list of items that will be considered a restricted security reorganization (track subparagraph (b)(i) under definition of "reorganization" in OSC Rule 56-501). • In the definition of "restricted voting	We have the following responses to these comments: • We moved the definitions in Part 12 of the Rule to section 1.1 of the Rule. • In the definition of "restricted security reorganization", we added the term "other than a restricted security". • In the definition of "restricted voting security": • We added the term "or regulation", immediately after "statute". Restrictions should not be

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		security": • in paragraph (a), add "or regulation or policy" after "statute"; • the reference to securities that may be "voted" does not conform to the wording in paragraph 12.1(2)(b), which also references securities that are "owned". • In paragraph 12.1(2)(c), replace the term "governing" with the term "applicable to".	permitted or prescribed by policies. • We added the term "or owned" immediately after "that may be voted". • We kept the proposed language in paragraph 12.1(c) of the Rule. The term "governing" is used in paragraph 1.2(1)(c) of OSC Rule 56-501.
10.26: Section 12.3 of Rule published for comment	*Restricted securities – prospectus filing eligibility*	Two commenters express concerns about the shareholder approval requirement. • Requirement to seek approval for prospectus distribution on class basis has undesirable impact on small companies that do not meet the definition of "private issuers" and were not reporting issuers at the time of the reorganization which created the restricted securities. • Issuance of securities is a business decision which corporate law has always recognized as within the authority of the directors of the corporation.	We kept the proposed requirements. The purpose of the Rule is to codify existing rules and harmonize requirements across jurisdictions in Canada. A re-examination of the underlying principles relating to shareholder approval for restricted securities is beyond the scope of the Rule. Relief from the requirements for certain issuers may be appropriate depending on specific facts and circumstances. Appropriate relief will be considered on a case-by-case basis.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		• Why should issuance of securities that have less rights than the currently issued and outstanding shares be subject to shareholder approval when the issuance of the same class of shares with the same rights is not?	
10.27: Section 12.3 of Rule published for comment	*Restricted securities – prospectus filing eligibility*	One commenter suggests the following drafting changes: • In paragraph 12.3(1)(a), the reference in the first line should be to prior majority approval of the "voting" securityholders. • In paragraph 12.3(1)(a), the term "control person" should be defined. • In paragraph 12.3(1)(a) and subparagraph 12.3(1)(b)(i), the phrase "in accordance with applicable law" does not indicate whether it would include requirements imposed by stock exchanges outside applicable law. • In subparagraph 12.3(1)(b)(iii), the term "or business reason" should be deleted. • Paragraphs 12.3(2)(a) and (c) should be limited by the term "to the extent known by the issuer after	We have the following responses to these comments: • We kept the proposed language. Prior majority approval should be obtained from any securityholders of the issuer required under applicable law even if applicable law requires majority approval by "non-voting" securityholders. • We kept the proposed language. The term "control person" is defined under provincial and territorial securities legislation. • We kept the proposed language. Requirements imposed by stock exchanges outside applicable law should not affect the approval by the securityholders of the issuer in accordance with applicable law. • We kept the proposed language. We see no policy reason to delete the term "or business reason".

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		reasonable inquiry" (similar to paragraph 12.3(2)(b)).	• We added the term "to the extent known to the issuer after reasonable inquiry" immediately after "or notice" in paragraph 12.3(2)(a) of the Rule and immediately after "the approval" in paragraph 12.3(2)(c) of the Rule.
10.28: Sections 13.1 and 13.2 of Rule published for comment	*Legend for communications during the waiting period – legend for communications following receipt for the final prospectus*	One commenter notes the term "permitted or not prohibited" as used in these sections is vague and unclear. In this respect, the commenter also notes that it is also unclear as to exactly what type of information is permitted or not prohibited under paragraph 65(2)(a) of the *Securities Act* (Ontario). One commenter suggests adding the term "generally" immediately after the term "as that used" in subsections 13.1(2) and 13.2(2). This would clarify that the size of text used in headings is not contemplated under these requirements.	We deleted the term "permitted or not prohibited". Though certain sections in some of our securities acts, including the one cited by the commenter, only specify what is "permissible" during the waiting period, the prospectus requirement and the broad definition of a "trade" under securities legislation mean that other activities that constitute a trade are prohibited. The deletion of the term "permitted or not prohibited" should not be read to mean that sections 13.1 and 13.2 of the Rule permit activities that are otherwise prohibited under securities legislation. We made the suggested changes to subsections 13.1(2) and 13.2(2) of the Rule.

10.29: Section 17.2 of Rule published for comment	*Lapse date*	One commenter suggests the following changes:
		
		• In subsection 17.2(2),
		  • the term "the distribution of" should be added after "with reference to";
		  • the term "that has been qualified under a
			We have the following responses to these comments:
			
			• We made the suggested changes to subsection 17.2(2) of the Rule.
			
			• In paragraphs 17.2(4)(b) and (c) of the Rule, we added the term "final" immediately

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		prospectus," should replace the term "that is being distributed under applicable securities legislation or the Instrument". • In paragraphs 17.2(4)(b) and (c), the term "prospectus" should expressly state whether it is a "preliminary" or a "final" prospectus, given the interpretation of the term "prospectus" under subsection 1.2(1).	after "new".
10.30: Subparagraph 19.3(2)(a)(ii) of Rule published for comment	*Evidence of exemption*	One commenter recommends that the letter and acknowledgement be required to be filed on SEDAR.	We kept the proposed requirement. Section 31.1 of Form F1 requires disclosure of all exemptions granted to the issuer which are to be evidenced by the issuance of a receipt for the prospectus. Section 39.1 of Form F2 includes a similar requirement.
10.31: Section 20.1 of Rule published for comment	*Applicable rules*	One commenter asks for clarification how the Rule would apply to a distribution that was qualified by a prospectus prior to the Rule becoming effective that has not been completed at the time the Rule comes into force or to provisions relating to custodianship of portfolio assets, etc.	We added subsection 20.1(2) to the Rule to clarify that securities legislation in effect at the date of the issuance of a receipt for a preliminary prospectus applies to a distribution qualified by the preliminary prospectus and a final prospectus in certain circumstances.
11: Form F1 - specific sections			
11.1: General	*Significance*	One commenter asks for clarification of how	We kept the proposed requirement.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Instruction (9) of Form F1 published for comment		significance will be determined.	To facilitate the disclosure of certain information required under Form F1, we do not generally require it to be updated to the prospectus date. Issuers should use their judgement, however, in determining whether a change in any information required to be provided as at a date before the prospectus date is significant and should be updated.
11.2: Sections 1.1 and 1.2 of Form F1 published for comment	*Required statement and preliminary prospectus disclosure*	One commenter suggests that the requirement should be to state language substantially similar to that which is set out (as opposed to requiring the exact language) to accommodate multi-national and/or cross border offerings.	We kept the proposed requirement. Though the prospectus must contain the stated language, this disclosure requirement does not preclude additional language necessary for multi-national or cross border distributions. Issuers should apply for exemptive relief to be evidenced by the receipt of the prospectus if the prospectus will include language that is inconsistent with the stated language.
11.3: Section 1.1 of Form F1 published for comment	*Disclosure of underwriter compensation options*	One commenter suggests adding a specific requirement to disclose underwriter compensation options (similar to the requirement under subsection 1.4(8) of Form 41-501F1 *Information Required in a Prospectus* (**Form 41-501F1**)).	Underwriter compensation options must be disclosed in the table required under subsection 1.11(6) of Form F1. We added an instruction to this subsection requiring disclosure of whether the prospectus qualifies the grant of all or part of the compensation securities and providing a cross-reference to the applicable section of the prospectus where information about the compensation securities is provided.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
11.4: Subsection 1.4(2) of Form F1 published for comment	*Distribution*	One commenter believes that it is inappropriate for this subsection to apply to securities acquired in the secondary market. If an interim misrepresentation results, this section would impose damages or rescission rights against an issuer who had received no proceeds.	We kept the proposed requirement. At closing, the purchasers under the prospectus have no way of knowing whether they are purchasing securities under the base offering or securities that may be backed by an over-allotment option. Accordingly, all of these purchasers should be entitled to damages against an issuer in the event of a misrepresentation in the final prospectus.
11.5: Section 1.9 of Form F1 published for comment	*Market for securities*	One commenter asks for clarification of whether the requirement in subsection 1.9(1) is to disclose Canadian exchanges and quotation systems only. One commenter suggests that the disclosure required under subsection 1.9(3) also be provided if no market for the securities currently exists (similar to subsection 1.7(3) of Form 41-501F1).	The requirement to identify exchanges and quotation systems is not limited to Canadian exchanges and quotation systems. Further clarification is unnecessary. We added the term "exists or" immediately after "distributed under the prospectus" in subsection 1.9(3) of Form F1.
11.6: Section 1.11 of Form F1 published for comment	*Underwriter(s)*	One commenter suggests the following changes: • In the first column, disclosure of any option granted by the issuer or insider of the issuer, total securities under option and other compensation securities should be limited to those that are	We have the following responses to these comments: • We added the term "to underwriter" immediately after "insider of issuer", and the term "issuable to underwriters" immediately after "under option" and "compensation securities", in the first column in subsection

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		issuable "to underwriters"; • In the second column, replace the term "held" with the term "available".	1.11(6) of Form F1. • We replaced the term "held" with "available" in the second column in subsection 1.11(6) of Form F1.
11.7: Section 1.13 of Form F1 published for comment	*Restricted securities*	One commenter suggests that the issuer should be able to describe the restricted securities by the term used in the constating documents to the extent it differs from the required restricted security term, at least once in the prospectus (similar to subsection 2.3(2) of OSC Rule 56-501).	We kept the proposed requirement. The exemption provided under subsection 2.3(2) of Rule 56-501 is set out in subsection 12.2(3) of the Rule.
11.8: Section 3.1 of Form F1 published for comment	*Summary of prospectus*	One commenter notes that in most circumstances none of the information appearing in a typical summary of financial information can be accurately described as "audited". The commenter suggests the addition of an instruction to Item 3, illustrating how the requirement in subsection 3.1(2) may be satisfied. For example, by specifically noting that information has been extracted from the audited financial statements of the issuer. One commenter asks for clarification of the "source" of the financial information required to be disclosed in subsection 3.1(2).	We kept the proposed requirement. The extraction of information from "audited" financial statements and the appropriate labelling of this information is within the purview of the Canadian Institute of Chartered Accountants. We changed paragraph 3.1(2)(a) of Form F1 to clarify that the "source" is information that appears elsewhere in the prospectus from which the financial information is based. We kept the proposed requirement. There is no provision that permits the incorporation by reference of information in a long form prospectus prepared in accordance with Form F1.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		One commenter suggests that subsection 3.1(3) should also account for information that is included by reference in the prospectus.	
11.9: Section 4.2 of Form F1 published for comment	*Intercorporate relationships*	One commenter suggests the following changes: • In paragraph 4.2(2)(c), add the term "formed or organized" to account for subsidiaries that may not be corporate entities. • In subsection 4.2(4), the carve-outs should also apply if, prior to filing the prospectus, there has been a restructuring or other transaction that would result in a subsidiary not being required to be disclosed if these thresholds are calculated as of a more recent date.	We have the following responses to these comments: • We made the suggested change. We also added General Instruction (13) to Form F1 to clarify that any disclosure requirements regarding "subsidiaries" also applies to business organizations that are not companies. • We kept the proposed requirement. The requirement to describe intercorporate relationships is harmonized with section 3.2 of Form 51-102F2 and is not overly onerous.
11.10: Subsections 5.1(2) and (3) of Form F1 published for comment	*Describe the business*	One commenter suggests the disclosure required by these subsections should be limited to the extent that it is material.	We added General Instruction (14) to Form F1 to clarify that any disclosure requirement substantially similar to a disclosure requirement in Form 51-102F2 may be omitted provided that: (a) the disclosure may be omitted under Form 51-102F2; and (b) the disclosure is not necessary to provide full, true and plain disclosure of all material facts relating to the securities being distributed.
11.11:	*Three-year*	One commenter believes	We kept the proposed

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Subsection 5.2(3) of Form F1 published for comment	*history*	that issuers should not be required to disclose such forward looking information unless defences for forward-looking disclosure are made available.	requirement. Disclosure of changes in the issuer's business that the issuer expects will occur during the current financial year is fundamentally important even if defences for this forward-looking information are not available. This same requirement is in section 5.1 of Form 41-501F1 and section 4.1 of Form 51-102F2. Section 11.1 of Form 44-101F1 generally requires an issuer to incorporate by reference the disclosure in a Form 51-102F2 into a short form prospectus.
11.12: Sections 5.3, 5.4, and 5.5 of Form F1 published for comment	*Issuers with asset-backed securities, issuers with mineral projects, and issuers with oil and gas operations*	One commenter suggests the disclosure required by these sections should be limited to the extent that it is material.	See our response to item 11.10, above.
11.13: Subparagraph 6.2(b)(i) of Form F1 published for comment	*Use of proceeds – junior issuers*	One commenter suggests adding the term "estimated" before the term "net proceeds".	We added the term "estimated" immediately before "net proceeds in subparagraph 6.2(b)(i) of Form F1.
11.14: Subparagraphs 6.2(b)(ii) of Form F1 published for	*Use of proceeds – junior issuers*	One commenter notes that the disclosure as at the most recent month end will not be readily available if the prospectus is filed in the	We kept the proposed requirement. Providing the disclosure as at the most recent month end is not overly onerous for junior issuers.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment		beginning of a month.	
11.15: Paragraphs 6.3(1)(a) and (b) of Form F1 published for comment	*Use of proceeds – principal purposes – generally*	One commenter suggests that the term "will" be replaced with the term "are expected to".	We kept the proposed requirement. Proceeds should be used in the manner described in the prospectus. This is consistent with the requirements under section 7.3 of Form 41-501F1.
11.16: Subsection 6.5(1) of Form F1 published for comment	*Use of proceeds – principal purposes – asset acquisition*	One commenter asks for clarification of whether the disclosure contemplated by this section is meant to include securities where the assets consist of securities.	We kept the proposed requirement. There is no policy reason to distinguish securities from other assets.
11.17: Section 6.9 of Form F1 published for comment	*Use of proceeds – Unallocated funds in trust or escrow*	One commenter suggests the disclosure required by this section should be limited to apply to the extent that it is applicable (it should not apply to most issuers).	We kept the proposed requirement. General Instruction (6) of Form F1 provides that issuers do not need to reference inapplicable items and, unless otherwise required, may omit negative answers.
11.18: Subsection 8.4(1) of Form F1 published for comment	*Management's discussion and analysis – disclosure of outstanding security data*	One commenter suggests that this requirement not apply if the offering consists of securities that are not voting or equity securities.	We kept the proposed requirement. Investors need outstanding share data disclosure even if the securities being distributed are not voting or equity securities. Also, the requirement is the same as the one in section 5.4 of NI 51-102, which is consistent with our objective of harmonizing the prospectus and continuous disclosure regimes.
11.19: Subsection 8.8(1) of Form F1 published for	*Management's discussion and analysis – additional disclosure for*	One commenter notes that there is no definition of the term "significant equity investees".	We added a definition of "equity investee" in the Instrument and we added subsection 4.4(3) of the Companion Policy to provide

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment	*issuers with significant equity investees*		further guidance as to when an equity investee is "significant". With these changes, this disclosure requirement is the same as the requirement in section 5.7 of NI 51-102, as supplemented by the guidance in section 5.4 of 51-102CP.
11.20: Section 10.3 of Form F1 published for comment	*Asset-backed securities*	One commenter suggests that Instruction (2) be changed to permit the most recent information on pool assets to coincide with the most recently issued financial statements of the seller of the pool of assets.	We kept the proposed requirement. There is a benefit to having the most recent financial information available and providing the information as at a date that is within 90 days of the prospectus date is not overly onerous.
11.21: Section 10.5 of Form F1 published for comment	*Special warrants, etc.*	One commenter notes that the disclosure contemplated by this provision apparently creates a legal remedy for a holder of special warrants in certain circumstances and questions whether the CSA has the jurisdiction to create legal remedies through disclosure required in a prospectus form.	We have rulemaking authority to adopt this disclosure requirement. We also added section 2.4 of the Rule to clarify that an issuer must not file a prospectus to qualify the conversion of a special warrant into other securities of the issuer unless purchasers of the special warrants have been provided with a contractual right of rescission not only of the holder's exercise of its special warrant but also of the private placement transaction pursuant to which the special warrant was initially acquired.
11.22: Section 10.9 of Form F1 published for comment	*Ratings*	One commenter suggests that disclosure should only be required if the issuer has asked for and has received any other kind of rating, including a provisional rating (carve-out should not	We added the term "is aware that it" immediately before "has received any other kind of rating" in section 10.9 of Form F1.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		be limited to stability ratings). Issuers should not be responsible for disclosure of ratings which are unsolicited and/or of which they may not be aware.	
11.23: Subsection 12.1(1) of Form F1 published for comment	*Options to purchase securities*	One commenter suggests that paragraphs (a) through (e) of this subsection should clearly state that the disclosure is required without naming the individuals (similar to section 12.1 of Form 41-501F1).	We kept the proposed requirement. The disclosure under paragraphs 12.1(1)(a) through (e) of Form F1 is required to be provided "as a group".
11.24: Section 13.1 of Form F1 published for comment	*Prior sales*	One commenter suggests the following changes: • Clarify that disclosure regarding prior sales of compensation securities, such as stock options, is not required. • The disclosure should be required of the prices at which the securities have been sold and the number of securities sold at each price, not every trade. • Paragraph 13.1(a) should include a reference to securities that are to be sold by the issuer or the selling securityholder (similar to section 13.1 of Form 41-501F1).	We have the following responses to these comments: • Disclosure regarding compensation securities is required. If the disclosure in section 13.1 of Form F1 is duplicative, issuers may provide a cross-reference to the section of the prospectus where such disclosure is provided. • In paragraph 13.1(b) of Form F1, we added the term "at that price" immediately after "issued". We also added a requirement to disclose the date on which the securities were issued in paragraph 13.1 (c) of Form F1. This effectively requires disclosure of every trade. • In paragraph 13.1(a) of Form F1, we added the term "or

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			are to be issued by the issuer or selling securityholder" immediately after "issued".
11.25: Subsection 14.1(1) of Form F1 published for comment	*Escrowed securities and securities subject to contractual restriction on transfer*	One commenter suggests that contractual restrictions should only be required to be disclosed with respect to the securities offered by the prospectus and imposed by the issuer or selling securityholder. Disclosure of contractual restrictions on transfer should expressly carve-out certain restrictions, such as those existing under pledges made to lenders.	An issuer must disclose contractual restrictions on all of its issued and outstanding securities. However, securities subject to contractual restrictions as a result of pledges made to lenders are not required to be disclosed. We added Instruction (2) to Item 14 of Form F1 to clarify this requirement. We also made consequential amendments to Item 9 of Form 51-102F2.
11.26: Section 16.3 of Form F1 published for comment	*Conflicts of interest*	One commenter suggests that this disclosure be limited to existing or potential conflicts of interest which are known to the issuer.	We kept the proposed requirement. Issuers should be responsible for disclosing all potential conflicts of interests.
11.27: Section 16.4 of Form F1 published for comment	*Management of junior issuers*	One commenter suggests the age of each member of management should not be disclosed. Such information is confidential and disclosure is not appropriate under privacy and protection of personal information principles. One commenter suggests the following changes to the instructions: • Clarify that disclosure is required only of "executive directors" and	We kept the proposed requirement. Junior issuers often have a limited history of operations. Management of a junior issuer is a key factor in the future success or failure of the company. Information about management's background and experience is necessary information in making a reasoned judgement about their qualification. The disclosure of the age of management is permitted under privacy and protection of personal information principles as it is material and relevant

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		that including employees and contractors is beyond what is commonly understood to be the management group. • Reference to "entrepreneur" should be deleted because this term in fact best describes the occupation of some individuals.	information to a purchaser making an informed investment decision. We removed instruction (2) to section 16.4 of Form F1.
11.28: Item 19 of Form F1 published for comment	*Audit committees and corporate governance*	One commenter suggests that it is not appropriate to require this disclosure in a prospectus and to subject all of those signing a certificate to prospectus liability for such disclosure.	We kept the proposed requirement. The effectiveness of an issuer's audit committee and the nature of its corporate governance practices are fundamental to an investment decision. Accordingly, the requirement for this disclosure is appropriate. There is no policy reason to distinguish this disclosure from other required prospectus disclosure.
11.29: Section 20.6 of Form F1 published for comment	*Stabilization*	One commenter notes that the anticipated size of any over-allocation position and the effect on the price of securities may not be known at the time this disclosure is required to be included in the prospectus.	We kept the proposed requirement. The issuer, selling securityholder or underwriter should know the nature of the stabilization transactions at the time this disclosure is required to be disclosed in the prospectus.
11.30: Section 20.7 of Form F1 published for comment	*Approvals*	One commenter expresses concerns about this disclosure requirement. Certain issuers will need to use funds held in trust to pay for any material licenses, registrations and approvals. Certain licenses,	We changed the disclosure requirement in section 20.7 of Form F1 to harmonize with the changes to the escrow requirement in section 10.2 of the Rule, as discussed in our response to item 10.23, above.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		registrations and approvals may take many years to obtain (well beyond the time limit specified). The commenter also suggests that funds should be returned to subscribers without any interest.	
11.31: Section 20.10 of Form F1 published for comment	*Conditional listing approval*	One commenter notes that the term "conditional listing approval" is a Canadian term and asks how it will be applied to foreign markets.	We kept the proposed requirement. Disclosure is not required if a foreign exchange has not provided a "conditional listing approval" or something substantially similar. This requirement is substantially similar to the one in section 19.9 of Form 41-501F1 and section 5.8 of Form 44-101F1.
11.32: Section 21.1 of Form F1 published for comment	*Risk factors*	One commenter notes that it will be difficult for trust and partnership issuers to comply with the disclosure required by subsection 21.1(2) because issues relating to trust beneficiary and partnership liability is unclear in some jurisdictions. One commenter notes that the requirement to disclose risks in order of seriousness under the instruction to this item is not appropriate. An assessment of order of importance is highly subjective and there may be consequences to being wrong. The commenter suggests the instruction be	We kept the proposed requirement. Many trust and limited partnership issuers have provided this risk factor disclosure in their prospectuses and annual information forms. It is important for issuers to disclose risks in their order of seriousness to emphasize the relative seriousness of each risk. Issuers may include qualifying language for risks that may change over time or where the evaluation of a particular risk is highly subjective.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		changed to guidance in the Companion Policy.	
11.33: Section 22.1 of Form F1 published for comment	*Promoters and substantial beneficiaries of the offering*	One commenter suggests the following changes: • Do not require this disclosure for any person or company that has been a promoter of the issuer or subsidiary of the issuer in the third year before the date of the prospectus. Currently, disclosure is required only for a person or company who has been a promoter within the past two years. • Add Ontario carve-out to requirement for disclosure from substantial beneficiary of the offering because no certificate is required in Ontario. • Do not require disclosure for an asset acquired in the third year before the date of the prospectus under paragraph 22.1(1)(d). Currently, disclosure is required only for an asset acquired within the past two years. • The disclosure in subparagraph 22.1(1)(d)(ii) should be required only to the extent that it is	We have the following responses to these comments: • We changed the requirement to only require disclosure for a person or company who has been a promoter within the past two years. We also made a consequential amendment to section 11.1 of Form 51-102F2. • We removed the requirement to provide this disclosure for substantial beneficiaries of the offering in all jurisdictions given our decision to remove the requirement for substantial beneficiaries of the offering to provide certificates. • We changed the requirement to only require disclosure for an asset acquired within the past two years. We also made a consequential amendment to section 11.1 of Form 51-102F2. • We kept the proposed requirement. General Instruction (6) of Form F1 provides that issuers do not need to reference inapplicable items and, unless otherwise required, may omit negative answers. • We added Instruction (3) to

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		applicable. • The disclosure required under paragraph 22.1(4)(b) should expressly exclude penalties or sanctions imposed by securities regulatory authorities relating to late SEDI filings.	Item 22 of Form F1 clarifying that a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction" for the purposes of this Item.
11.34: Section 23.1 of Form F1 published for comment	*Legal proceedings*	One commenter suggests replacing the term "current assets" with the term "assets" because the term current assets is too limiting and changes daily.	We kept the proposed requirement. The amount of current assets is an indicator of the liquidity of an issuer and is a more relevant measure for purposes of disclosure regarding legal proceedings. This requirement is harmonized with section 12.1 of Form 51-102F2.
11.35: Section 23.2 of Form F1 published for comment	*Regulatory actions*	One commenter suggests that this disclosure should only be required to the extent it is material.	See our response to item 11.10, above.
11.36: Section 24.1 of Form F1 published for comment	*Interests of management and others in material transactions*	One commenter suggests replacing the term "will materially affect" with the term "is reasonably expected to materially affect" because an issuer will not be in a position to know what will materially affect the issuer or a subsidiary.	We made the suggested change. We also made consequential amendments to section 13.1 of Form 51-102F2.
11.37: Section 27.1 of Form F1 published for comment	*Material contracts*	One commenter suggests that the disclosure required by this section be limited to material contracts entered into in the two years	We changed this requirement so that it only applies to material contracts required to be filed under section 9.3 of the Rule or that would be required to be

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		immediately preceding the date of the preliminary prospectus.	filed under section 9.3 of the Rule but for the fact that it was previously filed. Section 9.3 of the Rule generally requires the filing of material contracts entered into since the beginning of the last financial year ending before the date of the prospectus or before then if the material contract is still in effect.
11.38: Section 31.1 of Form F1 published for comment	*List of exemptions from instrument*	One commenter suggests adding the term "or Form 41-101F2, as applicable," immediately after "Form 41-101F1". One commenter asks for clarification of whether an issuer would be required to list exemptions granted to other parties governed by the Rule, such as underwriters, custodians, substantial beneficiaries of the offering, etc.	We kept the proposed requirement. The additional language is unnecessary because an issuer using Form F1 will not require relief from the requirements of Form F2. Also, disclosure similar to that required in section 31.1 is required under section 39.1 of Form F2. The requirement applies to exemptions "granted to the issuer". No further clarification is necessary.
11.39: Item 32 of Form F1 published for comment	*Financial statement disclosure for issuers*	One commenter suggested the optional test under 35.1(4) of Form 41-101F1 for determining significance should not be permitted for an acquisition that is significant to the issuer at over a 100% level. The commenter suggested that subsequent growth of the issuer should not eliminate financial statement disclosure for its primary business, which otherwise would be subject to subsection 32.2(6) to	We added guidance to subsection 5.3(1) of the Companion Policy. If we encounter circumstances under which the use of the optional test is not appropriate, we may request financial statements necessary to satisfy the requirement that the prospectus contain full, true and plain disclosure of all material facts be included in the prospectus.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		provide at least 3 years of operations of the primary business.	
11.40: Section 32.4 of Form F1 published for comment	*Financial statement disclosure for issuers*	One commenter suggests the CSA consider making the relief in subsection 32.4 to provide only 2 years of financial statements, contingent on such financial statements being made available on SEDAR.	We kept the proposed requirement. For existing reporting issuers, we harmonized the financial statement disclosure requirement for prospectuses with their ongoing continuous disclosure obligations.
11.41: Paragraph 32.4(a) of Form F1 published for comment	*Financial statement disclosure for issuers*	One commenter questioned how the exemption available in s. 32.4(a) to exclude the third most recently completed financial year works in concert with subsection 5.3(1) of the Companion Policy regarding a "primary business".	The exemption in paragraph 32.4(a) of Form F1 only applies to reporting issuers. We changed subsection 5.3(2) of the Companion Policy to clarify that two years of financial statements are required for a primary business or businesses acquired by reporting issuers.
11.42: Section 32.4 of Form F1 published for comment	*Exceptions to financial statement requirements*	One commenter suggests an exception to this section be added permitting issuers to exclude any interim financial statements otherwise required for a period ending prior to the date of any audited financial statements for a period of at least 9 months included in the prospectus. One commenter suggests that the Rule should expressly permit the inclusion of pro forma financial statements giving effect to a proposed transaction when a restructuring transaction is	We kept the proposed requirement. Interim financial statements for periods ending on or prior to the date of any audited financial statements are not required to be included in the prospectus. The reference to "most recent financial year" in paragraph 32.3(1)(a) of Form F1 includes audited financial statements that have been provided under paragraphs 32.4(d) or (e) of Form F1. In subsection 5.4(1) of the Companion Policy, we clarified that issuers should consider including pro forma financial statements in these circumstances.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		proposed in connection with a prospectus offering. The financial effects of some restructuring transactions are best presented in accompanying pro forma financial statements.	
11.43: Section 34.2 of Form F1 published for comment	*Issuer is wholly-owned subsidiary of parent credit supporter*	One commenter notes that in some cases subordinated indebtedness may be secured by a subordinated guarantee. The commenter suggests clarifying that these circumstances should not be excluded by reference to "full and unconditional credit support" in this section.	We kept the proposed requirement. The definition of "full and unconditional credit support" does not preclude indebtedness that may be secured by a subordinated guarantee. Further clarification is unnecessary.
11.44: Item 34 of Form F1 published for comment	*Exemptions for certain issues of guaranteed securities*	One commenter notes that subparagraphs 34.1(2)(b) and (c) require all subsidiary entity columns to account for investments in non-credit supporter subsidiaries under the equity method. The commenter believes that, under U.S. requirements, the subsidiary entity column must account for investments in all guarantor and non-guarantor subsidiaries under the equity method. The commenter suggests these subparagraphs be conformed to the U.S. requirements to avoid the need for U.S. GAAP reconciling items in this area.	We kept the proposed requirement. This requirement is consistent with Item 13 of Form 44-101F1. The U.S. rules require that certain investments held by subsidiary issuers be accounted for by the equity method (for example, non-guarantor subsidiaries, issuers whose guarantees are not full and unconditional, and issuers whose guarantee is not joint and several with the guarantees of other subsidiaries). We do not intend to create a disclosure difference from the U.S. requirements in relation to this disclosure. In the event that a disclosure difference occurs, an issuer may request exemptive relief. Relief will be considered on a case-by-case basis. We are not aware of any cases where

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			the Form 44-101F1 requirements have created U.S. disclosure differences.
11.45: Item 35 of Form F1 published for comment	*Significant acquisitions*	One commenter notes that the cross reference to NI 51-102 in subparagraph 35.1(4)(b)(vi) is incorrect as the statements "required to be filed" no longer exists in Part 8 of NI 51-102.	We changed subparagraph 35.1(4)(b)(vi) to clarify that references to audited annual financial statements "filed" should be read to mean references to annual audited statements "included in the long form prospectus". We also added subparagraph 35.1(4)(b)(vii) to clarify the application of subsection 8.3(15) of NI 51-102.
12: Companion Policy - specific sections			
12.1: Subsection 1.3(2) of Companion Policy published for comment	*Business day*	One commenter believes that the interpretation of "business day" would effectively penalize issuers in the jurisdiction that observed a statutory holiday in that it abridges the time period available to them while affording an extra day to all others. The commenter suggests that, where a statutory holiday in any jurisdictions falls during a relevant time period, the time period should be extended by one day in all jurisdictions.	We kept the proposed guidance. Abridging the time period for an issuer in a jurisdiction that observes a statutory holiday facilitates administrative efficiency.
12.2: Section 2.3 of Companion Policy published for comment	*Indirect distributions*	One commenter suggests the reference to "controlling shareholder" in the third bullet of the second full paragraph should be a reference to "controlling	We made the suggested change.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		person".	
12.3: Section 3.2 of Companion Policy published for comment	*Confidential material change report*	One commenter suggests adding the "or the decision to implement the change has been rejected and the issuer so notified the regulator of each jurisdiction where the confidential material change report was filed" after "generally disclosed".	We made the suggested change.
12.4: Subsection 3.6(2) of Companion Policy published for comment	*Material contracts – management or administration agreements*	One commenter suggests that it is not appropriate to require disclosure of the types of plans and arrangements listed in this section on account of privacy concerns and in order to protect the personal information of individuals.	We replaced the guidance in subsection 3.6(2) of the Companion Policy published for comment with the guidance in subsection 3.6(4) of the Companion Policy. Only external management or external administration agreements are required to be filed under paragraph 9.3(2)(e) of the Rule. The guidance in subsection 3.6(4) of the Companion Policy provides that external management and external administration agreements include agreements between the issuer and a third party, the issuer's parent entity, or an affiliate of the issuer, under which the latter provides executive management and other services to the issuer.
12.5: Subsection 4.4(2) of Companion Policy published for comment	*MD&A – disclosure of outstanding security data*	One commenter suggests replacing the term "year" with the term "period" to be consistent with the corresponding guidance in section 5.3 of 51-102CP.	We made the suggested change.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
12.6: Subsection 5.9(2) of Companion Policy published for comment	*Completed significant acquisitions and the obligation to provide business acquisition report level disclosure for a non-reporting issuer*	One commenter believes that the last sentence of the second paragraph of this subsection is incorrect. This sentence indicates that the applicable time period for the optional test is derived from the most recent interim financial statements of the issuer and the acquired business or related businesses before the date of the long form prospectus. In respect of the issuer, subparagraph 35.1(4)(b)(iii) of Form F1 actually requires the use of the most recently completed interim period or financial year that is included in the prospectus.	We made the suggested change.
12.7: Subsection 5.9(2) of Companion Policy published for comment	*Completed significant acquisitions and the obligation to provide business acquisition report level disclosure for a non-reporting issuer*	One commenter suggests replacing the term "within 45 days of the year end" in the last sentence of this subsection with the term "within 45 days after the year end".	We made the suggested change.
12.8: Subsection 5.9(2) of Companion Policy published for comment	*Completed significant acquisitions and the obligation to provide business acquisition*	One commenter is unable to appreciate the difference highlighted in the last paragraph of this subsection. For any significant acquisition that occurred within the timeframes stipulated in paragraph	We changed subsection 5.9(2) of the Companion Policy to clarify the intent of section 35.3 of Form F1.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
	report level disclosure for a non-reporting issuer	35.3(1)(d) of Form F1 a reporting issuer would have already filed a BAR on or before the date of the prospectus. Section 35.3 of Form F1 merely ensures that an issuer that was not a reporting issuer on the date of acquisition includes the same disclosure in the prospectus that a reporting issuer would have included in a BAR filed as at the date of the prospectus. The commenter suggests including an example to illustrate the difference.	
12.9: Subsection 5.9(5) of the Companion Policy published for comment	*Indirect acquisitions*	One commenter suggested adding to the Companion Policy the guidance provided in subsection 4.9(3) of 44-101 CP regarding indirect acquisitions.	This guidance was included in subsection 5.9(5) of the Companion Policy published for comment.
12.10: Subsection 5.9(7) of Companion Policy published for comment	*Updated pro forma financial statements to date of long form prospectus*	One commenter notes that the guidance in this subsection appears to contradict section 35.7 of Form F1. The commenter believes that section 35.7 of Form F1 allows an issuer to present in one set of pro forma financial statements the combined effects of all the significant acquisitions that are proposed or have occurred since the beginning of the issuer's most recently completed financial year for which financial statements are included in the	We removed subsection 5.9(7) of the Companion Policy published for comment. Section 35.7 of Form F1 provides an exemption from the requirement to provide pro forma financial statements for each individual significant acquisition if a combined set of pro forma financial statements is included in the long form prospectus. Since pro forma financial statements may not have been prepared for each individual significant acquisition, this exemption

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		prospectus. This section expressly allows an issuer providing this one set of pro forma financial statements to exclude the pro forma financial statements otherwise required for each acquisition. The commenter supports the adoption of section 35.7 of Form F1 and asks that the guidance in this subsection be clarified.	would save the issuer the costs of preparing them. For a short form prospectus, each previously filed business acquisition report required to be incorporated by reference must be incorporated by reference in its entirety. This business acquisition report includes pro forma financial statements for each significant acquisition.
12.11: Part 6 of Companion Policy published for comment	*Advertising or marketing activities in connection with prospectus offerings*	Three commenters do not support the adoption of this guidance. The guidance is substantially different from industry practice (specifically with respect to roadshows). If the securities regulatory authorities have concerns about selective disclosure in these information sessions, they have existing powers that can be used to address this problem. One commenter suggests the CSA reconsider the policy pronouncements in sections 6.5 through 6.10 in light of developments in the securities marketplace generally since these statements were first formulated.	We understand that industry practice may be different from the guidance in Part 6 of the Companion Policy. We note that that guidance is based on existing prospectus requirements under securities legislation. To change that guidance, we would also have to seek changes to the underlying securities legislation in each province and territory. We concluded that a full review of the existing legislation and consideration of the changes necessary to modernize the regime would delay the finalization of the Rule. Since the primary substance and purpose of the Rule and the consequential amendments is to harmonize and consolidate prospectus requirements across Canada, we decided not to make any changes to the guidance at this time. Nevertheless, we acknowledge these comments. We also believe the concerns expressed

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			by the commenters warrant further review. Accordingly, following the publication of the Rule, we will consider initiating a new project to review marketing and pre-marketing requirements in the context of a prospectus, including the guidance in Part 6 of the Companion Policy.
13: Proposed amendments to other instruments and policies			
13.1: Appendix A of NP 43-201	*Materials required to be filed*	One commenter suggests that all references in Appendix A to an auditors' comfort letter should be deleted.	On August 31, 2007, we published for comment proposed National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*. We anticipate NP 11-202 will be effective at the same time as the Rule. As a consequence of adopting NP 11-202, NP 43-201 will be repealed at that time. Thus, we have not adopted any of the proposed amendments to NP 43-201 that we published for comment. The commenter's suggestion is reflected in the version of NP 11-202 published for comment.
13.2: Proposed amendment to subparagraph 4.1(b)(i) of NI 44-101 published for comment	*Personal information form and authorization to collect, use and disclose personal information*	One commenter does not support the adoption of this requirement. The process of completing a PIF can be time consuming and is inconsistent with the fundamental rationale for short form offerings.	See our response to item 3.1, above. We made corresponding changes to the consequential amendment to subparagraph 4.1(b)(i) of NI 44-101.
13.3: Proposed	*Prior sales*	One commenter does not support the adoption of this	We have kept the proposed amendment. Though the

Reference	*Subject*	*Summarized Comment*	*CSA Response*
amendment to Item 7A of Form 44-101F1 published for comment		requirement because the information is unnecessary since it is already publicly available.	information may be publicly available, it should be included directly in the short form prospectus to facilitate informed investment decisions. Also, see our response to item 11.24, above. This amendment harmonizes the disclosure in Form 44-101F1 with Item 13 of the Rule. The amendment is also substantially similar to the requirement in Item 13 of OSC Rule 41-501.
13.4: Proposed amendment to paragraph 6(b) subsection 11.1(1) of Form 44-101F1 published for comment	*Mandatory incorporation by reference*	One commenter suggests that the term "the issuer's most recent financial statements" be deleted and replaced with "the issuer's current annual financial statements", to conform to corresponding provision in section 35.4 of Proposed Form 1.	We made the suggested change.
13.5: Form 44-101F1	*Pro forma financial statements for multiple acquisitions*	One commenter recommends adding a section regarding pro forma financial statements for multiple acquisitions to Form 44-101F1 similar to section 35.7 of Proposed Form 1.	We kept the proposed amendment. The short form prospectus regime is based on the issuer incorporating its continuous disclosure record into the prospectus. An issuer may include updated pro forma financial statements in the prospectus that reflects multiple acquisitions during the period. However, a previously filed business acquisition report is required to be incorporated by reference in its entirety.
13.6:	*Definition of*	Three commenters do not	We kept the proposed

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Proposed amendment to section 1.1 of NI 44-102 published for comment	*"novel"*	support the proposed amendment to the definition of "novel" in section 1.1 of NI 44-102. Requiring pre-clearance on an issuer basis may be cumbersome and inefficient because it would make it more difficult for issuers to respond to particular market opportunities and will not be transparent to other issuers of similar types of securities. One commenter expresses specific concerns regarding investment fund issues. The proposed approach to pre-clearance would impose an unwritten regime on issuers of novel specified derivatives under which such issuers could be subject to certain aspects of the investment funds regime without being able to determine in advance of pre-clearance, which aspects of the regime would be regarded by regulators as applicable. The commenter also notes that passive linked securities are not similar to investment funds and an investment fund regime should not apply to them. One commenter believes that a 10-day review period in the pre-clearance process is too long and requests the period be reduced to 5 days. The commenter also	amendment. The shelf system was generally not designed for offerings of novel specified derivatives. Significant disclosure about such products is typically found in the shelf prospectus supplement, which is not subject to regulatory review and can be up to 50 pages in length. It is in the public interest that this disclosure be subject to regulatory review. We acknowledge, however, that regulatory review must be balanced against issuer speed-to-market concerns. Though not specifically set out in the proposed amendments to NI 44-102, we have, on a case-by-case basis, pre-cleared templates of shelf prospectus supplements. These templates typically include most of the disclosure that will be in the final shelf supplement but may omit certain information that will not be known until the final shelf prospectus supplement is filed. Our pre-clearance review typically focuses on material aspects of either the template or draft shelf prospectus supplement. See CSA Staff Notice 44-304 *Linked Notes Distributed Under Shelf Prospectus System* published on July 20, 2007 for further guidance on the pre-clearance process and the use of templates.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		requests that the regulators limit their review to the aspects of the proposed distribution that are novel.	We proposed the new definition of "novel" because it is important for an issuer to fully describe the nature of a specified derivative that the issuer has not previously distributed in its shelf prospectus. If another issuer has distributed a similar product, reference to the other product will facilitate our pre-clearance review. Issuers may also provide blacklines of a template or draft shelf prospectus supplement against the disclosure provided by another issuer to facilitate our review. If appropriate, we may be able to minimize the timing of the pre-clearance process. However, we are generally not prepared to reduce the 10-day review period set out in the proposed amendments to NI 44-102.
13.7: Proposed amendment to Part 8 of NI 51-102 published for comment	*Business acquisition report*	One commenter supports the proposed amendments to paragraph 8.4(5)(b) and subparagraph 8.10(3)(e)(ii) of NI 51-102. These changes will provide more meaningful pro forma financial information because they require the issuer to consider and reflect the financial effects of all other significant acquisitions that occurred during the period covered by the pro forma income statement.	We acknowledge this comment.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
13.8: Proposed amendment to section 16.1 of 44-101F1 published for comment	*Promoters and substantial beneficiaries of the offering*	One commenter does not support the adoption of the proposed consequential amendments to section 16.1 of Form 44-101F1. This disclosure provides no benefit to the public markets and will provide a disincentive to vendors to do business with Canadian acquirers who may undertaking a prospectus financing within the year following the transaction. Similarly the expanded disclosure with respect to bankruptcies or other penalties and sanctions of substantial beneficiaries of the offering is unnecessary and of no value to investors.	We removed the requirement for substantial beneficiaries of the offering to provide certificates. Accordingly, we also removed this disclosure requirement in respect of substantial beneficiaries of the offering.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Part C: Comments relating to investment funds			
14: Investment fund issues – general			
14.1 Rule published for comment	*Custodian and advertising*	Two commenters recommend that NI 81-102 take precedence over the custodian and advertising sections in the Rule with respect to labour sponsored investment funds so that there would be no conflicts.	We kept the proposed advertising sections as we do not see any conflict with NI 81-102. We clarified that the custodian sections in the Rule do not apply to investment funds that are subject to NI 81-102. Consequently, labour sponsored investment funds that are mutual funds will comply with the custodian provisions of Part 6 of NI 81-102 and not with those of Part 14 of the Rule.
14.2 Rule published for comment	*NI 81-101 prospectus form*	One commenter recommends that all investment funds be subject to the prospectus form in NI 81-101. One commenter suggests that scholarship plans should be subject to the prospectus form in NI 81-101 which would provide clearer and understandable disclosure for investors.	We kept the proposed requirement. There are inherent differences between conventional mutual funds and other investment funds (including, for example, differences in investment restrictions and structure). NI 81-101 is appropriate for conventional mutual funds. The disclosure required by Form F2 is tailored for investment funds that are not conventional mutual funds.
14.3 Rule published for comment	*Pricing NAV*	One commenter recommends that NI 41-101 and Form 41-101F2 provide for the use of a "Pricing NAV" for labour sponsored investment funds since they	We kept the proposed requirement. While not expressly provided for in the Rule and Form F2, the Rule and Form F2 do not prohibit labour sponsored investment

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		are allowed to include the unamortized balance of up-front sales commissions in calculating their sale and redemption prices for their shares in some jurisdictions under certain conditions.	funds from using a "Pricing NAV".
14.4 Rule published for comment	*Minimum waiting period*	One commenter supports the proposal not to have a minimum waiting period, and notes that investment funds conduct little or no marketing from the preliminary prospectus.	We acknowledge the comment.
15: **Investment fund issues: Rule - specific sections**			
15.1: Section 1.1 of Rule published for comment	*Definition of "derivative"*	One commenter suggests that "in the interests of national consistency of rules, the CSA consider ensuring that the term as defined in NI 41-101 is consistent with the term as defined in NI 81-102, including the CSA policy discussion of that term provided for in the companion policy to NI 81-102."	We kept the proposed definition. The definition is consistent with the definition in existing NI 44-101. The definition in NI 81-102 is directed to investment restrictions of mutual funds, which has a different purpose than in the Rule.
15.2: Section 2.2 of Rule published for comment	*Language*	One commenter asks for guidance as to who would be acceptable to provide a translation certificate.	The certificate required in subsection 2.2(4) of the Rule must be provided by the issuer. Any representative of the issuer duly authorized to sign on behalf of the issuer may sign the certificate.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
15.3: Section 4.1 of Rule published for comment	*MRFP*	One commenter recommends for clarity that "s.4.1 be subject to s. 15.1(1) so that it is clear that funds in continuous distribution be permitted to incorporate such documentation by reference, as is the case for investment funds governed by NI 81-101."	We amended section 4.1 of the Rule to clarify that investment funds in continuous distribution (other than scholarship plans) must incorporate financial statements and related documents by reference.
15.4: Section 4.3(1) of Rule published for comment	*Review of unaudited financial statements*	Two commenters oppose this change on the basis of cost and time to conduct the review. One commenter also suggests that the language may not be clear with respect to financial statements incorporated by reference. The commenter notes that "section 4.3 speaks of interim statements that are "included" in a long form prospectus." The commenter also notes that "Form 41-101F2 allows most investment funds to not "include" financial statements in the prospectus – rather these statements are incorporated by reference into the prospectus." The commenter suggests that "the language would reasonably support an interpretation that financial statements incorporated by reference into a long form prospectus are not "included" with the	We narrowed this provision to require only unaudited financial statements included or incorporated by reference into the prospectus at the date of filing of the prospectus to be reviewed. CICA Handbook Section 7110 - *Auditor Involvement with Offering Documents of Public and Private Entities* sets out the auditor's professional responsibilities when the auditor is involved with a prospectus or other securities offering document and requires that the auditor perform various procedures prior to consenting to the use of its report or opinion, including reviewing unaudited financial statements included in the document.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		prospectus and therefore do not need to be reviewed by an auditor."	
15.5: Section 4.4(2) of Rule published for comment	*Approval of financial statements and related documents*	One commenter suggests that the language was confusing regarding the words "included in the long form prospectus" as they relate to financial statements. The commenter asks whether financial statements incorporated by reference into the prospectus contained in Form 41-101F2 could be interpreted as being "included" in the filed long form prospectus or not.	We added the words "or incorporated by reference" to clarify that financial statements incorporated by reference must also be approved.
15.6: Section 5.10 (2)(b) of Rule published for comment	*Certificate of investment fund manager*	One commenter asks for clarification about who should sign the certificate when the investment fund manager has only one director.	We kept the proposed requirement. The requirement in subsection 5.10(2) of the Rule is the same as the certificate of the manager required to be included in the prospectus of a mutual fund. This requirement puts all investment funds on the same footing.
15.7: Section 5.13 of Rule published for comment	*Certificate of substantial beneficiary of the offering*	One commenter notes that this section probably does not apply to investment funds (including mutual funds) and recommended that it would be beneficial for the CSA to state this directly in the Rule if the CSA decide to retain this provision.	This section has been removed from the Rule.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
15.8: Section 6.6(5) and (7) of Rule published for comment	*Amendment to a final prospectus*	One commenter suggests that the exclusion in subsection (7) for the named categories of investment funds also should apply to other issuers that are distributing securities on a continuous basis.	We clarified this subsection to exclude investment funds that are in continuous distribution.
15.9: Section 8.1 of Rule published for comment	*Distribution period*	One commenter asks for clarification regarding whether this section applies to investment funds in continuous distribution.	We clarified this section to exclude investment funds that are in continuous distribution.
15.10: Section 9.2 of Rule published for comment	*Pro forma prospectus*	Two commenters recommend that "s. 9.2 specifically identify and/or distinguish the required documents for filing a preliminary long form prospectus and the required documents for filing a pro forma long form prospectus."	We revised Part 9 of the Rule to identify the required documents for filing a pro forma long form prospectus.
15.11: Section 10.1 of Rule published for comment	*Auditor's consent*	One commenter asks for clarification about "whether an auditor's consent must be filed at the time audited financials are filed on SEDAR and automatically incorporated by reference into an investment fund's previously filed prospectus."	Paragraph 10.1(2)(a) specifically states that for financial statements incorporated by reference, the auditor's consent must be filed no later than the date those financial statements are filed.
15.12: Section 12.1(2) of	*Application and definitions* –	One commenter recommends that all investment funds be	We kept subsection 12.1(2) as proposed. Legislation in certain provinces relating to

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Rule published for comment	*restricted securities*	exempted from this Part on the same policy reasoning as why mutual funds are exempted from this Part. One commenter is "concerned that the term "restricted securities" could be construed to capture a scholarship plan agreement" and asks for clarification. One commenter asks for clarification that if this Part does not apply to mutual fund securities, then sections 13.1 and 21.6 of Form 41-101F2 regarding restricted securities should also not apply.	restricted securities only excludes mutual fund securities and not investment fund securities generally. Consequently, subsection 12.1(2) has been drafted to exclude mutual funds only. The term "restricted securities" does not capture scholarship plan agreements. Section 21.6 of Form F2 does not apply if Part 12 of the Rule does not apply. However, section 13.1 of Form F2 applies because this section applies to sales of all securities, including restricted securities, for the 12-month period before the date of the prospectus.
15.13: Sections 13.1(1) and 13.2(1) of Rule published for comment	*Advertising for investment funds during the waiting period*	One commenter notes that the words "permitted or not prohibited" are vague and unclear. One commenter recommends that the words "prominent bold face type as large as that used generally in the body" be used to clarify that the size of text used in headings is not contemplated under these requirements.	See our response to item 10.28, above.
15.14: Section 13.3 of Rule published for	*Advertising for investment funds during the waiting*	One commenter notes that while mutual funds are subject to similar rules regarding advertising in	We introduced section 13.3 in response to the confusion in the marketplace relating to permissible advertising for

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment	*period*	section 15.12 of NI 81-102, investment funds that are subject to NI 41-101 should not be subject to the same type of rule but should be subject to the policy outlined in the Companion Policy. One commenter suggests that similar guidance contained in 41-101CP regarding advertising be put in 81-102CP. One commenter recommends that this section be clarified to apply to an "advertisement used in connection with a prospectus offering during a waiting period."	investment funds. Investment funds may look to the Companion Policy for a discussion on the impact of the prospectus requirement on advertising during the waiting period. We clarified section 13.3 to apply to an "advertisement used in connection with a prospectus offering during the waiting period."
15.15: Part 14 of Rule published for comment	*Custodian of portfolio assets of an investment fund*	One commenter notes that "the custodian provisions in NI 41-101 need to accommodate the fact that investment funds will grant security interests over their assets and that their securities and other financial assets will need to be held by a securities intermediary in a securities account that is governed by a control agreement, all as required under the *Securities Transfer Act* and the PPSA." With respect to s. 14.8(3), one commenter notes that "it is not practical nor administratively feasible to require each security interest	To the extent that this comment is implying that the custodian provisions in Part 14 of the Rule may not accommodate the new commercial law concepts for the transfer of financial assets or the granting of security interests in financial assets held in the indirect holding system found in the *Securities Transfer Act* (STA) and conforming amendments to the *Personal Property Security Act* (PPSA), we disagree. We do not see any incompatibility between Part 14 of the Rule and STA/PPSA or other law. If, for example,

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		and its related collateral to be held in connection with only one particular derivative transaction, as the fund and the counterparty, as well as the underlying documents, all work on an aggregate basis." One commenter recommends that "subsection 14.6(3) be deleted as out-dated regulation." One commenter recommends that the Part state that "it applies only to investment funds that are reporting issuers." One commenter recommends that the CSA "clarify whether investment funds that have not filed a long form prospectus using Form 41-101F2 (such as those that are currently reporting issuers) will be exempt from these provisions."	investment funds wish to grant security interests in connection with their loan facilities or margin accounts, such funds will be required to comply with the custodian requirements in Part 14. STA/PPSA legislation is commercial law that facilitates commercial transactions; it does not supplant securities regulatory law. Subsection14.8(3) does not prohibit an investment fund from depositing portfolio assets over which it has granted a security interest with its counterparty, whether the documentation works on an individual or aggregate basis. We kept the proposed requirement in subsection 14.6(3). A requirement for all investment funds to file the compliance report helps ensure compliance with the custodian provisions. We clarified section 14.1(1) so that the custodian requirements in Part 14 apply to an investment fund that prepares a prospectus in accordance with the Rule (other than an investment fund that is subject to NI 81-102). An investment fund that has not prepared a prospectus in accordance with the Rule does

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			not need to comply with Part 14 of the Rule. See our response to item 10.31, above.
15.16: Section 15.1(1) of Rule published for comment	*Incorporation by reference*	One commenter asks "the CSA to mandate that scholarship plans incorporate financial statements (current and subsequent) by reference into their prospectuses, as is required for other investment funds, including mutual funds subject to NI 81-101."	Scholarship plans are currently being examined in a separate CSA initiative. We kept the proposed requirement for scholarship plans to attach their financial statements to the prospectus.
15:17 Sections 15.1(2) and 15.1(4) of Rule published for comment	*Incorporation by reference*	One commenter recommends that "s.15.1(2) and s. 15.1(4) should be worded similarly to s. 15.1(1) and (3) in that they should apply only to an investment fund that is in continuous distribution, as the applicable requirements meant to be imposed by those provisions only apply to such funds."	We added an application subsection to clarify that Part 15 applies to investment funds in continuous distribution except scholarship plans.
15.18: Section 17.1(3) of Rule published for comment	*Pro forma prospectus*	One commenter notes that "this subsection is "buried" in Part 17 and recommends that it be moved to Part 9 Requirements for Filing a Prospectus so as to facilitate ease of reference and compliance."	See our response to item 15.10, above.
15.19: Section 20.1	*Transition*	One commenter recommends that this	We clarified this section to include pro forma prospectus

Reference	*Subject*	*Summarized Comment*	*CSA Response*
of Rule published for comment		"transition provision be amended to include a reference to a pro forma prospectus, since many investment funds in continuous distribution may wish the reduced regulatory burden of complying with the new disclosure format in their next renewal cycle". One commenter recommends that there be clarification regarding "how NI 41-101 would apply to a distribution that was qualified by a prospectus prior to NI 41-101 becoming effective that has not been completed at the time NI 41-101 comes into force or to provisions relating to custodianship of portfolio assets".	transition provisions. See our response to item 10.31, above. An investment fund that commenced a distribution qualified by a prospectus filed prior to the Rule becoming effective does not need to comply with Part 14.
15.20: Appendix A of Rule published for comment	*Personal information form*	One commenter recommends that "NI 41-101 be clarified to provide that if any individual has filed a personal information form in the three years previous to the applicable filing, he or she does not have to complete the new Form." The commenter notes that "as the rules are drafted, it is unclear whether any individual who completed an "old" personal information form would have to complete a "new" personal information form upon the	See our response to item 3.1, above.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		coming into force of proposed NI 41-101."	
16: Investment fund issues – Form F2			
16.1: Form F2 published for comment	*General headings*	One commenter asks whether prescribed headings under which information is to be disclosed can be modified, where appropriate, for scholarship plans. For example, could scholarship plans use the heading "Enrolment and Registration" or something similar rather than "Purchase of Securities".	We kept the proposed prescribed headings for investment funds in general. However, we amended the General Instructions in Form F2 to permit scholarship plans to modify the disclosure items in order to reflect their unique characteristics.
16.2: Form F2 published for comment	*Changes to Form 41-101F1*	One commenter recommends that where there are changes made to Form 41-101F1 and Form 41-101F2 has identical provisions, the same changes should be made to 41-101F2.	We made the same changes to Form F2 where such changes are made to identical provisions in Form F1.
16.3: General Instructions (5) and (8) of Form F2 published for comment	*Plain language disclosure*	One commenter recommends "the CSA to expand instructions (5) and (8) to clarify that all investment funds must determine whether or not a particular disclosure item is relevant, material or even applicable to their business. If the investment fund reasonably concludes that the disclosure item is not, then it need not include the heading or anything about	General Instruction (6) states that no reference need be made to inapplicable items and negative answers to items may be omitted.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		that disclosure item."	
16.4: General Instruction (11) of Form F2 published for comment	*Prescribed order of headings*	One commenter opposes investment fund prospectuses following a prescribed order of disclosure. Another commenter opposes using a prescribed order of disclosure on the basis that it "will make it difficult for prospective investors to fully understand the features of a group education savings plan. In particular, the risk factor disclosure will not be very meaningful if read before the description of plan attributes."	We have found in the past that important information regarding an investment fund such as "risk factors" is often buried at the back of a lengthy prospectus, which does not serve to enhance investor protection. In order to enhance investor protection and make the prospectus more user-friendly, we kept the proposed requirement to present the prospectus disclosure in the specified order. In response to the second comment, we amended the General Instructions in Form F2 to permit scholarship plans to modify the disclosure items. See item 16.1 above.
16.5: General Instruction (13) of Form F2 published for comment	*Multiple series*	One commenter asks for clarification as to whether a single corporate entity that offers multiple series in circumstances where it cannot be said that the series are referable to the exact same portfolio can prepare a single prospectus, provided that separate disclosure is provided in response to particular items in 41-101F2 where the response would not be identical for all series.	We clarified General Instruction (13) to also permit multiple classes or series that are referable to different portfolios but are managed by the same manager to be combined into the same prospectus with the appropriate disclosure regarding each class or series.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
16.6: Section 1.3 of Form F2 published for comment	*Basic disclosure about the distribution*	One commenter opposes using the term "non-redeemable investment fund" or "exchange-traded fund" and recommends that "closed end funds or exchange traded funds be permitted to use commonly used terminology to describe such funds."	We kept the proposed requirement as the terms used in this section are for legal disclosure purposes and those terms have meaning under securities regulation. Form F2 does not prohibit an investment fund from using other terminology to describe itself in other parts of the prospectus.
16.7: Section 1.4 of Form F2 published for comment	*Distribution*	One commenter recommends that "the CSA clarify what kind of disclosure in response to this item is to be provided by scholarship plans, commodity pools and LSIFs, as well as other investment funds being distributed on a continuous offering basis." The commenter notes that "subsection 1.4(1) "if the securities are being distributed for cash" would appear to require those funds to include the mandated table, much of which is not applicable to funds being distributed at a price equal to their net asset value next determined or for a fixed unit price (scholarship plans)." One commenter states that "scholarship plans cannot comply with the requirement for a distribution table presented on a per security basis due to the variety of contribution frequencies and	We removed investment funds in continuous distribution from this provision.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		amounts as set out in the contribution tables included in the prospectuses for scholarship plans." The commenter asks for clarification about whether scholarship plans have to include this table.	
16.8: Section 1.6(c) of Form F2 published for comment	*Non-fixed price distributions*	One commenter recommends that "the heading of section 1.6(c) be changed and that "net asset value of a security" be added as a fourth pricing option in section 1.6(c)."	We kept the proposed heading. We added "net asset value of a security" as a fourth pricing option in paragraph 1.6(c).
16.9: Section 1.9 of Form F2 published for comment	*Market for securities*	One commenter questions whether funds that "are distributed continuously at NAV and are redeemable on demand have to include this disclosure" and recommends that such funds be exempted from this requirement. One commenter recommends that this part not be applicable for scholarship plans.	We clarified this section to exclude investment funds in continuous distribution.
16.10: Section 1.11 of Form F2 published for comment	*No underwriter*	One commenter recommends that this requirement be eliminated because the securities have to be sold through a registrant anyway.	We clarified this provision to exempt labour sponsored or venture capital funds, commodity pools and scholarship plans since they are in continuous distribution and generally do not use an underwriter.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
16.11: Section 1.15 of Form F2 published for comment	*Incorporation by reference*	One commenter asks the CSA to mandate that scholarship plans incorporate financial statements (current and subsequent) by reference into their prospectuses, as is required for other investment funds, including mutual funds subject to NI 81-101.	See our response to item 15.16, above.
16.12: Sections 3.5 and 28 of Form F2 published for comment	*Underwriting conflicts*	One commenter asks for clarification that this disclosure does not have to be included for scholarship plans.	Scholarship plan offerings are not underwritten. See General Instruction (6) in Form F2 for clarification.
16.13: Sections 3.6(5) and 7.2 of Form F2 published for comment	*MER*	One commenter asks for clarification that this disclosure does not have to be included for scholarship plans.	We clarified that the management expense ratio disclosed in the prospectus must be the management expense ratio for the past five years as disclosed in the investment fund's most recently filed annual management report of fund performance. Scholarship plans do not calculate a management expense ratio. See General Instruction (6) in Form F2 for clarification.
16.14: Section 5.4 of Form F2 published for comment	*Significant holdings in other entities*	Two commenters oppose the inclusion of the table. One commenter also states in the alternative, that if the table is to be retained that the fourth column be determined on "cost" rather than "value" basis.	We removed the fourth column of the table.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
16.15: Section 6.1 of Form F2 published for comment	*Management discussion of fund performance*	One commenter questions the relevance of this section which appears to require the repetition of the disclosure provided in the documents referenced, given that "it would appear that all investment funds will either have these documents incorporated by reference or "included" with the prospectus."	We kept the proposed requirement as this section already provides for an exception for investment funds that either have included with the prospectus or incorporated by reference into the prospectus, the most recently filed management report of fund performance.
16.16: Section 7.2 of Form F2 published for comment	*Returns and management expense ratio*	One commenter recommends that the CSA clarify that this section does not apply to investment funds that do not calculate or disclose MER.	Except for scholarship plans, all investment funds that are reporting issuers must calculate MER in their management report of fund performance. Also, General Instruction (6) of Form F2 provides that inapplicable items need not be answered.
16.17: Section 11.2 of Form F2 published for comment	*Short-term trading*	One commenter notes that this section "would appear to be mostly relevant to funds that are redeemable on demand" and recommends that scholarship plans, exchange traded funds and other non redeemable investment funds be exempted from including this disclosure.	This section is applicable to an investment fund in continuous distribution whose securities are redeemable on demand by reference to the net asset value of the fund. No disclosure need be provided for inapplicable items. See General Instruction (6) of Form F2 for clarification.
16.18: Section 13.1 of Form F2 published for comment	*Prior sales*	Two commenters recommend that scholarship plans and other funds that are redeemable on demand and distributed on a continuous basis be	We revised this section so that investment funds in continuous distribution are excluded from this provision.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		exempted from this disclosure.	
16.19: Section 15.1(5) of Form F2 published for comment	*Cease-trade orders and bankruptcies of the investment fund*	One commenter suggests that an investment fund that has been cease traded or gone bankrupt would not be filing a prospectus and therefore this section should be deleted. The commenter also states that the disclosure required by this item would require an investment fund to consider bankruptcies of its material controlling shareholders and that this would not be a practical or reasonable requirement given the nature of investment funds and the shareholders in those funds.	We revised this requirement so that it is no longer applicable to material controlling shareholders. We changed the sub-heading to "Cease Trade Orders and Bankruptcies". We kept the proposed requirement with respect to an investment fund's directors and executive officers who in the past were involved with another investment fund that was bankrupt or subject to a cease trade order. This section does not relate to any bankrupt history or cease trade order of the investment fund that filed the prospectus.
16.20: Section 15.1(6) of Form F2 published for comment	*Conflicts of interest of the investment fund*	One commenter suggests that investment funds do not commonly have "conflicts of interest" – although their managers may and recommends that (6) be deleted in favour of (9). The commenter also recommends that "the term "conflicts of interest" be defined by reference to the same term in NI 81-107 to provide for consistent usage of terminology."	We kept the proposed requirement. A conflict of interest may arise if an investment fund invests in a company or another investment fund in which a director or executive officer of the investment fund is also a director or executive officer of the company or other investment fund. The term used in NI 81-107 is "conflict of interest matter" and is generally defined to include conflicts with the manager of the investment

Reference	*Subject*	*Summarized Comment*	*CSA Response*
			fund or conflicts with respect to mutual funds. For prospectus purposes, the term "conflict of interest" encompasses a broader range of conflicts of interest such as the one described above. However, investment funds can look to NI 81-107 for guidance.
16.21: Section 16.1 of Form F2 published for comment	*Independent review committee*	One commenter questions "why the prospectus of an investment fund does not list the members of an independent review committee (paragraph d would appear to be an error)." The commenter also recommends that "the disclosure of fees (paragraph e) should be conformed with NI 81-107." The commenter further notes that "there is no concept of "main components of fees" payable to IRC members" and recommends "some clarity and consistency with Form F2 and NI 81-107."	We clarified this section to include the requirement to disclose the names of the members of the independent review committee. We also revised this section to conform more closely with the disclosure regarding independent review committees required by mutual funds.
16.22: Section 23.3 of Form F2 published for comment	*Reporting of net asset value*	One commenter recommends that the CSA clarify whether or not the mandatory reporting of net asset value is important. The commenter also asks whether "if the fund does not propose to communicate NAV in the manner suggested in this item, may it	We believe that the reporting of net asset value is important for investors to make investment decisions about whether to buy, hold or sell units of the investment fund. Investment funds that do not make available their net asset value via a website or toll-free telephone number may state other means by which they

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		state this". Two commenters recommend that "scholarship plans should be specifically excluded from this section, as has been done in section 23.2."	intend to make their net asset value available at no cost. Scholarship plans do not report net asset value. See General Instruction (6) in Form F2 for clarification.
16.23: Section 25 of Form F2 published for comment	*Escrowed securities*	One commenter states that "specific escrow arrangements which are described in the prospectuses for scholarship plans are in place to deal with contributions for investors who have not yet obtained social insurance numbers for their beneficiaries" and asks for clarification regarding whether this section would apply to these types of arrangements.	We deleted this provision from Form F2.
16.24: Section 26 of Form F2 published for comment	*Use of proceeds*	One commenter recommends that "the CSA either clarify that this section does not need to be complied with when the fund is in continuous distribution or by funds that are investing "net proceeds" in accordance with a stated investment objective or revise this section to delete irrelevant concepts."	We clarified this section so that it excludes investment funds in continuous distribution. We also revised this section to delete inapplicable concepts.
16.25: Section 40 of Form F2 published for	*Documents incorporated by reference*	One commenter asks the CSA to mandate that scholarship plans incorporate financial statements (current	See our response to item 15.16, above. We clarified this section so

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment		and subsequent) by reference into their prospectuses, as is required for other investment funds, including mutual funds subject to NI 81-101. One commenter recommends that similar to s. 40.1, s. 40.2 should also be limited to apply to "an investment fund that is in continuous distribution, except for a scholarship plan".	that it applies to investment funds in continuous distribution except for scholarship plans.
16.26: Section 41 of Form F2 published for comment	*Financial statements*	One commenter asks for clarification regarding what financial statements are required for newly established investment funds, and whether they are required to be "included" in the prospectus or "incorporated by reference into the prospectus".	We added a new subsection to require a newly established investment fund to include (and not incorporate by reference) its opening balance sheet in its prospectus, accompanied by the auditor's report prepared in accordance with NI 81-106.
17: Investment fund issues – Companion Policy			
17.1: Part 6 of Companion Policy published for comment	*Advertising*	One commenter suggests that "additional flexibility should be given to issuers, including investment funds, to outline the material information about a particular issue during the waiting period in documents that are not the preliminary prospectus."	See our response to item 12.11, above.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
18: Investment fund issues – proposed amendments to other instruments and policies			
Appendix I, Schedule 1, Amendments to NI 81-101			
18.1: Proposed amendments to NI 81-101 published for comment	*General*	One commenter recommends that Item 17 of Form 81-101F1 (Dealer Compensation) be amended to state a specific formula for determining the net asset value (NAV) of a mutual fund for purposes of calculating trailing commissions as follows: "the end of each month NAV be averaged for the quarter, and this average be multiplied by the rate the fund company wishes to charge with the result divided by 4". One commenter recommends that Appendix A to NI 41-101 be attached as Appendix A to NI 81-101.	The Item in Form 81-101F1 referred to by the commenter was misstated and is actually Item 9, Part A, Form 81-101F1. We did not publish for comment any amendments to that Item and do not intend to make any changes at this time. It is not necessary to attach Appendix A to the Rule as an appendix to NI 81-101 as Appendix A to the Rule is clearly referred to in the proposed amendments to NI 81-101.
18.2: Section 1.2(3) of proposed amendments to NI 81-101 published for comment *(Section 2.1 of NI 81-101)*	*90 days requirement*	One commenter suggests that the period be 180 days.	We kept the proposed requirement. Any requests for exemptive relief to file a simplified prospectus after the expiry of the 90 day period will be considered on a case by case basis based on the merits of the application filed under Part 6 of NI 81-101.
18.3: Section 1.3 of proposed amendments to NI 81-101 published for	*Amendments*	One commenter suggests that "if it is possible to amend a prospectus to add new classes or series, then it should be legally possible (using the same	A new class or series that is referable to the same portfolio of an existing fund cannot be added to the fund's pro forma prospectus. In such cases, a preliminary and pro forma

Reference	*Subject*	*Summarized Comment*	*CSA Response*
comment *(Section 2.2 of NI 81-101)*		interpretation of the applicable legislation) to add new classes or series to a pro forma filing" even though historically, the CSA has not permitted new classes or series to be added to a pro forma filing. The commenter recommends that this issue be clarified. Three commenters recommend that "a fund which has previously offered its securities under a simplified prospectus used in one distribution network should be able to add classes or series of that fund in another prospectus of the same fund manager by means of an amendment without having to file a new preliminary prospectus for that new class or series, on the basis that the fund itself is already qualified, but just not under the same prospectus." One commenter notes that an amendment to a preliminary simplified prospectus must be done for a "material adverse change" however, an amendment to a simplified prospectus only has to be made when a "material change" occurs. The commenter recommends that an amendment in either case be made when a "material change", as defined in NI	prospectus must be filed. A new class or series of securities of a fund cannot be added by way of an amendment to a simplified prospectus if the new class or series will be offered under another prospectus. This provision does not change existing securities legislation. Therefore, we did not make any changes with respect to the terms "material adverse change" and "material change" as used in this provision. With respect to filing an amendment to a preliminary prospectus, this provision mirrors the current provisions in securities legislation. We kept the proposed requirement.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		81-106, occurs. One commenter recommends that "there should be no requirement to file an amendment to a preliminary prospectus unless the fund actually is marketing its units based on the preliminary prospectus and annual information form."	
18.4: Section 1.4 of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*	*Consents*	One commenter suggests that there are typographical errors with respect to references to Section 2.8 and those references should be to Section 2.9.	We corrected the incorrect references to section 2.8.
18.5: Section 1.4(1)(a)(iii) of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*	*Material contracts*	Two commenters recommend that articles of incorporation not be included as material documents that should be disclosed.	We kept the proposed requirement. We do not see any material difference between a declaration of trust, which is a constating document and has historically been filed, and articles of incorporation, which are also a constating document. This requirement is consistent with the requirements for other issuers under other prospectus rules.
18.6: Section 1.4(1)(a)(iii)	*Voting trust agreement*	One commenter notes that the requirements to file a voting trust agreement under	We kept the proposed requirement. No documents need be filed if they are not

Reference	*Subject*	*Summarized Comment*	*CSA Response*
of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*		2.3(1)(a)(iii)(C) or any other contract of the issuer or a subsidiary that materially affects the rights or obligations of securityholders under 2.3(1)(a)(iii)(E) have no practical application in the mutual fund context.	applicable.
18.7: Section 1.4(2)(ii) of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*	*Personal information*	Three commenters ask for clarification about whether personal information meant "personal information for directors, officers of the mutual fund and its manager". One commenter also recommends that the CSA clarify in the rules that where a fund manager has filed personal information forms for a director or officer within the last three years in connection with another mutual fund managed by the manager, then it does not have to refile these with any new fund. One commenter recommends that a fund need only file the current Form 41-501F2 together with an RCMP GRC Form 2674 (Securities Fraud Information Centre-Records Request/Reply) without the need to file the proposed personal information form. The same commenter also	We clarified this provision by specifying that the required personal information be provided in the form of the Personal Information Form and Authorization to Collect, Use and Disclose Personal Information set out in Appendix A to the Rule. This provision states that personal information must be provided if it has not been previously delivered in connection with a simplified prospectus of the mutual fund or another mutual fund managed by the manager. Therefore, no clarification is needed. To ensure that all funds provide the same information, all personal information is required to be provided in the form of Appendix A to the Rule. We clarified that a personal information form in the form of Appendix A to the Rule will not need to be delivered

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		recommends that a filer should be exempt from the requirement to file the personal information form if the filer has previously filed such information under the National Registration Database or where a fund manager has previously filed such information under the proposed Registration Reform Project which proposes to register fund managers. The same commenter asks that the CSA confirm that it will not be necessary for mutual funds to deliver a personal information form upon the first renewal of their simplified prospectuses after implementation of the consequential amendments, given that these mutual funds have not previously delivered a personal information form. The same commenter asks the CSA to clarify whether it would be necessary for a fund to deliver a personal information form annually or even every 3 years if there has been no significant change since the last filing. The same commenter notes that the instrument refers to "executive officers" and the consequential amendments refer to "officers" which is	upon the first renewal of a mutual fund's simplified prospectus if an expanded personal information form or an existing "abbreviated" personal information form has previously been delivered for a specified individual. We clarified that personal information is required for "executive officers" and included a definition of "executive officer" in NI 81-101.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		not defined.	
18.8: Sections 1.4(2)(iv) and 1.4(4)(vi) of proposed amendments to NI 81-101 published for comment *(Sections 2.3(1)(b) and 2.3(2)(b) of NI 81-101)*	*Comfort letters*	One commenter notes that comfort letters are typically included if a financial statement included in a preliminary or pro forma simplified prospectus is accompanied by an unsigned auditor's report. The commenter suggests that this is unnecessary because a pro forma simplified prospectus is not made public on SEDAR and a financial statement with a preliminary simplified prospectus typically contains no financial information whatsoever.	We kept the proposed requirement for preliminary simplified prospectus filings. An existing mutual fund that files a preliminary simplified prospectus must file financial statements together with the preliminary simplified prospectus. In such cases, if the financial statements are accompanied by an unsigned auditor's report, a signed letter from the auditor to the regulator is required. We removed the requirement for an auditor's letter in pro forma prospectus filings.
18.9: Section 1.4(4) of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*	*Pro forma prospectus*	One commenter recommends that the CSA delete subparagraph (vi) as this represents a change from current practice.	Subparagraph (vi) has been removed. See our response to item 18.8, above.
18.10: Section 1.4(5) of proposed amendments to NI 81-101 published for comment *(Section 2.3 of NI 81-101)*	*Simplified prospectus*	One commenter notes that "there is no similar express reference made to the filing of a signed annual information form with respect to a final prospectus under section 2.3(3)" as there is for a preliminary or an amendment.	We added a requirement under paragraph 2.3(3)(a) that a certified copy of the annual information form has to be filed. This does not change the current practice of filing a signed SEDAR Form 6 with CDS Inc.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		The commenter asks if the requirement for a signed prospectus changed "the current practice of filing a signed SEDAR Form 6 with CDS Inc."	
18.11: Section 1.5 of proposed amendments to NI 81-101 published for comment *(Section 2.5 of NI 81-101)*	*Lapse date*	One commenter recommends that the 90 day cancellation period be reduced to 10 days and notes that the period "provides the purchaser with an inordinately long period of time during which they essentially have an option which they may choose to exercise at the end of the 90 day period once it is clear whether their mutual fund has increased or decreased in value since the date of their purchase." One commenter asks for clarification regarding what was meant by the phrase at the beginning of subsection 2.5(3), "Subject to subsection (2)". One commenter notes that the reference under s. 2.5(4) to "previous prospectus" should be "previous simplified prospectus". One commenter notes that the reference under s. 2.5(6) to "Subject to any extension granted under subsection (5)" seemed to be in error.	We kept the proposed requirement. This provision was taken from existing securities legislation. We deleted the phrase "Subject to subsection (2)". We also clarified this section to conform with section 17.2 of the Rule. We changed "previous prospectus" to "previous simplified prospectus". We corrected the phrase "Subject to any extension granted under subsection (5)". We changed "reporting issuer" to "mutual fund".

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		One commenter recommends that the reference under 2.5(7) to "reporting issuer" should be "mutual fund".	
18.12: Section 1.5 of proposed amendments to NI 81-101 published for comment *(Section 2.7 of NI 81-101)*	*Review of unaudited financial statements*	Eight commenters oppose this change on the basis of cost and time to conduct the review. One commenter notes that "currently, a fund's auditor is only required to review interim financial statements at the time that the auditor is involved in a simplified prospectus filing." Another commenter notes that "it also appears that this requirement imposes an extra burden on funds that file a prospectus after the deadline for filing their interim financial statements that is not imposed on similar funds that happen to file their prospectuses earlier in their fiscal year, without any apparent corresponding benefit to securityholders." One commenter notes that a review of interim financial statements "could result in an additional cost of as much as $2000 per fund." Another commenter estimates the cost of a review for three funds to be approximately $20,000 and	We narrowed this provision to require only unaudited financial statements included or incorporated by reference into the simplified prospectus at the date of filing of the simplified prospectus to be reviewed. CICA Handbook Section 7110 - *Auditor Involvement with Offering Documents of Public and Private Entities* sets out the auditor's professional responsibilities when the auditor is involved with a prospectus or other securities offering document and requires that the auditor perform various procedures prior to consenting to the use of its report or opinion, including reviewing unaudited financial statements included in the document.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		notes this "would translate into an increase of 1.0 to 4.2 basis points per year in MER". Two commenters note that "this new requirement would seriously impact the ability of mutual funds to file interim financial statements on time." One of the commenters also states that "the extra time that will need to be set aside for auditor review will leave far less time to actually prepare the statements and will jeopardize the ability of funds to file interim financial statements within the 60 day timeline."	
18.13: Section 1.5 of proposed amendments to NI 81-101 published for comment *(Section 2.9 of NI 81-101)*	*Consents of experts*	One commenter asks for clarification as to the requirement to file expert consents under proposed new section 2.9 of NI 81-101, specifically as to whether it is necessary to provide an auditor's consent letter (or a solicitor's consent letter with respect to the disclosure of their tax opinion, for example) with every prospectus amendment even when the amendment does not relate to the financial statements or information included in the simplified prospectus that has been derived from the financial statements (or the	This provision was drawn from OSC Rule 41-501 and moved into NI 81-101. As this provision is not new, it does not change the current requirements and staff practice with respect to the filing of expert consents. An expert's written consent does not need to be filed with an amendment if the amendment does not relate to the expertised sections in the prospectus.

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		tax opinion).	
18.14: Section 1.9 of proposed amendments to NI 81-101 published for comment *(Section 6.3 of NI 81-101)*	*Date of Certificates - certificates general*	One commenter suggests that the guidance in s. 1.3(2) of 41-101CP be added to 81-101CP. One commenter asks what the purpose of Part 6 is if there are certificate requirements in the prospectus form. One commenter notes that references to "prospectus" or "an amendment to a prospectus" should refer to "simplified prospectus". The commenter also recommends that the section also refer to an amendment to an annual information form.	We added the guidance in subsection 1.3(2) of 41-101CP to 81-101CP. We also added a definition of "business day" to NI 81-101. Part 6 establishes the certificate requirement and the prospectus form establishes the form of the certificate, similar to other prospectus rules. We changed section 1.9 to refer to a simplified prospectus and an annual information form.
18.15: Section 1.10 of proposed amendments to NI 81-101 published for comment *(Subsection 6(5) of Form 81-101F1)*	*Short-term trading*	One commenter recommends eliminating the requirement to disclose specific circumstances in which a short term trading restriction or fee may be waived. Two commenters note that "specific disclosure of circumstances in which a short term trading restriction or fee may be waived, may have the unintended adverse consequence of serving as a roadmap for "how to beat the system" and to circumvent the restrictions and penalties set forth in those policies,	We changed the requirement in paragraph 6(5)(b) of Part A of Form 81-101F1 to require disclosure of the circumstances under which the restrictions will not apply. Disclosure of the specific circumstances where the restrictions would be waived in the discretion of the manager is not required. In response to whether agreements to permit short-term trades should be disclosed, we are of the view that short-term trades that are not carried out with the specific intent to commit

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		which exist to protect investors." One commenter expresses concern that the provision requiring a description of all arrangements with a person or company to permit short-term trades of mutual fund securities could be "misleading to investors". The commenter notes that "to the extent that a fund manager may have agreements in place which provide that for legitimate reasons, short term trading restrictions will not be actively enforced in regards to certain transactions, they are typically "fund on fund" –type agreements with institutional investors or other mutual fund managers." The commenter also notes that "these clients often require a degree of flexibility regarding their ability to buy and sell bottom fund units, in order to meet purchase and redemption requests in the top fund." The commenter recommends that this requirement be eliminated. One commenter recommends that "the CSA consider making an exception of these disclosure requirements in the case of money market funds where it is contemplated that investors may utilize them	harmful short-term trading or market timing can nevertheless have a negative impact on a fund. For this reason, agreements with other mutual funds and other investment products to allow short-term trading in a mutual fund are not exempted from disclosure. To the extent that a fund manager is concerned that disclosure of these arrangements may be misleading to investors, the fund manager may explain in the disclosure why such arrangements are not, in its view, harmful to the fund. Regarding the comment suggesting that an exception be made for money market funds, it is within the discretion of the fund manager, not the CSA, to decide which trades should be exempted from short-term trading restrictions. Paragraph 6(5)(b) requires that those exceptions be disclosed. Accordingly, where it is the policy of the manager to not subject short-term trades in money market mutual funds to any restrictions, the manager should simply disclose this exception in accordance with the requirement in paragraph 6(5)(b).

Reference	*Subject*	*Summarized Comment*	*CSA Response*
		for short-term transactional purposes, and where for the most part a stable net asset value per unit is maintained that is not subject to manipulation through inappropriate short-term trading activities."	
18.16: Section 1.11 of proposed amendments to NI 81-101 published for comment *(Subsection 19(1) of Form 81-101F2)*	*Amended and restated prospectus*	One commenter notes that the reference to "simplified prospectus" in the fourth line of s. 19(1)(c) should be "amended and restated prospectus".	We made the change.
Appendix L, Schedule 1, OSC Rule 41-801			
18.17: Section 3.1(1) of proposed OSC Rule 41-801	*Certificates*	One commenter recommends that this section also refer to the certificate requirements in the proposed new NI 81-101.	The OSC did not add a reference to the certificate requirements in NI 81-101 because those requirements already exist under Form 81-101F2.
Appendix L, Schedule 2, OSC Rule 81-803			
18.18: Section 1.1 and 1.2 of proposed OSC Rule 81-803		One commenter recommends that "these rules be incorporated in proposed NI 41-101 and in NI 81-101 for ease of reference and compliance."	These provisions have been removed because they are no longer required as a result of amendments to the *Securities Act* (Ontario).

Appendix A

Schedule 2

Summary of Comments and CSA Responses

Item	*Subject*	*Summarized Comment*	*CSA Response*
Part A: Comments in response to questions in CSA Notice dated December 21, 2006			
1: Certificate requirements (Questions 1 through 4)[1]			
1.1: Section 5.13 of Rule published for comment	*Certificate of substantial beneficiary of the offering – general comments*	Thirty-eight commenters do not support the adoption of this certification requirement. Their reasons include the following: • Costs outweigh benefits. • Certification is not limited to portions of prospectus dealing with the significant business. Such an unlimited certification requirement would place undue burden of due diligence on certifying party given that they would not necessarily have any	In response to these comments, we removed the requirement to provide a certificate of a substantial beneficiary of the offering from the Rule. We also expanded on the guidance in section 2.6 of the Companion Policy regarding when a regulator will exercise its discretion to refuse receipt for a prospectus where it is not in the public interest to issue the receipt and when a regulator, other than in Ontario, will exercise its discretion to require any person or company to sign a prospectus

[1] Questions 1 through 4:

1. Except in Ontario, Proposed NI 41-101 includes a new certificate requirement for "substantial beneficiaries of the offering". We believe a person or company that controls the issuer or a significant business has the best information about the issuer or significant business. Do you agree? Such a person or company who also receives proceeds from the distribution should be liable for any misrepresentations in the prospectus about the issuer or a significant business. Are the definitions of substantial beneficiary of the offering and significant business broad enough to cover this class of persons and companies?

2. The definition of "significant business" in section 5.13 of Proposed NI 41-101 is based on the significance tests for acquisitions. We consider that these tests provide a useful initial threshold in the determination of whether a prospectus certificate is necessary; however, we seek specific comment on whether these tests are the most appropriate measure of significance for the purposes of determining prospectus liability.

3. Control of a significant business and direct or indirect receipt of 20% of the proceeds of an offering are both required to bring a person or company within the definition of substantial beneficiary of the offering. Is this dual threshold too limited?

4. Is receipt of 20% of the proceeds of the offering the appropriate threshold for paragraph 5.13(2)(b) of Proposed NI 41-101?

Reference	*Subject*	*Summarized Comment*	*CSA Response*
Appendix K, National Policy 43-201			
18.19: Section 1.6 of Appendix K *(Section 10.9 of NP 43-201)*	*Other requirements*	One commenter notes that "the proposed language for the reminder in section 10.9 is essentially a requirement to cease distribution until a receipt for an amendment has been issued." The commenter notes that this would be administratively difficult for mutual funds and that some regulators require a cessation of distribution while some do not.	Refer to our response to item 13.1, above.

APPENDIX B

Schedule 1

NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PART 1: Definitions and Interpretations

Definitions

1.1 In this Instrument:

"acquisition" has the same meaning as in Part 8 of NI 51-102;

"acquisition of related businesses" has the same meaning as in Part 8 of NI 51-102;

"alternative credit support" has the same meaning as in section 13.4 of NI 51-102;

"approved rating organization" has the same meaning as in section 1.1 of NI 51-102;

"asset-backed security" has the same meaning as in section 1.1 of NI 51-102;

"base offering" means the number or principal amount of the securities distributed under a prospectus by an issuer or selling securityholder, excluding

(a) any over-allotment option granted in connection with the distribution, or the securities issuable on the exercise of any such over-allotment option, and

(b) securities issued or paid as compensation to a person or company for acting as an underwriter in respect of securities that are distributed under the prospectus, on an "as-if-converted" basis if these securities include securities that are convertible or exchangeable securities;

"board of directors" has the same meaning as in section 1.1 of NI 51-102;

"business acquisition report" has the same meaning as in section 1.1 of NI 51-102;

"business day" means any day other than a Saturday, a Sunday or a statutory holiday;

"class" has the same meaning as in section 1.1 of NI 51-102;

"credit supporter" has the same meaning as in section 13.4 of NI 51-102;

"custodian" means the institution appointed by an investment fund to act as custodian of the portfolio assets of the investment fund;

"date of acquisition" has the same meaning as in section 1.1 of NI 51-102;

"derivative" means an instrument, agreement or security, the market price, value or payment obligation of which is derived from, referenced to, or based on an underlying interest;

"designated foreign jurisdiction" has the same meaning as in section 1.1 of NI 52-107;

"equity investee" has the same meaning as in section 1.1 of NI 51-102;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on the liquidation or winding up of the issuer, in its assets;

"executive officer" means, for an issuer, an individual who is

(a) a chair, vice-chair or president,

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

(c) performing a policy-making function in respect of the issuer;

"foreign disclosure requirements" has the same meaning as in section 1.1 of NI 52-107;

"Form 41-101F1" means Form 41-101F1 *Information Required in a Prospectus* of this Instrument;

"Form 41-101F2" means Form 41-101F2 *Information Required in an Investment Fund Prospectus* of this Instrument;

"Form 44-101F1" means Form 44-101F1 *Short Form Prospectus* of NI 44-101;

"Form 51-101F1" means Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information* of NI 51-101;

"Form 51-101F2" means Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* of NI 51-101;

"Form 51-101F3" means Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure* of NI 51-101;

"Form 51-102F1" means Form 51-102F1 *Management's Discussion & Analysis* of NI 51-102;

"Form 51-102F2" means Form 51-102F2 *Annual Information Form* of NI 51-102;

"Form 51-102F4" means Form 51-102F4 *Business Acquisition Report* of NI 51-102;

"Form 51-102F5" means Form 51-102F5 *Information Circular* of NI 51-102;

"Form 51-102F6" means Form 51-102F6 *Statement of Executive Compensation* of NI 51-102;

"Form 52-110F1" means Form 52-110F1 *Audit Committee Information Required in an AIF* of MI 52-110;

"Form 52-110F2" means Form 52-110F2 *Disclosure by Venture Issuers* of MI 52-110;

"Form 58-101F1" means Form 58-101F1 *Corporate Governance Disclosure* of NI 58-101;

"Form 58-101F2" means Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* of NI 58-101;

"full and unconditional credit support" means

(a) alternative credit support that

(i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the issuer, within 15 days of any failure by the issuer to make a payment, and

(ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated, or

(b) a full and unconditional guarantee of the payments to be made, as interpreted in section 1.5, by the issuer of securities, as stipulated in the terms of the securities or in an agreement governing rights of holders of the securities, that results in the holder of such securities being entitled to receive payment from the credit supporter within 15 days of any failure by the issuer to make a payment;

"income from continuing operations" has the same meaning as in section 1.1 of NI 51-102;

"independent review committee" means an independent review committee under NI 81-107;

"information circular" has the same meaning as in section 1.1 of NI 51-102;

"interim period" has the same meaning as in

(a) section 1.1 of NI 51-102 for an issuer other than an investment fund, or

(b) section 1.1 of NI 81-106 for an investment fund;

"IPO venture issuer" means an issuer that

(a) files a long form prospectus,

(b) is not a reporting issuer in any jurisdiction immediately before the date of the final long form prospectus, and

(c) at the date of the long form prospectus, does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on

(i) the Toronto Stock Exchange,

(ii) a U.S. marketplace, or

(iii) a marketplace outside of Canada and the United States of America, other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc;

"issuer's GAAP" has the same meaning as in section 1.1 of NI 52-107;

"junior issuer" means an issuer

(a) that files a preliminary prospectus,

(b) that is not a reporting issuer in any jurisdiction,

(c) whose total consolidated assets as at the date of the most recent balance sheet of the issuer included in the preliminary prospectus are less than $10,000,000,

(d) whose consolidated revenue as shown in the most recent annual income statement of the issuer included in the preliminary prospectus is less than $10,000,000, and

(e) whose shareholders' equity as at the date of the most recent balance sheet of the issuer included in the preliminary prospectus is less than $10,000,000,

taking into account all adjustments to asset, revenue and shareholders' equity calculations necessary to reflect each significant proposed acquisition of a business or related business by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and each completed significant acquisition of a business or related business that was completed,

(f) for paragraphs (c) and (e), before the date of the preliminary prospectus and after the date of the issuer's most recent balance sheet included in the preliminary prospectus as if each acquisition had taken place as at the date of the issuer's most recent balance sheet included in the preliminary prospectus, and

(g) for paragraph (d), after the last day of the most recent annual income statement of the issuer included in the preliminary prospectus as if each acquisition had taken place at the beginning of the issuer's most recently completed financial year for which an income statement is included in the preliminary prospectus;

"labour sponsored or venture capital fund" has the same meaning as in section 1.1 of NI 81-106;

"long form prospectus" means a prospectus filed in the form of Form 41-101F1 or Form 41-101F2;

"marketplace" has the same meaning as in section 1.1 of NI 51-102;

"material contract" means any contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer;

"mineral project" has the same meaning as in section 1.1 of NI 43-101;

"MI 52-110" means Multilateral Instrument 52-110 *Audit Committees*;

"NI 14-101" means National Instrument 14-101 *Definitions*;

"NI 33-105" means National Instrument 33-105 *Underwriting Conflicts*;

"NI 43-101" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

"NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*;

"NI 44-102" means National Instrument 44-102 *Shelf Distributions*;

"NI 44-103" means National Instrument 44-103 *Post-Receipt Pricing*;

"NI 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions*;

"NI 51-101" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"NI 52-107" means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"NI 58-101" means National Instrument 58-101 *Disclosure of Corporate Governance Practices*;

"NI 81-101" means National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

"NI 81-102" means National Instrument 81-102 *Mutual Funds*;

"NI 81-106" means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"NI 81-107" means National Instrument 81-107 *Independent Review Committee for Investment Funds*;

"non-voting security" means a restricted security that does not carry the right to vote generally, except for a right to vote that is mandated, in special circumstances, by law;

"old financial year" means the financial year of an issuer that immediately precedes a transition year;

"over-allocation position" means the amount, determined as at the closing of a distribution, by which the aggregate number or principal amount of securities that are sold by one or more underwriters of the distribution exceeds the base offering;

"over-allotment option" means a right granted to one or more underwriters by an issuer or a selling securityholder of the issuer in connection with the distribution of securities under a prospectus to acquire, for the purposes of covering the underwriter's over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such prospectus, and which

(a) expires not later than the 60th day after the date of the closing of the distribution, and

(b) is exercisable for a number or principal amount of securities that is limited to the lesser of

(i) the over-allocation position, and

(ii) 15% of the base offering;

"principal securityholder" means a person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the issuer;

"private issuer" has the same meaning as in section 2.4 of NI 45-106;

"related credit supporter" of an issuer means a credit supporter of the issuer that is an affiliate of the issuer;

"restricted security" means an equity security that is not a preferred security of an issuer if any of the following apply:

(a) there is another class of securities of the issuer that carries a greater number of votes per security relative to the equity security,

(b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the issuer, or the issuer's constating documents have provisions that nullify or significantly restrict the voting rights of the equity securities,

(c) the issuer has issued another class of equity securities that entitle the owners of securities of that other class to participate in the earnings or assets of the issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities, or

(d) except in Ontario and British Columbia, the regulator determines that the equity security is a restricted security;

"restricted security reorganization" means any event resulting in the creation of restricted securities, directly or through the creation of subject securities or securities that are, directly or indirectly, convertible, or exercisable or exchangeable for, restricted securities or subject securities or any change in the rights attaching to restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, including

(a) any

(i) amendment to an issuer's constating documents,

(ii) resolution of the board of directors of an issuer setting the terms of a series of securities of the issuer, or

(iii) restructuring, recapitalization, reclassification, arrangement, amalgamation or merger, or

(b) if the issuer has one or more classes of restricted securities outstanding, an amendment to an issuer's constating documents to increase

(i) the per security voting rights attached to any class of securities without at the same time making a proportionate increase in the per security voting rights attached to any other securities of the issuer, or

(ii) the number of a class of securities authorized, other than a restricted security;

"restricted security term" means each of the terms "non-voting security", "subordinate voting security", and "restricted voting security";

"restricted voting security" means a restricted security that carries a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by one or more persons or companies, unless the restriction is

(a) permitted or prescribed by statute or regulation, and

(b) is applicable only to persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the issuer to be non-Canadians;

"restructuring transaction" has the same meaning as in section 1.1 of NI 51-102;

"reverse takeover" has the same meaning as in section 1.1 of NI 51-102;

"reverse takeover acquirer" has the same meaning as in section 1.1 of NI 51-102;

"SEC issuer" has the same meaning as in section 1.1 of NI 52-107;

"short form prospectus" means a prospectus filed in the form of Form 44-101F1;

"special warrant" means a security that, by its terms or the terms of an accompanying contractual obligation,

(a) entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of either security to undertake efforts to file a prospectus to qualify the distribution of the other security, or

(b) entitles or requires the holder to acquire another security without payment of material additional consideration and the issuer files a prospectus to qualify the distribution of the other security;

"subject security" means a security that results, or would result if and when issued, in an existing class of securities being considered restricted securities;

"subordinate voting security" means a restricted security that carries a right to vote, if there are securities of another class outstanding that carry a greater right to vote on a per security basis;

"transition year" means the financial year of an issuer or business in which the issuer or business changes its financial year-end;

"U.S. GAAP" has the same meaning as in section 1.1 of NI 52-107;

"U.S. GAAS" has the same meaning as in section 1.1 of NI 52-107;

"U.S. marketplace" has the same meaning as in section 1.1 of NI 51-102;

"venture issuer" has the same meaning as in section 1.1 of NI 51-102 except the "applicable time" is the date the prospectus is filed;

"waiting period" means the period of time between the issuance of a receipt by the regulator for a preliminary prospectus and the issuance of a receipt by the regulator for a final prospectus.

Interpretation of "prospectus", "preliminary prospectus", "final prospectus", "long form prospectus", and "short form prospectus"

1.2(1) In this Instrument, a reference to a "prospectus" includes a preliminary long form prospectus, a final long form prospectus, a preliminary short form prospectus, and a final short form prospectus.

(2) In this Instrument, a reference to a "preliminary prospectus" includes a preliminary long form prospectus and a preliminary short form prospectus.

(3) In this Instrument, a reference to a "final prospectus" includes a final long form prospectus and a final short form prospectus.

(4) In this Instrument, a reference to a "long form prospectus" includes a preliminary long form prospectus and a final long form prospectus.

(5) In this Instrument, a reference to a "short form prospectus" includes a preliminary short form prospectus and a final short form prospectus.

(6) Despite subsections (1), (2), and (3), in Form 41-101F1 and Form 41-101F2,

(a) a reference to a "prospectus" only includes a preliminary long form prospectus and a final long form prospectus,

(b) a reference to a "preliminary prospectus" only includes a preliminary long form prospectus, and

(c) a reference to a "final prospectus" only includes a final long form prospectus.

Interpretation of "business"

1.3 In this Instrument, unless otherwise stated, a reference to a business includes an interest in an oil and gas property to which reserves, as defined in NI 51-101, have been specifically attributed.

Interpretation of "affiliate"

1.4 In this Instrument, an issuer is an affiliate of another issuer if the issuer would be an affiliate of the other issuer under subsection 1.1(2) of NI 51-102.

Interpretation of "payments to be made"

1.5 For the purposes of the definition of "full and unconditional credit support", payments to be made by an issuer of securities as stipulated in the terms of the securities include

(a) any amounts to be paid as dividends in accordance with, and on the dividend payment dates stipulated in, the provisions of the securities, whether or not the dividends have been declared, and

(b) any discretionary dividends, provided that the terms of the securities or an agreement governing rights of holders of the securities expressly provides that the holder of the securities will be entitled, once the discretionary dividend is declared, to receive payment from the credit supporter within 15 days of any failure by the issuer to pay the declared dividend.

PART 2: Requirements for All Prospectus Distributions

Application of the Instrument

2.1(1) Subject to subsection (2), this Instrument applies to a prospectus filed under securities legislation and a distribution of securities subject to the prospectus requirement.

(2) This Instrument does not apply to a prospectus filed under NI 81-101 or a distribution of securities under such a prospectus.

Language

2.2(1) An issuer must file a prospectus and any other document required to be filed under this Instrument or NI 44-101 in French or in English.

(2) In Québec, a prospectus and any document required to be incorporated by reference into a prospectus must be in French or in French and English.

(3) Despite subsection (1), if an issuer files a document only in French or only in English but delivers to an investor or prospective investor a version of the document in the other language, the issuer must file that other version not later than when it is first delivered to the investor or prospective investor.

(4) If an issuer files a document under this Instrument that is a translation of a document prepared in a language other than French or English, the issuer must

(a) attach a certificate as to the accuracy of the translation to the filed document, and

(b) make a copy of the document in the original language available on request.

General requirements

2.3(1) An issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the final prospectus.

(2) An issuer must not file

(a) a prospectus more than three business days after the date of the prospectus, and

(b) an amendment to a prospectus more than three business days after the date of the amendment to the prospectus.

Special warrants

2.4(1) An issuer must not file a prospectus or an amendment to a prospectus to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis unless holders of the special warrants or other securities have been provided with a contractual right of rescission.

(2) A contractual right of rescission under subsection (1) must provide that, if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

PART 3: Form of Prospectus

Form of prospectus

3.1(1) Subject to subsection (2) and (3), an issuer filing a prospectus must file the prospectus in the form of Form 41-101F1.

(2) An issuer that is an investment fund filing a prospectus must file the prospectus in the form of Form 41-101F2.

(3) An issuer that is qualified to file a short form prospectus may file a short form prospectus.

PART 4: Financial Statements and Related Documents in a Long Form Prospectus

Application

4.1(1) An issuer, other than an investment fund, that files a long form prospectus must include in the long form prospectus the financial statements and the management's discussion and analysis required by this Instrument.

(2) Subject to Part 15, an investment fund that files a long form prospectus must include in the long form prospectus the financial statements and the management reports of fund performance required by this Instrument.

(3) For the purposes of this Part, "**financial statements**" do not include pro forma financial statements.

Audit of financial statements

4.2(1) Any financial statements included in a long form prospectus filed in the form of Form 41-101F1 must be audited in accordance with NI 52-107 unless an exception in section 32.5 or subsection 35.1(3) of Form 41-101F1 applies.

(2) Any financial statements, other than interim financial statements, included in or incorporated by reference into a long form prospectus of an investment fund filed in the form of Form of 41-101F2 must meet the audit requirements of Part 2 of NI 81-106.

Review of unaudited financial statements

4.3(1) Subject to subsection (2) and (3), any unaudited financial statements included in, or incorporated by reference into, a long form prospectus must have been reviewed in

accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company's auditor or a review of financial statements by a public accountant.

(2) Subsection (1) does not apply to an investment fund's unaudited financial statements filed after the date of filing of the prospectus that are incorporated by reference into the prospectus under Part 15.

(3) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with

(a) U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards,

(b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the person or company is subject, the unaudited financial statements

(i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or

(ii) do not have to be reviewed if

(A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and

(B) the long form prospectus includes disclosure that the unaudited financial statements have not been reviewed.

Approval of financial statements and related documents

4.4(1) An issuer must not file a long form prospectus unless each financial statement, each management's discussion and analysis, and each management report of fund performance, as applicable, of a person or company included in, or incorporated by reference into, the long form prospectus has been approved by the board of directors of the person or company.

(2) An investment fund that is a trust must not file a long form prospectus unless each financial statement and each management report of fund performance of the investment fund included in, or incorporated by reference into, the long form prospectus has been approved by the trustee or trustees of the investment fund or another person or company authorized to do so by the constating documents of the investment fund.

PART 5: Certificates

Interpretation

5.1 For the purposes of this Part,

(a) **"issuer certificate form"** means a certificate in the form set out in

(i) section 37.2 of Form 41-101F1,

(ii) section 39.1 of Form 41-101F2,

(iii) section 21.2 of Form 44-101F1,

(iv) NI 44-102 in

(A) section 1.1 of Appendix A,

(B) section 2.1 of Appendix A,

(C) section 1.1 of Appendix B, or

(D) section 2.1 of Appendix B, or

(v) NI 44-103 in

(A) paragraph 7 of subsection 3.2(1), or

(B) paragraph 3 of subsection 4.5(2), and

(b) **"underwriter certificate form"** means a certificate in the form set out in

(i) section 37.3 of Form 41-101F1,

(ii) section 39.3 of Form 41-101F2,

(iii) section 21.3 of Form 44-101F1,

(iv) NI 44-102 in

(A) section 1.2 of Appendix A,

(B) section 2.2 of Appendix A,

(C) section 1.2 of Appendix B, or

(D) section 2.2 of Appendix B, or

(v) NI 44-103 in

(A) paragraph 8 of subsection 3.2(1), or

(B) paragraph 4 of subsection 4.5(2).

Date of certificates

5.2 The date of the certificates in a prospectus or an amendment to a prospectus must be the same as the date of the prospectus or the amendment to the prospectus, as applicable.

Certificate of issuer

5.3(1) Except in Ontario, a prospectus must contain a certificate signed by the issuer.

[**Note:** In Ontario, section 58 of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus contain a certificate of the issuer.][1]

(2) A prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be in the applicable issuer certificate form.

Corporate issuer

5.4(1) Except in Ontario, if the issuer is a company, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed

(a) by the chief executive officer and the chief financial officer of the issuer, and

(b) on behalf of the board of directors, by

(i) any two directors of the issuer, other than the persons referred to in paragraph (a) above, or

(ii) if the issuer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the issuer.

[1] In Ontario, a number of prospectus related requirements in this Instrument are either set out in the *Securities Act* (Ontario) or Ontario does not have a similar requirement. We have identified carve-outs from the Instrument where a similar requirement is set out in the Securities Act (Ontario). Where no corresponding statutory provision has been identified for an Ontario carve-out, Ontario has generally not adopted a similar requirement. Notes included in this Instrument have been inserted for convenience of reference only and do not form part of this Instrument or have any force or effect as a rule or policy.

(2) Except in Ontario, if the regulator is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another officer.

[**Note:** In Ontario, section 58 of the *Securities Act* (Ontario) imposes similar requirements regarding who must sign the issuer certificate.]

Trust issuer

5.5(1) If the issuer is a trust, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by

(a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company, and

(b) two trustees of the issuer, on behalf of the trustees of the issuer.

(2) If a trustee that is signing the certificate of the issuer is

(a) an individual, the individual must sign the certificate,

(b) a company, the certificate must be signed

(i) by the chief executive officer and the chief financial officer of the trustee, and

(ii) on behalf of the board of directors of the trustee, by

(A) any two directors of the trustee, other than the persons referred to in subparagraph (i), or

(B) if the trustee has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the trustee,

(c) a limited partnership, the certificate must be signed by each general partner of the limited partnership as described in subsection 5.6(2) in relation to an issuer that is a limited partnership, or

(d) not referred to in paragraphs (a), (b) or (c), the certificate may be signed by any person or company with authority to bind the trustee.

(3) Despite subsections (1) and (2), if the issuer is an investment fund and the declaration of trust, trust indenture or trust agreement establishing the investment fund delegates the authority to do so, or otherwise authorizes an individual or company to do so, the certificate may be signed by the individual or company to whom the authority is delegated or that is authorized to sign the certificate.

(4) Despite subsections (1) and (2), if the trustees of an issuer, other than an investment fund, do not perform functions for the issuer similar to those performed by the directors of a company, the trustees are not required to sign the prospectus certificate of the issuer provided that at least two individuals who do perform functions for the issuer similar to those performed by the directors of a company sign the certificate.

(5) If the regulator is satisfied that an individual who performs functions for the issuer similar to those performed by either the chief executive officer or the chief financial officer of a company cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another individual.

Limited partnership issuer

5.6(1) If the issuer is a limited partnership, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by

(a) the individuals who perform functions for the issuer similar to those performed by the chief executive officer and the chief financial officer of a company, and

(b) each general partner of the issuer.

(2) If a general partner of the issuer is

(a) an individual, the individual must sign the certificate,

(b) a company, the certificate must be signed

(i) by the chief executive officer and the chief financial officer of the general partner, and

(ii) on behalf of the board of directors of the general partner, by

(A) any two directors of the general partner, other than the persons referred to in subparagraph (i), or

(B) if the general partner has only three directors, two of whom are the persons referred to in subparagraph (i), all of the directors of the general partner,

(c) a limited partnership, the certificate must be signed by each general partner of the limited partnership and, for greater certainty, this subsection applies to each general partner required to sign,

(d) a trust, the certificate must be signed by the trustees of the general partner as described in subsection 5.5(2) in relation to an issuer that is a trust, or

(e) not referred to in paragraphs (a) to (d), the certificate may be signed by any person or company with authority to bind the general partner.

(3) If the regulator is satisfied that an individual who performs functions for the issuer similar to those performed by either the chief executive officer or the chief financial officer of a company cannot sign a certificate in a prospectus, the regulator may accept a certificate signed by another individual.

Other issuer

5.7 If an issuer is not a company, trust or limited partnership, a prospectus certificate that is required to be signed by the issuer under this Instrument or other securities legislation must be signed by the persons or companies that, in relation to the issuer, are in a similar position or perform a similar function to the persons or companies required to sign under sections 5.4, 5.5 and 5.6.

Reverse takeovers

5.8 Except in Ontario, if an issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, a prospectus must contain a certificate, in the applicable issuer certificate form, signed

(a) by the chief executive officer and the chief financial officer of the reverse takeover acquirer, and

(b) on behalf of the board of directors of the reverse takeover acquirer, by

(i) any two directors of the reverse takeover acquirer, other than the persons referred to in paragraph (a) above, or

(ii) if the reverse takeover acquirer has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the reverse takeover acquirer.

Certificate of underwriter

5.9(1) Except in Ontario, a prospectus must contain a certificate signed by each underwriter who, with respect to the securities offered by the prospectus, is in a contractual relationship with the issuer or a securityholder whose securities are being offered by the prospectus.

[**Note:** In Ontario, subsection 59(1) of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus contain a certificate signed by each underwriter in a contractual relationship with the issuer.]

(2) A prospectus certificate that is required to be signed by an underwriter under this Instrument or other securities legislation must be in the applicable underwriter certificate form.

(3) Except in Ontario, with the consent of the regulator, a certificate in a prospectus may be signed by the underwriter's agent duly authorized in writing by the underwriter.

[**Note:** In Ontario, subsection 59(2) of the *Securities Act* (Ontario) provides a similar discretion to the Director to permit the certificate to be signed by an underwriter's agent.]

Certificate of investment fund manager

5.10(1) If the issuer has an investment fund manager, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the investment fund manager.

(2) If the investment fund manager is a company, the certificate must be signed

(a) by the chief executive officer and the chief financial officer of the investment fund manager, and

(b) on behalf of the board of directors, by

(i) any two directors of the investment fund manager, other than the persons referred to in paragraph (a) above, or

(ii) if the investment fund manager has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the investment fund manager.

(3) If the investment fund manager is a limited partnership, the certificate must be signed by the general partner of such limited partnership as described in subsection 5.6(2) in relation to an issuer that is a limited partnership.

Certificate of promoter

5.11(1) Except in Ontario, a prospectus must contain a certificate signed by each promoter of the issuer.

[**Note:** In Ontario, subsection 58(1) of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus shall contain a certificate signed by each promoter of the issuer.]

(2) A prospectus certificate required to be signed by a promoter under this Instrument or other securities legislation must be in the applicable issuer certificate form.

(3) Except in Ontario, the regulator may require any person or company who was a promoter of the issuer within the two preceding years to sign a certificate to the prospectus, in the applicable issuer certificate form.

[**Note:** In Ontario, subsection 58(6) of the *Securities Act* (Ontario) provides the Director with similar discretion to require a person or company who was a promoter of the issuer within the two preceding years to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the *Securities Act* (British Columbia).

(5) Except in Ontario, with the consent of the regulator, a certificate of a promoter in a prospectus may be signed by an agent duly authorized in writing by the person or company required to sign the certificate.

[**Note:** In Ontario, subsection 58(7) of the *Securities Act* (Ontario) provides the Director with similar discretion to permit a certificate in a prospectus to be signed by an agent of a promoter.

Certificate of credit supporter

5.12(1) If there is a related credit supporter of the issuer or a subsidiary of the issuer, a prospectus must contain a certificate of the related credit supporter, in the applicable issuer certificate form, signed

(a) by the chief executive officer and the chief financial officer of the credit supporter, and

(b) on behalf of the board of directors of the credit supporter, by

(i) any two directors of the credit supporter, other than the persons referred to in paragraph (a) above, or

(ii) if the credit supporter has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the credit supporter.

(2) With the consent of the regulator, a certificate in a prospectus may be signed by the credit supporter's agent duly authorized in writing by the credit supporter.

(3) Except in Ontario, the regulator may require any other person or company that is a credit supporter of either the issuer or a subsidiary of the issuer to sign a certificate to the prospectus, in the applicable issuer certificate form.

[**Note:** In Ontario, subsection 58(6) of the *Securities Act* (Ontario) provides the Director with similar discretion to require a person or company who is a guarantor of the securities being distributed to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the *Securities Act* (British Columbia).

Certificate of selling securityholders

5.13(1) Except in Ontario, the regulator may require any person or company that is a selling securityholder to sign a certificate to the prospectus, in the applicable issuer certificate form.

(2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the *Securities Act* (British Columbia).

Certificate of operating entity

5.14(1) For the purposes of this section, the term "operating entity" means, in relation to an issuer, a person or company through which the business of the issuer, or a material part of the business of the issuer, is conducted and for which the issuer is required under securities legislation, or has undertaken, to provide to its securityholders separate financial statements of the person or company if the issuer's financial statements do not include consolidated information concerning the person or company.

(2) A prospectus of an issuer that is a trust must contain a certificate, in the applicable issuer certificate form, signed

(a) by the chief executive officer and the chief financial officer of the operating entity, and

(b) on behalf of the board of directors of the operating entity, by

(i) any two directors of the operating entity, other than the persons referred to in paragraph (a) above, or

(ii) if the operating entity has only three directors, two of whom are the persons referred to in paragraph (a), all of the directors of the operating entity.

Certificate of other persons

5.15(1) Except in Ontario, the regulator may, in its discretion, require any person or company to sign a certificate to the prospectus, in the form that the regulator considers appropriate.

(2) Despite subsection (1), in British Columbia, the powers of the regulator with respect to the matters described in subsection (1) are set out in the *Securities Act* (British Columbia).

PART 6: Amendments

Form of amendment

6.1(1) An amendment to a prospectus must be either

(a) an amendment that does not fully restate the text of the prospectus, or

(b) an amended and restated prospectus.

(2) An amendment to a prospectus must be identified as follows:

(a) for an amendment that does not restate the text of the prospectus:

> *"Amendment no. [insert amendment number] dated [insert date of amendment] to [identify prospectus] dated [insert date of prospectus being amended]."*; or

(b) for an amended and restated prospectus:

> *"Amended and restated [identify prospectus] dated [insert date of amendment], amending and restating [identify prospectus] dated [insert date of prospectus being amended]."*

Required documents for filing an amendment

6.2 An issuer that files an amendment to a prospectus must

(a) file a signed copy of the amendment,

(b) deliver to the regulator a copy of the prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the prospectus,

(c) file or deliver any supporting documents required under this Instrument or other securities legislation to be filed or delivered with a prospectus, unless the

documents originally filed or delivered with the prospectus are correct as of the date the amendment is filed, and

(d) in case of an amendment to a final prospectus, file any consent letter required to be filed with a final prospectus, dated as of the date of the amendment.

Auditor's comfort letter

6.3 An issuer must deliver a new auditor's comfort letter, if an amendment to

(a) a preliminary long form prospectus materially affects, or relates to, an auditor's comfort letter delivered under subparagraph 9.1(b)(iii),

(b) a preliminary short form prospectus materially affects, or relates to, an auditor's comfort letter delivered under subparagraph 4.1(b)(ii) of NI 44-101.

Delivery of amendments

6.4 Except in Ontario, an issuer must deliver an amendment to a preliminary prospectus as soon as practicable to each recipient of the preliminary prospectus according to the record of recipients required to be maintained under securities legislation.

[**Note:** In Ontario, subsection 57(3) of the *Securities Act* (Ontario) imposes a similar requirement regarding the delivery of amendments to a preliminary prospectus.]

Amendment to a preliminary prospectus

6.5(1) Except in Ontario, if, after a receipt for a preliminary prospectus is issued but before a receipt for the final prospectus is issued, a material adverse change occurs, an amendment to the preliminary prospectus must be filed as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a preliminary prospectus where there has been a material adverse change.]

(2) The regulator must issue a receipt for an amendment to a preliminary prospectus as soon as practicable after the amendment is filed.

Amendment to a final prospectus

6.6(1) Except in Ontario, if, after a receipt for a final prospectus is issued but before the completion of the distribution under the final prospectus, a material change occurs, an issuer must file an amendment to the final prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a final prospectus where there has been a material change.]

(2) Except in Ontario, if, after a receipt for a final prospectus or an amendment to the final prospectus is issued but before the completion of the distribution under the final prospectus or the amendment to the final prospectus, securities in addition to the securities previously disclosed in the final prospectus or the amendment to the final prospectus are to be distributed, an amendment to the final prospectus disclosing the additional securities must be filed, as soon as practicable, but in any event within 10 days after the decision to increase the number of securities offered.

[**Note:** In Ontario, subsection 57(2) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a prospectus any time there is a proposed distribution of securities in addition to that disclosed under the prospectus.]

(3) Except in Ontario, the regulator must issue a receipt for an amendment to a final prospectus filed under this section unless the regulator considers that there are grounds set out in securities legislation that would cause the regulator not to issue the receipt for a prospectus.

[**Note:** In Ontario, subsection 57(2.1) of the *Securities Act* (Ontario) imposes a similar obligation for the Director to issue a receipt for an amendment to a prospectus unless there are proper grounds for refusing the receipt.]

(4) Except in Ontario, the regulator must not refuse to issue a receipt under subsection (3) without giving the issuer who filed the prospectus an opportunity to be heard.

[**Note:** In Ontario, subsections 57(2.1) and 61(3) of the *Securities Act* (Ontario) impose a similar restriction on the Director to refuse to issue a receipt for a prospectus without first giving an issuer an opportunity to be heard.]

(5) Except in Ontario, an issuer must not proceed with a distribution or additional distribution if an amendment to a final prospectus is required to be filed until a receipt for the amendment to the final prospectus is issued by the regulator.

[**Note:** In Ontario, subsection 57(2.2) of the *Securities Act* (Ontario) imposes a similar restriction in respect of a distribution or additional distribution before a receipt is issued for an amendment to the final prospectus.]

(6) Subsection (5) does not apply to an investment fund in continuous distribution.

[**Note:** In Ontario, section 2.2 of OSC Rule 41-801 *Implementing National Instrument 41-101 General Prospectus Requirements and Consequential Amendments* provides a similar exemption for an investment fund in continuous distribution from the requirement to obtain a receipt prior to making a distribution or additional distribution under an amendment to a final prospectus.]

PART 7: Non-fixed Price Offerings and Reduction of Offering Price under a Final Prospectus

Application

7.1 This Part does not apply to an investment fund in continuous distribution.

Non-fixed price offerings and reduction of offering price

7.2(1) A person or company distributing a security under a prospectus must do so at a fixed price.

(2) Despite subsection (1), securities may be distributed for cash at non-fixed prices under a prospectus if the securities have received a rating, on a provisional or final basis, from at least one approved rating organization at the time of

(a) the filing of the preliminary short form prospectus, if the issuer is filing a prospectus in the form of a short form prospectus under NI 44-101, or

(b) the filing of the long form prospectus.

(3) Despite subsection (1), if securities are distributed for cash under a prospectus, the price of the securities may be decreased from the initial offering price disclosed in the prospectus and, after such a decrease, changed from time to time to an amount not greater than the initial offering price, without filing an amendment to the prospectus to reflect the change, if

(a) the securities are distributed through one or more underwriters that have agreed to purchase all of the securities at a specified price,

(b) the proceeds to be received by the issuer or selling securityholders are disclosed in the prospectus as being fixed, and

(c) the underwriters have made a reasonable effort to sell all of the securities distributed under the prospectus at the initial offering price disclosed in the final prospectus.

(4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights must be fixed.

PART 8: Best Efforts Distributions

Application

8.1 This Part does not apply to an investment fund in continuous distribution.

Distribution period

8.2(1) Unless an amendment to the final prospectus is filed and the regulator has issued a receipt for the amendment, if securities are being distributed on a best efforts basis, the distribution must cease within 90 days after the date of the receipt for the final prospectus.

(2) Unless a further amendment to the final prospectus is filed and the regulator has issued a receipt for the further amendment, if an amendment to a final prospectus is filed and the regulator has issued a receipt for the amendment under subsection (1), the distribution must cease within 90 days after the date of the receipt for the amendment to the final prospectus.

(3) The total period of the distribution under subsections (1) and (2) must not end more than 180 days from the date of receipt for the final prospectus.

Minimum amount of funds

8.3 If securities are being distributed on a best efforts basis, other than an offering of securities to be distributed continuously, and the prospectus discloses that a minimum amount of funds must be raised,

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in the final prospectus has been raised, and

(b) if the minimum amount of funds is not raised within the appropriate period of the distribution prescribed by section 8.2, the person or company holding the funds in trust referred to in paragraph (a) must return the funds to the subscribers without any deductions.

PART 9: Requirements for Filing a Long Form Prospectus

Required documents for filing a preliminary or pro forma long form prospectus

9.1 An issuer that files a preliminary or pro forma long form prospectus must

(a) file the following with the preliminary or pro forma long form prospectus

(i) **Signed Copy** – in the case of a preliminary long form prospectus, a signed copy of the preliminary long form prospectus;

(ii) **Documents Affecting the Rights of Securityholders** – a copy of the following documents, and any amendments to the following documents, that have not previously been filed:

(A) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the issuer, unless the constating or establishing document is a statutory or regulatory instrument,

(B) by-laws or other corresponding instruments currently in effect,

(C) any securityholder or voting trust agreement that the issuer has access to and that can reasonably be regarded as material to an investor in securities of the issuer,

(D) any securityholders' rights plans or other similar plans, and

(E) any other contract of the issuer or a subsidiary of the issuer that creates or can reasonably be regarded as materially affecting the rights or obligations of the issuer's securityholders generally;

(iii) **Material Contracts** – a copy of any material contract required to be filed under section 9.3;

(iv) **Investment Fund Documents** – if the issuer is an investment fund, the documents filed under subparagraphs (ii) and (iii) must include a copy of

(A) any declaration of trust or trust agreement of the investment fund, limited partnership agreement, or any other constating or establishing documents of the investment fund,

(B) any agreement of the investment fund or the trustee with the manager of the investment fund,

(C) any agreement of the investment fund, the manager or trustee with the portfolio advisers of the investment fund,

(D) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund, and

(E) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund;

(v) **Mining Reports** – if the issuer has a mineral project, the technical reports required to be filed with a preliminary long form prospectus under NI 43-101; and

(vi) **Reports and Valuations** – a copy of each report or valuation referred to in the preliminary long form prospectus for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities, and

(B) is not otherwise required to be filed under subparagraph (v); and

(b) deliver to the regulator, concurrently with the filing of the preliminary or pro forma long form prospectus, the following:

(i) **Blacklined Copy** – in the case of a pro forma prospectus, a copy of the pro forma prospectus blacklined to show changes and the text of deletions from the latest prospectus previously filed;

(ii) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed Appendix A for,

(A) each director and executive officer of an issuer,

(B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer,

(C) each promoter of the issuer, and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

for whom the issuer has not previously filed or delivered,

(E) a completed personal information form and authorization in the form set out in Appendix A,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B of NI 44-101,

(II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*, or

(III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation; and

(iii) **Auditor's Comfort Letter regarding Audited Financial Statements** – if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary or pro forma long form prospectus is accompanied by an unsigned auditor's report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.

Required documents for filing a final long form prospectus

9.2 An issuer that files a final long form prospectus must

(a) file the following with the final long form prospectus:

(i) **Signed Copy** – a signed copy of the final long form prospectus;

(ii) **Documents Affecting the Rights of Securityholders** – a copy of any document described under subparagraph 9.1(a)(ii) that has not previously been filed;

(iii) **Material Contracts** – a copy of each material contract required to be filed under section 9.3 that has not previously been filed under subparagraph 9.1(a)(iii);

(iv) **Investment Fund Documents** – a copy of any document described under subparagraph 9.1(a)(iv) that has not previously been filed;

(v) **Other Reports and Valuations** – a copy of any report or valuation referred to in the final long form prospectus, for which a consent is required to be filed under section 10.1 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities of the issuer, and

(B) is not otherwise required to be filed under subparagraph 9.1(a)(v) or 9.1(a)(vi);

(vi) **Issuer's Submission to Jurisdiction –** a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix B, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada;

(vii) **Non-Issuer's Submission to Jurisdiction –** a submission to jurisdiction and appointment of agent for service of process of

(A) each selling securityholder, and

(B) each person or company required to sign a certificate under Part 5 or other securities legislation, other than an issuer,

in the form set out in Appendix C, if the person or company is incorporated or organized in a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;

(viii) **Expert's Consents** – the consents required to be filed under section 10.1;

(ix) **Credit Supporter's Consent** – the written consent of the credit supporter to the inclusion of its financial statements in the final long form prospectus, if financial statements of a credit supporter are required under Item 33 of Form 41-101F1 to be included in a final long form prospectus and a certificate of the credit supporter is not required under section 5.12 to be included in the final long form prospectus;

(x) **Undertaking in Respect of Credit Supporter Disclosure** – an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, so long as the securities being distributed are issued and outstanding;

(xi) **Undertaking in Respect of Continuous Disclosure** – An undertaking of the issuer to provide to its securityholders separate financial statements for an operating entity that investors need to make an informed decision about investing in the issuer's securities if

(A) the issuer is an income trust that is formed as a mutual fund trust as that term is used in the *Income Tax Act* (Canada), other than an "investment fund" as defined in section 1.1 of NI 81-106,

(B) the underlying business or income producing assets of the operating entity generate net cash flow available for distribution to the issuer's securityholders, and

(C) the issuer's performance and prospects depend primarily on the performance and operations of the operating entity;

(xii) **Undertaking to File Documents and Material Contracts** – if a document referred to in subparagraph (ii), (iii) or (iv) has not been executed or become effective before the filing of the final long form prospectus but will be executed or become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the final long form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event within seven days after the completion of the distribution; and

(xiii) **Undertaking in Respect of Restricted Securities** – for distributions of non-voting securities, an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such a meeting is given to its registered holders of voting securities; and

(b) deliver to the regulator, no later than the filing of the final long form prospectus

(i) **Blackline Copy** – a copy of the final long form prospectus blacklined to show changes from the preliminary or pro forma long form prospectus; and

(ii) **Communication with Exchange** – if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.

Material contracts

9.3(1) Unless previously filed, an issuer that files a long form prospectus must file a material contract entered into

(a) since the beginning of the last financial year ending before the date of the prospectus, or

(b) before the beginning of the last financial year ending before the date of the prospectus if that material contract is still in effect.

(2) Despite subsection (1), an issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is

(a) a contract to which directors, officers, promoters, selling securityholders or underwriters are parties, other than a contract of employment,

(b) a continuing contract to sell the majority of the issuer's products or services or to purchase the majority of the issuer's requirements of goods, services, or raw materials,

(c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name,

(d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions,

(e) an external management or external administration agreement, or

(f) a contract on which the issuer's business is substantially dependent.

(3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the issuer or would violate confidentiality provisions.

(4) Subsection (3) does not apply if the provision relates to

(a) debt covenants and ratios in financing or credit agreements,

(b) events of default or other terms relating to the termination of the material contract, or

(c) other terms necessary for understanding the impact of the material contract on the business of the issuer.

(5) If a provision is omitted or marked to be unreadable under subsection (3), the issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the issuer.

(6) Despite subsections (1) and (2), an issuer is not required to file a material contract entered into before January 1, 2002 if the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus.

PART 10: Consents and Licences, Registrations and Approvals

Consents of experts

10.1(1) An issuer must file the written consent of

(a) any solicitor, auditor, accountant, engineer, or appraiser,

(b) any notary in Québec, and

(c) any person or company whose profession or business gives authority to a statement made by that person or company

if that person or company is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference,

(d) as having prepared or certified any part of the prospectus or the amendment,

(e) as having opined on financial statements from which selected information included in the prospectus has been derived and which audit opinion is referred to in the prospectus directly or in a document incorporated by reference, or

(f) as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus or the amendment, directly or in a document incorporated by reference.

(2) A consent referred to in subsection (1) must

(a) be filed no later than the time the final prospectus or the amendment to the final prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a prospectus under subsection 15.2(3), no later than the date that those financial statements are filed,

(b) state that the person or company being named consents

(i) to being named, and

(ii) to the use of that person or company's report, valuation, statement or opinion,

(c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion, and

(d) contain a statement that the person or company referred to in subsection (1)

(i) has read the prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state

(a) the dates of the financial statements on which the report of the person or company is made, and

(b) that the person or company has no reason to believe that there are any misrepresentations in the information contained in the prospectus that are

(i) derived from the financial statements on which the person or company has reported, or

(ii) within the knowledge of the person or company as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the prospectus.

Licences, registrations and approvals

10.2 If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds,

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the stated principal use of proceeds have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee must return the funds to subscribers.

PART 11: Over-Allocation and Underwriters

Over-allocation

11.1 Securities that are sold to create the over-allocation position in connection with a distribution under a prospectus must be distributed under the prospectus.

Distribution of securities under a prospectus to an underwriter

11.2 No person or company may distribute securities under a prospectus to any person or company acting as an underwriter in connection with the distribution of securities under the prospectus, other than

(a) an over-allotment option granted to one or more persons or companies for acting as an underwriter in connection with the distribution or any security issuable or transferable on the exercise of such an over-allotment option; or

(b) securities issued or paid as compensation to one or more persons or companies for acting as an underwriter in respect of other securities that are distributed under the prospectus, where the number or principal amount of the securities issued as compensation, on an as-if-converted basis, does not in the aggregate exceed 10% of the total of the base offering plus any securities that would be acquired upon the exercise of an over-allotment option.

Take-up by underwriter

11.3 If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, the underwriter must take up the securities, if at all, within 42 days after the date of the receipt for the final prospectus.

PART 12: Restricted Securities

Application

12.1 This Part does not apply to

(a) securities of mutual funds,

(b) securities that carry a right to vote subject to a restriction on the number or percentage of securities that may be voted or owned by persons or companies that are not citizens or residents of Canada or that are otherwise considered as a result of any law applicable to the issuer to be non-Canadians, but only to the extent of the restriction, and

(c) securities that are subject to a restriction, imposed by any law governing the issuer, on the level of ownership of the securities by a person, company or combination of persons or companies, but only to the extent of the restriction.

Use of restricted security term

12.2(1) An issuer must not refer to a security in a prospectus by a term or a defined term that includes the word "common" unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.

(2) An issuer must not refer in a prospectus to a term or defined term that includes the word "preference" or "preferred", unless the security is a security, other than an equity security, to which is attached a preference or right over any class of equity security of the issuer.

(3) If restricted securities are referred to in the constating documents of the issuer by a term that is different from the appropriate restricted security term, the restricted securities may be described, in one place only in the prospectus, by the term used in the constating documents of the issuer; provided that, the description is not on the front page of the prospectus and is in the same type face and type size as that used generally in the body of the prospectus.

(4) A class of securities that is or may become restricted securities must be referred to in a prospectus using a term or a defined term that includes the appropriate restricted security term.

Prospectus filing eligibility

12.3(1) Subject to subsection (3), an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless

(a) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, or

(b) at the time of any restricted security reorganization related to the securities to be distributed

(i) the restricted security reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes

attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer,

(ii) the issuer was a reporting issuer in at least one jurisdiction, and

(iii) no purposes or business reasons for the creation of restricted securities were disclosed that are inconsistent with the purpose of the distribution.

(2) Subject to subsection (3), for each approval referred to in subsection (1), the issuer must have provided prior written disclosure in an information circular or notice to its securityholders that included

(a) the name of each affiliate of the issuer that was a beneficial owner of securities of the issuer and the number of securities beneficially owned, directly or indirectly, by the affiliate as of the date of the information circular or notice to the extent known to the issuer after reasonable inquiry,

(b) the name of each control person and the number of securities beneficially owned, directly or indirectly, by the control person as of the date of the information circular or notice, to the extent known to the issuer after reasonable inquiry,

(c) a statement of the number of votes attaching to the securities that were excluded for the purpose of the approval to the extent known to the issuer after reasonable inquiry, and

(d) the purpose and business reasons for the creation of restricted securities.

(3) Subsections (1) and (2) do not apply if

(a) the securities offered by the prospectus are of an existing class of restricted securities that were created before December 21, 1984,

(b) the issuer was a private issuer immediately before filing the prospectus,

(c) the securities offered by the prospectus are of the same class as securities distributed under a previous prospectus that was filed by an issuer that was, at the time of filing the previous prospectus, a private issuer,

(d) the securities offered by the prospectus are previously unissued restricted securities distributed by way of stock dividend in the ordinary course to securityholders instead of a cash dividend if at the time of distribution there is a published market for the restricted securities,

(e) the securities offered by the prospectus are distributed as a stock split that takes the form of a distribution of previously unissued restricted securities by way of stock dividend to holders of the same class of restricted securities if at the time of

distribution there is a published market for the restricted securities and the distribution is part of a concurrent distribution by way of stock dividend to holders of all equity securities under which all outstanding equity securities of the issuer are increased in the same proportion, or

(f) as of a date not more than seven days before the date of the prospectus, the issuer expects that in each local jurisdiction in which the prospectus will be filed the number of securities of each class of equity securities held by registered holders whose last address as shown on the books of the issuer is in the local jurisdiction, or beneficially owned by persons or companies in the local jurisdiction, will be less than two percent of the outstanding number of securities of the class after giving effect to the proposed distribution.

PART 13: Advertising and Marketing in Connection with Prospectus Offerings

Legend for communications during the waiting period

13.1(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering during the waiting period must contain the following legend or words to the same effect:

> "A preliminary prospectus containing important information relating to these securities has been filed with securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary prospectus is still subject to completion or amendment. Copies of the preliminary prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued."

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

Legend for communications following receipt for the final prospectus

13.2(1) A notice, circular, advertisement, letter or other communication used in connection with a prospectus offering following the issuance of a receipt for the final prospectus must contain the following legend or words to the same effect:

> "This offering is only made by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from [insert name and contact information for dealer or other relevant person or entity.] Investors should read the prospectus before making an investment decision."

(2) If the notice, circular, advertisement, letter or other communication is in writing, set out the language in subsection (1) in boldface type that is at least as large as that used generally in the body of the text.

Advertising for investment funds during the waiting period

13.3 If the issuer is an investment fund, an advertisement used in connection with a prospectus offering during the waiting period may state only the following information:

(a) whether the security represents a share in a company or an interest in a non-corporate entity such as a trust unit or a partnership interest;

(b) the name of the issuer;

(c) the price of the security;

(d) the investment objective(s) of the investment fund;

(e) the name of the manager of the investment fund;

(f) the name of the portfolio adviser of the investment fund;

(g) the name and address of a person or company from whom a preliminary prospectus may be obtained and purchases of securities may be made; and

(h) how many securities will be made available.

Part 14: Custodianship of Portfolio Assets of an Investment Fund

General

14.1(1) This Part applies to an investment fund that prepares a prospectus in accordance with this Instrument, other than an investment fund subject to NI 81-102.

(2) Subject to sections 14.8 and 14.9, all portfolio assets of an investment fund must be held under the custodianship of one custodian that satisfies the requirements of section 14.2.

(3) No manager of an investment fund may act as a custodian or sub-custodian of the investment fund.

Who may act as custodian or sub-custodian

14.2(1) If portfolio assets are held in Canada by a custodian or sub-custodian, the custodian or sub-custodian must be one of the following:

(a) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);

(b) a trust company that

(i) is incorporated and licenced or registered under the laws of Canada or a jurisdiction, and

(ii) has shareholders' equity, as reported in its most recent audited financial statement, of not less than $10,000,000;

(c) a company that is incorporated under the laws of Canada or a jurisdiction and is an affiliate of a bank or trust company referred to in paragraph (a) or (b), if

(i) the company has shareholders' equity, as reported in its most recent audited financial statements that have been made public, of not less than $10,000,000, or

(ii) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for that investment fund.

(2) If portfolio assets are held outside of Canada by a sub-custodian, the sub-custodian must be one of the following:

(a) an entity referred to in subsection (1);

(b) an entity that

(i) is incorporated or organized under the law of a country, or a political subdivision of a country, other than Canada,

(ii) is regulated as a banking institution or trust company by the government, or an agency of the government of the country or political subdivision of the country under whose laws it is incorporated or organized, and

(iii) has shareholders' equity, as reported in its most recent audited financial statements of not less than the equivalent of $100,000,000;

(c) an affiliate of an entity referred to in paragraph (a) or (b) if

(i) the affiliate has shareholders' equity, as reported in its most recent audited financial statements that have been made public, of not less than the equivalent of $100,000,000, or

(ii) the entity referred to in paragraphs (a) or (b) has assumed responsibility for all of the custodial obligations of the affiliate for that investment fund.

Standard of care

14.3(1) The custodian and each sub-custodian of an investment fund, in carrying out their duties concerning the safekeeping of, and dealing with, the portfolio assets of the investment fund, must exercise

(a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, or

(b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in paragraph (a).

(2) No investment fund may relieve the custodian or a sub-custodian of the investment fund from liability to the investment fund or to a securityholder of the investment fund for loss that arises out of the failure of the custodian or sub-custodian to exercise the standard of care imposed by subsection (1).

(3) An investment fund may indemnify a custodian or sub-custodian against legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by that entity in connection with custodial or sub-custodial services provided by that entity to the investment fund, if those fees, judgments and amounts were not incurred as a result of a breach of the standard of care described in subsection (1).

(4) No investment fund may incur the cost of any portion of liability insurance that insures a custodian or sub-custodian for a liability, except to the extent that the custodian or sub-custodian may be indemnified for that liability under this section.

Appointment of sub-custodian

14.4(1) The custodian or a sub-custodian of an investment fund may appoint one or more sub-custodians to hold portfolio assets of the investment fund if,

(a) in the case where the appointment is by the custodian, the investment fund gives written consent to each appointment,

(b) in the case where the appointment is by a sub-custodian, the investment fund and the custodian of the investment fund give written consent to each appointment,

(c) the sub-custodian is an entity described in subsection 14.2(1) or (2), as applicable,

(d) the arrangements under which a sub-custodian is appointed are such that the investment fund may enforce rights directly, or require the custodian or a sub-custodian to enforce rights on behalf of the investment fund, to the portfolio assets held by the appointed sub-custodian, and

(e) the appointment is otherwise in compliance with this Instrument.

(2) Despite paragraphs (1)(a) and (b), a general consent to the appointment of persons or companies that are part of an international network of sub-custodians within the organization of the custodian appointed by the investment fund or the sub-custodian appointed by the custodian is sufficient if that general consent is part of an agreement governing the relationship between the investment fund and the appointed custodian or the custodian and the appointed sub-custodian.

(3) A custodian or sub-custodian must provide to the investment fund a list of each person or company that is appointed sub-custodian under a general consent referred to in subsection (2).

Content of agreements

14.5(1) All agreements between the investment fund and the custodian or the custodian and the sub-custodian of an investment fund must provide for

(a) the location of portfolio assets,

(b) the appointment of a sub-custodian, if any,

(c) the provision of lists of sub-custodians,

(d) the method of holding portfolio assets,

(e) the standard of care and responsibility for loss,

(f) review and compliance reports, and

(g) the safekeeping of portfolio assets on terms consistent with the agreement between the investment fund and the custodian, for an agreement between a custodian and a sub-custodian,.

(2) The provisions of an agreement referred to under subsection (1) must comply with the requirements of this Part.

(3) An agreement between an investment fund and a custodian or a custodian and a sub-custodian respecting the portfolio assets must not

(a) provide for the creation of any security interest on the portfolio assets except for a good faith claim for payment of the fees and expenses of the custodian or sub-custodian for acting in that capacity or to secure the obligations of the investment fund to repay borrowings by the investment fund from a custodian or sub-custodian for the purpose of settling portfolio transactions, or

(b) contain a provision that would require the payment of a fee to the custodian or sub-custodian for the transfer of the beneficial ownership of portfolio assets, other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

Review and compliance reports

14.6(1) The custodian of an investment fund must, on a periodic basis and at least annually,

(a) review the agreements referred to in section 14.5 to determine if those agreements are in compliance with this Part,

(b) make reasonable enquiries to ensure that each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable, and

(c) make or cause to be made any changes that may be necessary to ensure that

(i) the agreements are in compliance with this Part, and

(ii) each sub-custodian is an entity referred to in subsection 14.2(1) or (2), as applicable.

(2) The custodian of an investment fund must, within 60 days after the end of each financial year of the investment fund, advise the investment fund in writing

(a) of the names and addresses of all sub-custodians of the investment fund,

(b) if the agreements are in compliance with this Part, and

(c) if, to the best of the knowledge and belief of the custodian, each sub-custodian is an entity that satisfies the requirements of subsection 14.2(1) or (2), as applicable.

(3) A copy of the report referred to in subsection (2) must be delivered by or on behalf of the investment fund to the securities regulatory authority within 30 days after the filing of the annual financial statements of the investment fund.

Holding of portfolio assets and payment of fees

14.7(1) Except as provided in subsections (2) and (3) and sections 14.8 and 14.9, portfolio assets not registered in the name of the investment fund must be registered in the name of the custodian or a sub-custodian of the investment fund or any of their respective nominees with an account number or other designation in the records of the custodian sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.

(2) The custodian or a sub-custodian of the investment fund or the applicable nominee must segregate portfolio assets issued in bearer form to show that the beneficial ownership of the property is vested in the investment fund.

(3) A custodian or sub-custodian of an investment fund may deposit portfolio assets with a depository or a clearing agency that operates a book-based system.

(4) The custodian or sub-custodian of an investment fund arranging for the deposit of portfolio assets with, and their delivery to, a depository, or clearing agency, that operates a book-based system must ensure that the records of any of the applicable participants in that book-based system or the custodian contain an account number or other designation sufficient to show that the beneficial ownership of the portfolio assets is vested in the investment fund.

(5) No investment fund may pay a fee to a custodian or sub-custodian for the transfer of beneficial ownership of portfolio assets other than for safekeeping and administrative services in connection with acting as custodian or sub-custodian.

Custodial provisions relating to derivatives and securities lending, repurchases and reverse repurchase agreements

14.8(1) For the purposes of subsection (4), "specified derivative" has the same meaning as in NI 81-102.

(2) An investment fund may deposit portfolio assets as margin for transactions in Canada involving clearing corporation options, options on futures or standardized futures with a dealer that is a member of an SRO that is a participating member of CIPF if the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10% of the net assets of the investment fund, taken at market value as at the time of deposit.

(3) An investment fund may deposit portfolio assets with a dealer as margin for transactions outside Canada involving clearing corporation options, options on futures or standardized futures if

(a) in the case of standardized futures and options on futures, the dealer is a member of a futures exchange or, in the case of clearing corporation options, is a member of a stock exchange, and, as a result in either case, is subject to a regulatory audit,

(b) the dealer has a net worth, determined from its most recent audited financial statements that have been made public, in excess of the equivalent of $50 million, and

(c) the amount of margin deposited does not, when aggregated with the amount of margin already held by the dealer on behalf of the investment fund, exceed 10%

of the net assets of the investment fund, taken at market value as at the time of deposit.

(4) An investment fund may deposit with its counterparty portfolio assets over which it has granted a security interest in connection with a particular specified derivatives transaction.

(5) The agreement by which portfolio assets are deposited in accordance with subsection (2), (3) or (4) must require the person or company holding the portfolio assets to ensure that its records show that the investment fund is the beneficial owner of the portfolio assets.

(6) An investment fund may deliver portfolio assets to a person or company in satisfaction of its obligations under a securities lending, repurchase or reverse purchase agreement if the collateral, cash proceeds or purchased securities that are delivered to the investment fund in connection with the transaction are held under the custodianship of the custodian or a sub-custodian of the investment fund in compliance with this Part.

Separate account for paying expenses

14.9 An investment fund may deposit cash in Canada with an entity referred to in paragraph (a) or (b) of subsection 14.2(1) to facilitate the payment of regular operating expenses of the investment fund.

PART 15: Documents Incorporated by Reference by Investment Funds

Application

15.1 This Part applies only to an investment fund in continuous distribution, other than scholarship plans.

Incorporation by reference

15.2(1) An investment fund must incorporate by reference into its long form prospectus, by means of a statement to that effect, the filed documents listed in section 37.1 of Form 41-101F2.

(2) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (1), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund's long form prospectus as of the date of the long form prospectus.

(3) An investment fund must incorporate by reference in its long form prospectus, by means of a statement to that effect, the subsequently filed documents referred to in section 37.2 of Form 41-101F2.

(4) If an investment fund does not incorporate by reference into its long form prospectus a document referred to in subsection (3), the document is deemed, for the purposes of securities legislation, to be incorporated by reference in the investment fund's long form prospectus as of the date the investment fund filed the document.

PART 16: Distribution of Preliminary Prospectus and Distribution List

Distribution of preliminary prospectus and distribution list

16.1 Except in Ontario, any dealer distributing a security during the waiting period must

(a) send a copy of the preliminary prospectus to each prospective purchaser who indicates an interest in purchasing the security and requests a copy of such preliminary prospectus, and

(b) maintain a record of the names and addresses of all persons and companies to whom the preliminary prospectus has been forwarded.

[**Note:** In Ontario, sections 66 and 67 of the *Securities Act* (Ontario) impose similar requirements regarding the distribution of a preliminary prospectus and maintaining a distribution list.]

PART 17: Lapse Date

Pro forma prospectus

17.1(1) In this Part, **"pro forma prospectus"** means a long form prospectus that complies with the requirements described in subsection (2).

(2) A pro forma prospectus must be prepared in the form of a long form prospectus in accordance with Form 41-101F1 or Form 41-101F2, as applicable, and other securities legislation, except that a pro forma prospectus is not required to contain prospectus certificates or to comply with sections 4.2, 4.3 and 4.4 of this Instrument.

(3) This Part does not apply to a prospectus filed in accordance with NI 44-101, NI 44-102 or NI 44-103.

Refiling of prospectus

17.2(1) This section does not apply in Ontario.

(2) In this section, **"lapse date"** means, with reference to the distribution of a security that has been qualified under a prospectus, the date that is 12 months after the date of the most recent final prospectus relating to the security.

(3) An issuer must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the issuer files a new prospectus that complies with securities legislation and a receipt for that new prospectus is issued by the regulator.

(4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if,

(a) the issuer delivers a pro forma prospectus within 30 days before the lapse date of the previous prospectus;

(b) the issuer files a new final prospectus within 10 days after the lapse date of the previous prospectus; and

(c) a receipt for the new final prospectus is issued by the regulator within 20 days after the lapse date of the previous prospectus.

(5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator may, on an application of a reporting issuer, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

[**Note:** In Ontario, section 62 of the *Securities Act* (Ontario) imposes similar requirements and procedures regarding refiling of prospectuses.]

PART 18: Statement of Rights

Statement of rights

18.1 Except in Ontario, a prospectus must contain a statement of the rights given to a purchaser under securities legislation in case of a failure to deliver the prospectus or in case of a misrepresentation in a prospectus.

[**Note:** In Ontario, section 60 of the *Securities Act* (Ontario) imposes a similar requirement for the inclusion of a statement of rights in a prospectus.]

PART 19: Exemption

Exemption

19.1(1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of NI 14-101 opposite the name of the local jurisdiction.

Application for exemption

19.2 An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument must include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

Evidence of exemption

19.3(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption from subsection 2.2(2), may be evidenced by the issuance of a receipt for a final prospectus or an amendment to a final prospectus.

(2) The issuance of a receipt for a final prospectus or an amendment to a final prospectus is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in section 19.2 on or before the date of the filing of the preliminary prospectus, or

(ii) the letter or memorandum referred to in section 19.2 after the date of the filing of the preliminary prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

PART 20: Transition, Effective Date, and Repeal

Transition

20.1(1) A final prospectus may, at the issuer's option, be prepared in accordance with securities legislation in effect

(a) at the date of the issuance of a receipt for the preliminary prospectus or the date of filing the pro forma prospectus, as applicable, or

(b) at the date of issuance of a receipt for the final prospectus.

(2) Despite this Instrument, securities legislation in effect at the date of the issuance of a receipt for a preliminary prospectus or the filing of a pro forma prospectus, as applicable, applies to a distribution if the issuer prepared the final prospectus in accordance with paragraph (1)(a).

Effective date

20.2 This Instrument comes into force on March 17, 2008.

Repeal

20.3 National Instrument 41-101 *Prospectus Disclosure Requirements*, which came into force on December 31, 2000, is repealed.

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PERSONAL INFORMATION FORM AND
AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

In connection with an issuer's (the "Issuer") filing of a prospectus, the attached Schedule 1 contains information (the "Information") concerning every individual for whom the Issuer is required to provide the Information under Part 9 of this Instrument or Part 4 of NI 44-101. The Issuer is required by provincial and territorial securities legislation to deliver the Information to the regulators listed in Schedule 3.

The Issuer confirms that each individual who has completed a Schedule 1:

(a) has been notified by the Issuer

(i) of the Issuer's delivery to the regulator of the Information in Schedule 1 pertaining to that individual,

(ii) that the Information is being collected indirectly by the regulator under the authority granted to it by provincial and territorial securities legislation or provincial legislation relating to documents held by public bodies and the protection of personal information,

(iii) that the Information collected from each director and executive officer of the investment fund manager may be used in connection with the prospectus filing of the Issuer and the prospectus filing of any other issuer managed by the investment fund manager,

(iv) that the Information is being collected and used for the purpose of enabling the regulator to administer and enforce provincial and territorial securities legislation, including those obligations that require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management, an investment fund manager or promoter of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders, and

(v) of the contact, business address and business telephone number of the regulator in the local jurisdiction as set out in the attached Schedule 3, who can answer questions about the regulator's indirect collection of the Information;

(b) has read and understands the Personal Information Collection Policy attached hereto as Schedule 2; and

(c) has, by signing the certificate and consent in Schedule 1, authorized the indirect collection, use and disclosure of the Information by the regulator as described in Schedule 2.

Date: _____

_____
Name of Issuer

Per:_____

_____
Name

_____
Official Capacity

(Please print the name of the person signing on behalf of the issuer)

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PERSONAL INFORMATION FORM
AND AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

Schedule 1

Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information

This Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information (the "Form") is to be completed by every individual who, in connection with an issuer filing a prospectus (the "Issuer"), is required to do so under Part 9 of National Instrument 41-101 *General Prospectus Requirements* or Part 4 of National Instrument 44-101 *Short Form Prospectus Distributions*. Where an individual has submitted a personal information form (an "Exchange Form") to the Toronto Stock Exchange or the TSX Venture Exchange and the information has not changed, the Exchange Form may be delivered in lieu of this Form; provided that the certificate and consent of this Form is completed and attached to the Exchange Form.

The securities regulatory authorities do not make any of the information provided in this Form public.

General Instructions:

All Questions — **All questions must have a response.** The response of "N/A" or "Not Applicable" for any questions, except Questions 1(B), 2B(iii) and 5 will not be accepted.

Questions 6 to 9 — Please check (√) in the appropriate space provided. If your answer to any of questions 6 to 9 is "YES", you must, in an attachment, provide complete details, including the circumstances, relevant dates, names of the parties involved and final disposition, if known. **Any attachment must be initialled by the person completing this Form.** Responses must consider all time periods.

Delivery — **The issuer should deliver completed Forms electronically via the System for Electronic Document Analysis and Retrieval (SEDAR) under the document type "Personal Information Form and Authorization". Access to this document type is not available to the public.**

CAUTION

An individual who makes a false statement commits an offence under securities legislation. Steps may be taken to verify the answers you have given in this Form, including verification of information relating to any previous criminal record.

DEFINITIONS

"Offence" An offence includes:

(a) a summary conviction or indictable offence under the *Criminal Code* (Canada);

(b) a quasi-criminal offence (for example under the *Income Tax Act* (Canada), the *Immigration Act* (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any jurisdiction);

(c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein; or

(d) an offence under the criminal legislation of any foreign jurisdiction;

NOTE: If you have received a pardon under the *Criminal Records Act* (Canada) and it has not been revoked, you must disclose the pardoned offence in this Form. In such circumstances:

(a) the appropriate written response would be "Yes, pardon granted on (date)"; and

(b) you must provide complete details in an attachment to this Form.

"Proceedings" means:

(a) a civil or criminal proceeding or inquiry before a court;

(b) a proceeding before an arbitrator or umpire or a person or group of persons authorized by law to make an inquiry and take evidence under oath in the matter;

(c) a proceeding before a tribunal in the exercise of a statutory power of decision making where the tribunal is required by law to hold or afford the parties to the proceeding an opportunity for a hearing before making a decision; or

(d) a proceeding before a self-regulatory organization authorized by law to regulate the operations and the standards of practice and business conduct of its members and their representatives, in which the self-regulatory organization is required under its by-laws or rules to hold or afford the parties the opportunity for a hearing before making a decision,

but does not apply to a proceeding in which one or more persons are required to make an investigation and to make a report, with or without recommendations, if the report is for the information or advice of the person to whom it is made and does not in any way bind or limit that person in any decision the person may have the power to make;

"securities regulatory authority" (or "SRA") means a body created by statute in any jurisdiction or in any foreign jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory or professional organization;

"self regulatory or professional organization" means:

(a) a stock, commodities, futures or options exchange;

(b) an association of investment, securities, mutual fund, commodities, or future dealers;

(c) an association of investment counsel or portfolio managers;

(d) an association of other professionals (e.g. legal, accounting, engineering); and

(e) any other group, institution or self-regulatory entity, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, disciplines or codes under any applicable legislation, or considered a self regulatory or professional organization in another country.

1. A. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

LAST NAME(S)	**FIRST NAME(S)**	**MIDDLE NAME(S) (If none, please state)**

NAME(S) MOST COMMONLY KNOWN BY:

NAME OF ISSUER

PRESENT or PROPOSED POSITION(S) WITH THE ISSUER – check (√) all positions below that are applicable.	**(√)**	**IF DIRECTOR / OFFICER DISCLOSE THE DATE ELECTED / APPOINTED**			**IF OFFICER – PROVIDE TITLE IF OTHER – PROVIDE DETAILS**
		Month	**Day**	**Year**	
Director					
Officer					
Other					

B.

Other than the name given in Question 1A above, provide any legal names, assumed names or nicknames under which you have carried on business or have otherwise been known, including information regarding any name change(s) resulting from marriage, divorce, court order or any other process. Use an attachment if necessary.	**FROM**		**TO**	
	MM	**YY**	**MM**	**YY**

C.

GENDER		DATE OF BIRTH			PLACE OF BIRTH		
		Month	Day	Year	City	Province/State	Country
Male							
Female							

D.

MARITAL STATUS	FULL NAME OF SPOUSE – include common-law	OCCUPATION OF SPOUSE

E.

TELEPHONE AND FACSIMILE NUMBERS AND E-MAIL ADDRESS			
RESIDENTIAL	( )	FACSIMILE	( )
BUSINESS	( )	E-MAIL	

F.

RESIDENTIAL HISTORY – Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to correctly identify the complete residential address for a period, which is beyond five years from the date of completion of this Form, the municipality and province or state and country must be identified. The regulator reserves the right to require the full address.

STREET ADDRESS, CITY, PROVINCE/STATE, COUNTRY & POSTAL/ZIP CODE	FROM				TO			
	MM		YY		MM		YY	

2. CITIZENSHIP

A.

CANADIAN CITIZENSHIP		YES	NO
(i)	Are you a Canadian Citizen?		
(ii)	Are you a person lawfully in Canada as an immigrant but are not yet a Canadian citizen?		
(iii)	If "Yes" to Question 2A(ii), the number of years of continuous residence in Canada:		

B.

OTHER CITIZENSHIP		YES	NO
(i)	Do you hold citizenship in any country other than Canada?		
(ii)	If "Yes" to Question 2B(i), the name of the country(s):		
(iii)	Please provide U.S. Social Security number, where you have such a number		

3. EMPLOYMENT HISTORY

Provide your employment history for the **10 YEARS** immediately prior to the date of this Form starting with your current employment. Use an attachment if necessary.

EMPLOYER NAME	EMPLOYER ADDRESS	POSITION HELD	FROM		TO	
			MM	YY	MM	YY

4. POSITIONS WITH OTHER ISSUERS

		YES	NO
A.	While you were a director, officer or insider of an issuer, did any exchange or self-regulatory organization ever refuse approval for listing or quotation of that issuer (including a listing resulting from a qualifying transaction, reverse takeover, backdoor listing or change of business)? If yes, attach full particulars.		
B.	Has your employment in a sales, investment or advisory capacity with any firm or company engaged in the sale of real estate, insurance or mutual funds ever been terminated for cause?		
C.	Has a firm or company registered under the securities laws of any jurisdiction or of any foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, suspended or terminated your employment for cause?		
D.	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?		

E. **If "YES" to 4D above, provide the names of each reporting issuer. State the position(s) held and the period(s) during which you held the position(s). Use an attachment if necessary.**

NAME OF REPORTING ISSUER	POSITION(S) HELD	MARKET TRADED ON	FROM		TO	
			MM	YY	MM	YY

5. EDUCATIONAL HISTORY

A. **PROFESSIONAL DESIGNATION(S) – Provide any professional designation held and professional associations to which you belong. For example, Barrister & Solicitor, C.A., C.M.A., C.G.A., P.Eng., P.Geol., and CFA, etc. and indicate which organization and the date the designations were granted.**

PROFESSIONAL DESIGNATION And MEMBERSHIP NUMBER	GRANTOR OF DESIGNATION And JURISDICTION OR FOREIGN JURISDICTION	DATE GRANTED			ACTIVE?	
		MM	DD	YY	YES	NO

B. **Provide your post-secondary educational history starting with the most recent.**

SCHOOL	LOCATION	DEGREE OR DIPLOMA	DATE OBTAINED					
			MM		DD		YY	

6. OFFENCES – If you answer "YES" to any item in Question 6, you must provide complete details in an attachment.

		YES	NO
A.	Have you ever pleaded guilty to or been found guilty of an offence?		
B.	Are you the subject of any current charge, indictment or proceeding for an offence?		
C.	To the best of your knowledge, are you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction or in any foreign jurisdiction, at the time of events, where the issuer:		
	(i) has ever pleaded guilty to or been found guilty of an offence?		
	(ii) is the subject of any current charge, indictment or proceeding for an offence?		

7. **BANKRUPTCY** – If you answer "YES" to any item in Question 7, you must provide complete details in an attachment and attach a copy of any discharge, release or other applicable document.

		YES	NO
A.	Have you, in any jurisdiction or in any foreign jurisdiction, within the past **10 years** had a petition in bankruptcy issued against you, made a voluntary assignment in bankruptcy, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to manage your assets?		
B.	Are you now an undischarged bankrupt?		
C.	To the best of your knowledge, are you or have you **ever** been a director, officer, promoter, insider, or control person of an issuer, in any jurisdiction or in any foreign jurisdiction, at the time of events, or for a period of 12 months preceding the time of events, where the issuer:		
	(i) has made a petition in bankruptcy, a voluntary assignment in bankruptcy, a proposal under any bankruptcy or insolvency legislation, been subject to any proceeding, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to manage the issuer's assets?		
	(ii) is now an undischarged bankrupt?		

8. **PROCEEDINGS** – If you answer "YES" to any item in Question 8, you must provide complete details in an attachment.

		YES	NO
A.	**CURRENT PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL ORGANIZATION. Are you now, in any jurisdiction or in any foreign jurisdiction, the subject of:**		
	(i) a notice of hearing or similar notice issued by a SRA?		
	(ii) a proceeding or to your knowledge, under investigation, by an exchange or other self regulatory or professional organization?		
	(iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with a SRA or any self regulatory or professional organization?		

		YES	NO
B.	**PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY OR PROFESSIONAL ORGANIZATION. Have you ever:**		
	(i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or otherwise been the subject of any disciplinary proceedings of any kind whatsoever, in any jurisdiction or in any foreign jurisdiction, by a SRA or self regulatory or professional organization?		
	(ii) had a registration or licence for the trading of securities, exchange or commodity futures contracts, real estate, insurance or mutual fund products cancelled, refused, restricted or suspended?		
	(iii) been prohibited or disqualified under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer?		
	(iv) had a cease trading or similar order issued against you or an order issued against you that denied you the right to use any statutory prospectus or registration exemption?		

(v)	had any other proceeding of any nature or kind taken against you?		

C.	**SETTLEMENT AGREEMENT(S)**		
	Have you ever entered into a settlement agreement with a SRA, self regulatory or professional organization, attorney general or comparable official or body, in any jurisdiction or in any foreign jurisdiction, in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct, or any other settlement agreement with respect to any other violation of securities legislation in a jurisdiction or in a foreign jurisdiction or the rules of any self regulatory or professional organization?		

D.	**To the best of your knowledge, are you now or have you ever been a director, officer, promoter, insider, or control person of an issuer at the time of such event, in any jurisdiction or in any foreign jurisdiction, for which a securities regulatory authority or**		
(i)	refused, restricted, suspended or cancelled the registration or licensing of an issuer to trade securities, exchange or commodity futures contracts, or to sell or trade real estate, insurance or mutual fund products?		
(ii)	issued a cease trade or similar order or imposed an administrative penalty of any nature or kind whatsoever against the issuer, other than an order for failure to file financial statements that was revoked within 30 days of its issuance?		
(iii)	refused a receipt for a prospectus or other offering document, denied any application for listing or quotation or any other similar application, or issued an order that denied the issuer the right to use any statutory prospectus or registration exemptions?		
(iv)	issued a notice of hearing, notice as to a proceeding or similar notice against the issuer?		
(v)	taken any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer (other than in the normal course for proper dissemination of information, pursuant to a reverse takeover, backdoor listing or similar transaction)?		
(vi)	entered into a settlement agreement with the issuer in a matter that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading in securities or exchange or commodity futures contracts, illegal distributions, failure to disclose material facts or changes or similar conduct by the issuer, or involved in any other violation of securities legislation in a jurisdiction or in a foreign jurisdiction or a self regulatory or professional organization's rules?		

9. CIVIL PROCEEDINGS – If you answer "YES" to any item in Question 9, you must provide complete details in an attachment.

		YES	**NO**
A.	**JUDGMENT, GARNISHMENT AND INJUNCTIONS** **Has a court in any jurisdiction or in any foreign jurisdiction:**		
(i)	rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against you in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		

(ii)	rendered a judgment, ordered garnishment or issued an injunction or similar ban (whether by consent or otherwise) against an issuer, for which you are currently or have ever been a director, officer, promoter, insider or control person, in a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		

B.

	CURRENT CLAIMS		
(i)	Are you now subject, in any jurisdiction or in any foreign jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
(ii)	To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer now subject, in any jurisdiction or in any foreign jurisdiction, of a claim that is based in whole or in part on actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		

C.

	SETTLEMENT AGREEMENT		
(i)	Have you ever entered into a settlement agreement, in any jurisdiction or in any foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		
(ii)	To the best of your knowledge, are you currently or have you ever been a director, officer, promoter, insider or control person of an issuer that has entered into a settlement agreement, in any jurisdiction or in any foreign jurisdiction, in a civil action that involved actual or alleged fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes or allegations of similar conduct?		

CERTIFICATE AND CONSENT

I, _____ hereby certify that:
(Please Print – Name of Individual)

(a) I have read and understood the questions, cautions, acknowledgement and consent in this Form, and the answers I have given to the questions in this Form and in any attachments to it are true and correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be true;

(b) I have read and understand the Personal Information Collection Policy attached hereto as Schedule 2 (the "Personal Information Collection Policy");

(c) I consent to the collection, use and disclosure of the information in this Form and to the collection, use and disclosure of further personal information in accordance with the Personal Information Collection Policy; and

(d) I understand that I am providing this Form to a regulator listed in Schedule 3 attached hereto and I am under the jurisdiction of the regulator to which I submit this Form, and it is a breach of securities legislation to provide false or misleading information to the regulator.

_____
Date [within 30 days of the date of the preliminary prospectus]

_____
Signature of Person Completing this Form

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PERSONAL INFORMATION FORM
AND AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

Schedule 2

Personal Information Collection Policy

The regulators listed in Schedule 3 Regulators collect the personal information in Schedule 1 *Personal Information Form* under the authority granted to them under provincial and territorial securities legislation. Under securities legislation, the regulators do not make any of the information provided in Schedule 1 public.

The regulators collect the personal information in Schedule 1 for the purpose of enabling the regulators to administer and enforce provincial and territorial securities legislation, including those provisions that require or permit the regulators to refuse to issue a receipt for a prospectus if it appears to the regulators that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders.

You understand that by signing the certificate and consent in Schedule 1, you are consenting to the Issuer submitting your personal information in Schedule 1 (the "Information") to the regulators and to the collection and use by the regulators of the Information, as well as any other information that may be necessary to administer and enforce provincial and territorial securities legislation. This may include the collection of information from law enforcement agencies, other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, and quotation and trade reporting systems in order to conduct background checks, verify the Information and perform investigations and conduct enforcement proceedings as required to ensure compliance with provincial and territorial securities legislation.

You understand that the Issuer is required to deliver the Information to the regulators because the Issuer has filed a prospectus under provincial and territorial securities legislation. You also understand that you have a right to be informed of the existence of personal information about you that is kept by regulators, that you have the right to request access to that information, and that you have the right to request that such information be corrected, subject to the applicable provisions of the freedom of information and protection of privacy legislation adopted by each province and territory.

You also understand and agree that the Information the regulators collect about you may also be disclosed, as permitted by law, where its use and disclosure is for the purposes described above. The regulators may also use a third party to process the Information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the regulators, you may contact the regulator in the jurisdiction in which the required information is filed, at the address or telephone number listed in Schedule 3.

APPENDIX A TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PERSONAL INFORMATION FORM
AND AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

Schedule 3

Regulators

Local Jurisdiction	**Regulator**
Alberta	Securities Review Officer Alberta Securities Commission Suite 400 300 – 5th Avenue S.W Calgary, Alberta T2P 3C4 Telephone: (403) 297-6454 E-mail: inquiries@seccom.ab.ca www.albertasecurities.com
British Columbia	Review Officer British Columbia Securities Commission P.O. Box 10142 Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Telephone: (604) 899-6854 Toll Free within British Columbia and Alberta: (800) 373-6393 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Manitoba	Director, Corporate Finance The Manitoba Securities Commission 500-400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 E-mail: securities@gov.mb.ca www.msc.gov.mb.ca

New Brunswick	Director Corporate Finance and Chief Financial Officer New Brunswick Securities Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Fax: (506) 658-3059 E-mail: information@nbsc-cvmnb.ca
Newfoundland and Labrador	Director of Securities Department of Government Services and Lands P.O. Box 8700 West Block, 2nd Floor, Confederation Building St. John's, Newfoundland A1B 4J6 Telephone: (709) 729-4189 www.gov.nf.ca/gsl/cca/s
Northwest Territories	Securities Registries Department of Justice Government of the Northwest Territories P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9 Telephone: (867) 873- 7490 www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.html
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-5354 www.gov.ns.ca/nssc
Nunavut	Government of Nunavut Legal Registries Division P.O. Box 1000 – Station 570 Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590
Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 19th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 Telephone: (416) 597-0681 E-mail: Inquiries@osc.gov.on.ca www.osc.gov.on.ca

Prince Edward Island	Deputy Registrar, Securities Division Shaw Building 95 Rochford Street, P.O. Box 2000, 4th Floor Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4550 www.gov.pe.ca/securities
Québec	Autorité des marchés financiers Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, Québec H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 395-0337 Toll Free in Québec: (877) 525-0337 www.lautorite.qc.ca
Saskatchewan	Director Saskatchewan Financial Services Commission Suite 601, 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5842 www.sfsc.gov.sk.ca
Yukon	Registrar of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 – 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: (867) 667-5005

APPENDIX B TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

ISSUER FORM OF SUBMISSION TO
JURISDICTION AND APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

_____

2. Jurisdiction of incorporation, or equivalent, of Issuer:

_____

3. Address of principal place of business of Issuer:

_____

4. Description of securities (the "Securities"):

_____

5. Date of the prospectus (the "Prospectus") under which the Securities are offered:

_____

6. Name of agent for service of process (the "Agent"):

_____

7. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

_____

8. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

9. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and

   (b) any administrative proceeding in any such province [or territory],

in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus or the obligations of the issuer as a reporting issuer.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

11. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

12. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____ _____

Signature of Issuer

_____

Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____ _____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

APPENDIX C TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

   _____

2. Jurisdiction of incorporation, or equivalent, of Issuer:

   _____

3. Address of principal place of business of Issuer:

   _____

4. Description of securities (the "Securities"):

   _____

5. Date of the prospectus (the "Prospectus") under which the Securities are offered:

   _____

6. Name of person filing this form (the "Filing Person"):

   _____

7. Filing Person's relationship to Issuer:

   _____

8. Jurisdiction of incorporation, or equivalent, of Filing Person, if applicable, or jurisdiction of residence of Filing Person:

   _____

9. Address of principal place of business of Filing Person:

   _____

10. Name of agent for service of process (the "Agent"):

    _____

11. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

    _____

12. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the

distribution of the Securities made or purported to be made under the Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring the Proceeding.

13. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of

    (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and

    (b) any administrative proceeding in any such province [or territory],

    in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Prospectus.

14. Until six years after completion of the distribution of the Securities made under the Prospectus, the Filing Person shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

15. Until six years after completion of the distribution of the Securities under the Prospectus, the Filing Person shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before a change in the name or above address of the Agent.

16. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____ _____

Signature of Filing Person

_____

Print name of person signing and, if the Filing Person is not an individual, the title of the person

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____ _____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

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APPENDIX B

Schedule 2

FORM 41-101F1
INFORMATION REQUIRED IN A PROSPECTUS

TABLE OF CONTENTS

FORM 41-101F1

INFORMATION REQUIRED IN A PROSPECTUS

GENERAL INSTRUCTIONS

(1) The objective of the prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument bear that definition or interpretation. Other definitions are set out in NI 14-101.

(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(7) Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method (for

example, including "subsidiaries" as that term is used in the Handbook). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.

(8) An issuer that is a special purpose vehicle may have to modify the disclosure items to reflect the special purpose nature of its business.

(9) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(10) If an issuer discloses financial information in a preliminary prospectus or prospectus in a currency other than the Canadian dollar, prominently disclose the currency in which the financial information is disclosed.

(11) Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.

(12) Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instruction or requirement in the other instrument or form. These references include references to Form 51-102F2. Venture issuers must include such disclosure in a preliminary prospectus or prospectus even if they are not otherwise required to file an annual information form under NI 51-102

(13) Wherever this Form uses the word "subsidiary", the term includes companies and other types of business organizations such as partnerships, trusts and other unincorporated business entities.

(14) Where requirements in this Form make reference to, or are substantially similar to, requirements in Form 51-102F2, issuers may apply the general provision in subpart 1(d) of Form 51-102F2. However, issuers must supplement this disclosure if the supplemented disclosure is necessary to ensure that the prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 29 of this Form.

(15) Forward-looking information included in a prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a prospectus must comply with Part 4B of NI 51-102. If the forward-looking

information relates to an issuer or other entity that is not a reporting issuer in any jurisdiction, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer in at least one jurisdiction.

ITEM 1: Cover Page Disclosure

Required statement

1.1 State in italics at the top of the cover page the following:

> *"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."*

Preliminary prospectus disclosure

1.2 Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required under section 1.1 the following, with the bracketed information completed:

> *"A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies)."*

INSTRUCTION

Issuers must complete the bracketed information by

(a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus,

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada, or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).

Basic disclosure about the distribution

1.3 State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

"[PRELIMINARY] PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

[(Date)]

[Name of Issuer]

[number and type of securities qualified for distribution under the prospectus, including any
options or warrants, and the price per security]"

Distribution

1.4(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

(2) If there may be an over allocation position,

(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of any over-allotment option or an option to increase the size of the distribution before closing.

(3) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum offering amount, if applicable.

(4) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling securityholder,

(b) consideration other than discounts granted and cash paid or payable by the issuer or selling securityholder, including warrants and options, and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.

Offering price in currency other than Canadian dollar

1.5 If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the reporting currency.

Non-fixed price distributions

1.6 If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter,

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is

less than the gross proceeds paid by the underwriter to the issuer or selling securityholder,

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale, or

(iii) prices to be negotiated with purchasers,

(d) that prices may vary from purchaser to purchaser and during the period of distribution,

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,

(f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling securityholder.

Pricing disclosure

1.7 If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

Reduced price distributions

1.8 If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

Market for securities

1.9(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

> **"There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See 'Risk Factors'."**

(4) If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

> "As at the date of this prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc."

Risk factors

1.10 Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided.

Underwriter(s)

1.11(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with bracketed information completed:

> "We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution".

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

(6) Provide the following tabular information

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period or Acquisition date**	**Exercise price or average acquisition price**
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

International issuers

1.12 If the issuer, a selling securityholder, or any person or company required to provide a certificate under Part 5 of the Instrument or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

"The [issuer, selling securityholder, or person or company providing a certificate under Part 5 of the Instrument or other securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person or company described above] has appointed [name(s) and address[es] of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgements obtained in Canada against [the person or company described above]."

Restricted securities

1.13(1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

(2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

Earnings coverage

1.14 If any of the earnings coverage ratios required to be disclosed under Item 9 is less than one-to-one, disclose this fact in boldface type.

ITEM 2: Table of Contents

Table of contents

2.1 Include a table of contents.

ITEM 3: Summary of Prospectus

General

3.1(1) Briefly summarize, near the beginning of the prospectus, information appearing elsewhere in the prospectus that, in the opinion of the issuer or selling securityholder, would be most likely to influence the investor's decision to purchase the securities being distributed, including a description of

(a) the principal business of the issuer and its subsidiaries,

(b) the securities to be distributed, including the offering price and expected net proceeds,

(c) use of proceeds,

(d) risk factors,

(e) financial information, and

(f) if restricted securities, subject securities or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, are to be distributed under the prospectus

(i) include a summary of the information required by section 10.6, and

(ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have, if the holders do not have all of the rights referred to in section 10.6.

(2) For the financial information provided under paragraph (1)(e),

(a) describe the type of information appearing elsewhere in the prospectus on which the financial information is based,

(b) disclose whether the information appearing elsewhere in the prospectus on which the financial information is based has been audited,

(c) disclose whether the financial information has been audited, and

(d) if neither the information appearing elsewhere in the prospectus on which the financial information is based nor the financial information has been audited, prominently disclose that fact.

(3) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

Cautionary language

3.2 At the beginning of the summary, include a statement in italics in substantially the following form:

> *"The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus."*

ITEM 4: Corporate Structure

Name, address and incorporation

4.1(1) State the issuer's full corporate name or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business, and the address(es) of the issuer's head and registered office.

(2) State the statute under which the issuer is incorporated, continued or organized or, if the issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which it is established and exists.

(3) Describe the substance of any material amendments to the articles or other constating or establishing documents of the issuer.

Intercorporate relationships

4.2(1) Describe, by way of a diagram or otherwise, the intercorporate relationships among the issuer and its subsidiaries.

(2) For each subsidiary described in subsection (1), state

(a) the percentage of votes attaching to all voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer,

(b) the percentage of each class of restricted securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the issuer, and

(c) where the subsidiary was incorporated, continued, formed or organized.

(3) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

(4) A particular subsidiary may be omitted from the disclosure required by this section if, at the most recent financial year end of the issuer

(a) the total assets of the subsidiary do not exceed 10% of the consolidated assets of the issuer,

(b) the sales and operating revenues of the subsidiary do not exceed 10% of the consolidated sales and operating revenues of the issuer, and

(c) the conditions in paragraphs (a) and (b) would be satisfied if

(i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and

(ii) the reference to 10% in those paragraphs was changed to 20%.

ITEM 5: Describe the Business

Describe the business

5.1(1) Describe the business of the issuer and its operating segments that are reportable segments as those terms are used in the Handbook. Disclose information for each reportable segment of the issuer in accordance with subsection 5.1(1) of Form 51-102F2.

(2) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or completed during or proposed for the current financial year.

(3) Disclose the nature and results of any material restructuring transaction of the issuer or any of its subsidiaries within the three most recently completed financial years or completed during or proposed for the current financial year.

(4) If the issuer has implemented social or environmental policies that are fundamental to the issuer's operations, such as policies regarding the issuer's relationship with the environment or with the communities in which the issuer does business, or human rights policies, describe them and the steps the issuer has taken to implement them.

Three-year history

5.2(1) Describe how the issuer's business has developed over the last three completed financial years and any subsequent period to the date of the prospectus, including only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business.

(2) If the issuer produces or distributes more than one product or provides more than one kind of service, describe the products or services.

(3) Discuss changes in the issuer's business that the issuer expects will occur during the current financial year.

Issuers with asset-backed securities outstanding

5.3 If the issuer has asset-backed securities outstanding that were distributed under a prospectus, disclose information in accordance with section 5.3 of Form 51-102F2.

Issuers with mineral projects

5.4 If the issuer has a mineral project, disclose information for the issuer in accordance with section 5.4 of Form 51-102F2.

Issuers with oil and gas operations

5.5(1) If the issuer is engaged in oil and gas activities as defined in NI 51-101, disclose information in accordance with Form 51-101F1

(a) as at the end of, and for, the most recent financial year for which the prospectus includes an audited balance sheet of the issuer, or

(b) in the absence of a completed financial year referred to in paragraph (a), as at the most recent date for which the prospectus includes an audited balance sheet of the issuer, and for the most recent financial period for which the prospectus includes an audited income statement of the issuer.

(2) Include with the disclosure under subsection (1) a report in the form of Form 51-101F2, on the reserves data included in the disclosure required under subsection (1).

(3) Include with the disclosure under subsection (1) a report in the form of Form 51-101F3 that refers to the information disclosed under subsection (1).

(4) To the extent not reflected in the information disclosed in response to subsection (1), disclose the information contemplated by Part 6 of NI 51-101 in respect of material changes that occurred after the applicable balance sheet referred to in subsection (1).

INSTRUCTION

Disclosure in a prospectus must be consistent with NI 51-101 if the issuer is engaged in oil and gas activities as defined in NI 51-101.

ITEM 6: Use of Proceeds

Proceeds

6.1(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

Junior issuers

6.2 A junior issuer must disclose

(a) the total funds available, and

(b) the following breakdown of those funds:

(i) the estimated net proceeds from the sale of the securities offered under the prospectus;

(ii) the estimated consolidated working capital (deficiency) as at the most recent month end before filing the prospectus;

(iii) the total other funds available to be used to achieve the principal purposes identified by the junior issuer pursuant to this Item.

Principal purposes – generally

6.3(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which

(a) the net proceeds will be used by the issuer, or

(b) the funds available as required under section 6.2 will be used by a junior issuer.

(2) If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

Principal purposes – indebtedness

6.4(1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.

(2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer, and disclose the outstanding amount owed.

Principal purposes – asset acquisition

6.5(1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.

(2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.

(3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.

(4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.

(5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

Principal purposes – insiders, etc.

6.6 If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

Principal purposes – research and development

6.7 If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

(a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,

(b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,

(c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(d) the additional steps required to reach commercial production and an estimate of costs and timing.

Business objectives and milestones

6.8(1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 6.1, or in the case of a junior issuer, using the funds available described under section 6.2.

(2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

Unallocated funds in trust or escrow

6.9(1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.

(2) Give details of the arrangements made for, and the persons or companies responsible for,

(a) the supervision of the trust or escrow account or the investment of unallocated funds, and

(b) the investment policy to be followed.

Other sources of funding

6.10 If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

Financing by special warrants, etc.

6.11(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

ITEM 7: Dividends or Distributions

Dividends or distributions

7.1(1) Disclose the amount of cash dividends or distributions declared per security for each class of the issuer's securities for each of the three most recently completed financial years and its current financial year.

(2) Describe any restrictions that could prevent the issuer from paying dividends or distributions.

(3) Disclose the issuer's dividend or distribution policy and any intended change in dividend or distribution policy.

ITEM 8: Management's Discussion and Analysis

Interpretation

8.1(1) For the purposes of this Item, MD&A means a completed Form 51-102F1 or, in the case of an SEC issuer, a completed Form 51-102F1 or management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K or Item 303 of Regulation S-B under the 1934 Act.

(2) For MD&A in the form of Form 51-102F1, the issuer

(a) must read the references to a "venture issuer" in Form 51-102F1 to include an IPO venture issuer,

(b) must disregard

(i) the Instruction to section 1.11 of Form 51-102F1, and

(ii) section 1.15 of Form 51-102F1, and

(c) must include the disclosure required by section 1.10 of Form 51-102F1 in the prospectus.

INSTRUCTION

For the purposes of paragraph (2)(c), an issuer cannot satisfy the requirement in section 1.10 of Form 51-102F1 by incorporating by reference its fourth quarter MD&A into the prospectus.

MD&A

8.2(1) Provide MD&A for

(a) the most recent annual financial statements of the issuer included in the prospectus under Item 32, and

(b) the most recent interim financial statements of the issuer included in the prospectus under Item 32.

(2) If the prospectus includes the issuer's annual income statements, statements of retained earnings, and cash flow statements for three financial years under Item 32, provide MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32.

(3) Despite subsection (2), MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32 may omit disclosure regarding balance sheet items.

SEC issuers

8.3(1) If the issuer is an SEC issuer, for any MD&A that is included in the prospectus, include the disclosure prepared in accordance with subsection (2) if the issuer

(a) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP, and

(b) is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP.

(2) In the disclosure required under subsection (1) restate, based on financial information of the issuer prepared in accordance with, or reconciled to, Canadian GAAP, those parts of the MD&A that

(a) are based on financial statements of the issuer prepared in accordance with U.S. GAAP, and

(b) would contain material differences if they were based on financial statements of the issuer prepared in accordance with Canadian GAAP.

Disclosure of outstanding security data

8.4(1) Disclose the designation and number or principal amount of

(a) each class and series of voting or equity securities of the issuer for which there are securities outstanding,

(b) each class and series of securities of the issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the issuer, and

(c) subject to subsection (2), each class and series of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer.

(2) If the exact number or principal amount of voting or equity securities of the issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer is not determinable, the issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the issuer and, if that maximum number or principal amount is not determinable, the issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined.

(3) The disclosure under subsections (1) and (2) must be prepared as of the latest practicable date.

More recent financial information

8.5 If the issuer is required to include more recent historical financial information in the prospectus under subsection 32.6(1), the issuer is not required to update the MD&A already included in the prospectus under this Item.

Additional disclosure for venture issuers or IPO venture issuers without significant revenue

8.6(1) If the issuer is a venture issuer or an IPO venture issuer that has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of

(a) capitalized or expensed exploration and development costs,

(b) expensed research and development costs,

(c) deferred development costs,

(d) general and administrative expenses, and

(e) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (a) through (d).

(2) Present the analysis of capitalized or expensed exploration and development costs required by subsection (1) on a property-by-property basis, if the issuer's business primarily involves mining exploration and development.

(3) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years; and

(b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the prospectus, if any.

(4) Subsection (1) does not apply if the information required under that subsection has been disclosed in the financial statements included in the prospectus.

Additional disclosure for junior issuers

8.7 For a junior issuer that had negative operating cash flow in its most recently completed financial year for which financial statements have been included in the prospectus, disclose

(a) the period of time the proceeds raised under the prospectus are expected to fund operations,

(b) the estimated total operating costs necessary for the issuer to achieve its stated business objectives during that period of time, and

(c) the estimated amount of other material capital expenditures during that period of time.

Additional disclosure for issuers with significant equity investees

8.8(1) An issuer that has a significant equity investee must disclose

(a) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(b) the issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the issuer's share of earnings.

(2) Provide the disclosure in subsection (1) for the following periods:

(a) the two most recently completed financial years;

(b) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the prospectus, if any.

(3) Subsection (1) does not apply if

(a) the information required under that subsection has been disclosed in the financial statements included in the prospectus, or

(b) the issuer includes in the prospectus separate financial statements of the equity investee for the periods referred to in subsection (2).

ITEM 9: Earnings Coverage Ratios

Earnings coverage ratios

9.1(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

(a) the earnings coverage ratio based on the most recent 12-month period included in the issuer's annual financial statements included in the prospectus,

(b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and

(c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been included in the prospectus.

(2) Adjust the ratios referred to in subsection (1) to reflect

(a) the issuance of the securities being distributed under the prospectus, based on the price at which these securities are expected to be distributed,

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares since the date of the annual or interim financial statements, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the prospectus,

(c) the issuance of all long-term financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual or interim financial statements,

(d) the repayment, redemption or other retirement of all long-term financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the prospectus, and

(e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.

(3) If the issuer is distributing, or has outstanding, debt securities that are accounted for, in whole or in part, as equity, disclose in notes to the ratios required under subsection (1)

(a) that the ratios have been calculated excluding the carrying charges for those securities that have been reflected in equity in the calculation of the issuer's interest and dividend obligations,

(b) that if those securities had been accounted for in their entirety as debt for the purpose of calculating the ratios required under subsection (1), the entire amount of the annual carrying charges for those securities would have been reflected in the calculation of the issuer's interest and dividend obligations, and

(c) the earnings coverage ratios for the periods referred to in subsection (1), calculated as though those securities had been accounted for as debt.

(4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the earnings required to achieve a ratio of one-to-one.

(5) If the prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratios for the periods of the pro forma income statement, and disclose them in the prospectus.

INSTRUCTIONS

(1) Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.

(2) Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).

(3) For the earnings coverage calculation

(a) the numerator should be calculated using consolidated net income before interest and income taxes;

(b) imputed interest income from the proceeds of a distribution should not be added to the numerator;

(c) an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items;

(d) for distributions of debt securities, the appropriate denominator is interest expense determined in accordance with the issuer's GAAP, after giving effect to the new debt issue and any retirement of obligations, plus the amount of interest that has been capitalized during the period;

(e) for distributions of preferred shares

(i) the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual interest requirements, including the amount of interest that has been capitalized during the period, less any retirement of obligations, and

(ii) dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and

(f) for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt being offered pursuant to the prospectus.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect

(a) the issuance of all long-term debt and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements;

(b) the issuance of the securities that are to be distributed under the prospectus, based on a reasonable estimate of the price at which these securities will be distributed;

(c) the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual or interim financial statements and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the prospectus; and

(d) the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.

(5) In certain circumstances, debt obligations may be classified as current liabilities because such obligations, by their terms, are due on demand, are due within one year, or are callable by the creditor. If the issuer is distributing, or has outstanding, debt securities that are classified as current liabilities, disclose

(a) in the notes to the ratios required under subsection 9.1(1) that the ratios have been calculated excluding the carrying charges for those debt securities reflected as current liabilities;

(b) that if those debt securities had been classified in their entirety as long term debt for the purposes of calculating the ratios under subsection 9.1(1), the entire amount of the annual carrying charges for such debt securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and

(c) the earnings coverage ratios for the periods referred to in subsection 9.1(1), calculated as though those debt securities had been classified as long term debt.

(6) For debt securities, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

> *"[Name of the issuer]'s interest requirements, after giving effect to the issue of [the debt securities to be distributed under the prospectus], amounted to $• for the 12 months ended •. [Name of the issuer]'s earnings before interest and income tax for the 12 months then ended was $•, which is • times [name of the issuer]'s interest requirements for this period."*

(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following, with the bracketed and bulleted information completed:

> *"[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to $• for the 12 months ended •. [Name of the issuer]'s interest requirements for the 12 months then ended amounted to $•. [Name of the issuer]'s earnings before interest and income tax for the 12 months ended • was $•, which is • times [name of the issuer]'s aggregate dividend and interest requirements for this period."*

(8) Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.

ITEM 10: Description of the Securities Distributed

Equity securities

10.1 If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics, including

(a) dividend rights,

(b) voting rights,

(c) rights upon dissolution or winding-up,

(d) pre-emptive rights,

(e) conversion or exchange rights,

(f) redemption, retraction, purchase for cancellation or surrender provisions,

(g) sinking or purchase fund provisions,

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and

(i) provisions requiring a securityholder to contribute additional capital.

Debt securities

10.2 If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

(a) provisions for interest rate, maturity and premium, if any,

(b) conversion or exchange rights,

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions,

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates, and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

Asset-backed securities

10.3(1) This section applies only if any asset-backed securities are being distributed under the prospectus.

(2) Describe the material attributes and characteristics of the asset-backed securities, including

(a) the rate of interest or stipulated yield and any premium,

(b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.

(3) Provide financial disclosure that describes the underlying pool of financial assets for

(a) the three most recently completed financial years ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(b) if the issuer has not had asset-backed securities outstanding for three financial years, each completed financial year ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(c) a period from the date the issuer had asset-backed securities outstanding to a date not more than 90 days before the date of the prospectus if the issuer has not had asset-backed securities outstanding for at least one financial year.

(4) For the purposes of the financial disclosure required by subsection (3), if an issuer changed its financial year end during any of the financial years referred to in subsection (3) and the transition year is less than nine months, the transition year is not a financial year.

(5) Despite subsection (4), all financial disclosure that describes the underlying pool of financial assets of the issuer for a transition year must be included in the prospectus for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year refer to in paragraphs (3)(a) and (3)(b) in respect of which financial disclosure on the underlying pool of financial assets is included in the prospectus, and

(b) more than

(i) 45 days before the date of the prospectus, or

(ii) 60 days before the date of the prospectus if the issuer is a venture issuer.

(6) If the issuer files financial disclosure that describes the underlying pool of financial assets for a more recent period than required under subsection (3) or (5) before the prospectus is filed, the issuer must include that more recent financial disclosure that describes the underlying pool of financial assets in the prospectus.

(7) If financial disclosure that describes the underlying pool of financial assets of the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under subsection (3) or (5), the issuer must include the content of the news release or public communication in the prospectus.

(8) The disclosure in subsections (3) and (5) must include a discussion and analysis of

(a) the composition of the pool as at the end of the period,

(b) income and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(d) servicing and other administrative fees, and

(e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(9) Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.

(10) Describe any person or company who

(a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,

(ii) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(iii) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(iv) the disclosure is otherwise material,

(d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.

(11) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (10).

(12) Describe the terms of any material relationships between

(a) any of the persons or companies referred to in subsection (10) or any of their respective affiliates, and

(b) the issuer.

(13) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (10) and the terms on which a replacement may be appointed.

(14) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) Present the information required under subsections (3) through (8) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.

(2) If the information required under subsections (3) through (8) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsections (3) through (8) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.

(3) Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (10), and the contractual arrangements underlying the asset-backed securities is encouraged.

Derivatives

10.4 If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives,

(b) the exercise of the derivatives,

(c) settlements that are the result of the exercise of the derivatives,

(d) the underlying interest of the derivatives,

(e) the role of a calculation expert in connection with the derivatives,

(f) the role of any credit supporter of the derivatives, and

(g) the risk factors associated with the derivatives.

Special warrants, etc.

10.5 If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

> "The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,
>
> (a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,
>
> (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and
>
> (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber."

INSTRUCTION

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term "special warrant" with the type of the security being distributed.

Restricted securities

10.6(1) If the issuer has outstanding, or proposes to distribute under a prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the issuer complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

Other securities

10.7 If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

Modification of terms

10.8(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Ratings

10.9 If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivatives, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.

Other attributes

10.10(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

ITEM 11: Consolidated Capitalization

Consolidated capitalization

11.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

ITEM 12: Options to Purchase Securities

Options to purchase securities

12.1(1) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the prospectus, state, in tabular form, as at a specified date within 30 days before the date of the prospectus, information about options to purchase securities of the issuer, or a

subsidiary of the issuer, that are held or will be held upon completion of the distribution by

(a) all executive officers and past executive officers of the issuer, as a group, and all directors and past directors of the issuer who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the issuer, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the issuer as a group,

(d) all other employees and past employees of subsidiaries of the issuer as a group,

(e) all consultants of the issuer as a group, and

(f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

ITEM 13: Prior Sales

Prior sales

13.1 For each class of securities of the issuer distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the issuer or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

Trading price and volume

13.2(1) For each class of securities of the issuer that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the issuer is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

ITEM 14: Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

Escrowed securities and securities subject to contractual restriction on transfer

14.1(1) State as of a specified date within 30 days before the date of the prospectus, in substantially the following tabular form, the number of securities of each class of securities of the issuer held, to the knowledge of the issuer, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

(2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

(3) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) For purposes of this section, escrow includes securities subject to a pooling agreement.

(2) For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.

ITEM 15: Principal Securityholders and Selling Securityholders

Principal securityholders and selling securityholders

15.1(1) Provide the following information for each principal securityholder of the issuer and, if any securities are being distributed for the account of a securityholder, for each selling securityholder:

(a) the name;

(b) the number or amount of securities owned, controlled or directed of the class being distributed;

(c) the number or amount of securities of the class being distributed for the account of the securityholder;

(d) the number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding;

(e) whether the securities referred to in paragraph (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, more than 10% of any class of voting securities of the issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person or company other than the holding of voting securities of the issuer.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

ITEM 16: Directors and Executive Officers

Name, occupation and security holding

16.1(1) Provide information for directors and executive officers of the issuer in accordance with section 10.1 of Form 51-102F2 as at the date of the prospectus.

(2) If information similar to the information required under subsection (1) is provided for any director or executive officer, who is not serving in such capacity as at the date of the prospectus, clearly indicate this fact and explain whether the issuer believes that this director or executive officer is liable under the prospectus.

Cease trade orders, bankruptcies, penalties or sanctions

16.2 Provide information for directors and executive officers of the issuer in accordance with section 10.2 of Form 51-102F2 as if the references in that section to "date of the AIF" read "date of the prospectus".

Conflicts of interest

16.3 Disclose particulars of existing or potential material conflicts of interest between the issuer or a subsidiary of the issuer and a director or officer of the issuer or of a subsidiary of the issuer.

Management of junior issuers

16.4 A junior issuer must provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the issuer and relevant educational background;

(b) state whether the individual works full time for the issuer or what proportion of the individual's time will be devoted to the issuer;

(c) state whether the individual is an employee or independent contractor of the issuer;

(d) state the individual's principal occupations or employment during the five years before the date of the prospectus, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business;

(ii) if applicable, that the organization was an affiliate of the issuer;

(iii) positions held by the individual; and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the issuer's industry;

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the issuer.

INSTRUCTION

For purposes of this section, "management" means all directors, officers, employees and contractors whose expertise is critical to the issuer, its subsidiaries and proposed subsidiaries in providing the issuer with a reasonable opportunity to achieve its stated business objectives.

ITEM 17: Executive Compensation

Disclosure

17.1 Include in the prospectus a Statement of Executive Compensation prepared in accordance with Form 51-102F6 and describe any intention to make any material changes to that compensation.

ITEM 18: Indebtedness of Directors and Executive Officers

Aggregate indebtedness

18.1 Provide information for the issuer in accordance with section 10.1 of Form 51-102F5 as if the reference in that section to "date of the information circular" read "date of the prospectus ".

Indebtedness of directors and executive officers under securities purchase and other programs

18.2(1) Provide information for the issuer in accordance with section 10.2 of Form 51-102F5 as if the reference in this section to "date of the information circular" read "date of the prospectus".

(2) Do not disclose the information required under subsection (1) for

(a) any indebtedness that has been entirely repaid on or before the date of the prospectus, or

(b) routine indebtedness (as defined in paragraph 10.3(c) of Form 51-102F5 as if reference in this paragraph to "the company" read "the issuer").

ITEM 19: Audit Committees and Corporate Governance

Audit committees

19.1(1) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.

(2) Include in the prospectus the disclosure for the issuer in accordance with Form 52-110F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

Corporate governance

19.2(1) Include in the prospectus the disclosure in accordance with Form 58-101F1, as applicable, if the issuer is neither a venture issuer nor an IPO venture issuer.

(2) Include in the prospectus the disclosure in accordance with Form 58-101F2, as applicable, if the issuer is a venture issuer or an IPO venture issuer.

ITEM 20: Plan of Distribution

Name of underwriters

20.1(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

Disclosure of conditions to underwriters' obligations

20.2 If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.", and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

Best efforts offering

20.3 Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 20.2.

Minimum distribution

20.4 If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

Determination of price

20.5 Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

Stabilization

20.6 If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

Approvals

20.7 If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

(a) the issuer will appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from

subscriptions until all material licences, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licences, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final prospectus, the trustee will return the funds to subscribers.

Reduced price distributions

20.8 If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.

Listing application

20.9 If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with bracketed information completed:

> "The issuer has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market]."

Conditional listing approval

20.10 If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

> "[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of issuer]'s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders]."

IPO venture issuers

20.11 If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

> "As at the date of the prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and

does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc."

Constraints

20.12 If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

Special warrants acquired by underwriters or agents

20.13 Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

ITEM 21: Risk Factors

Risk factors

21.1(1) Disclose risk factors relating to the issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the issuer.

(2) If there is a risk that securityholders of the issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

(3) Describe any risk factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed and that are not otherwise described under subsection (1) or (2).

INSTRUCTIONS

(1) Disclose risks in the order of seriousness from the most serious to the least serious.

(2) A risk factor must not be de-emphasized by including excessive caveats or conditions.

ITEM 22: Promoters

Promoters

22.1(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus, a promoter of the issuer or subsidiary of the issuer, state

(a) the person or company's name,

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and

(d) for an asset acquired within the two years before the date of the preliminary prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer or the promoter, or an affiliate of the issuer or the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary prospectus, or was within 10 years before the date of the preliminary prospectus, a director, chief executive officer, or chief financial officer of any person or company, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, as at the date of the preliminary prospectus, or has been within the 10 years before the date of the preliminary prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the preliminary prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.

ITEM 23: Legal Proceedings and Regulatory Actions

Legal proceedings

23.1(1) Describe any legal proceedings the issuer is or was a party to, or that any of its property is or was the subject of, since the beginning of the most recently completed financial year for which financial statements of the issuer are included in the prospectus.

(2) Describe any such legal proceedings the issuer knows to be contemplated.

(3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION

Information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of the issuer may be omitted. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, include the amount involved in the other proceedings in computing the percentage.

Regulatory actions

23.2 Describe any

(a) penalties or sanctions imposed against the issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of the prospectus,

(b) any other penalties or sanctions imposed by a court or regulatory body against the issuer necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed, and

(c) settlement agreements the issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of the prospectus.

ITEM 24: Interests of Management and Others in Material Transactions

Interests of management and others in material transactions

24.1 Provide information for the issuer for this section in accordance with section 13.1 of Form 51-102F2 as if the reference in that section to "within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect your company" read "within the three years before the date of the prospectus that has materially affected or is reasonably expected to materially affect the issuer or a subsidiary of the issuer".

Underwriting discounts

24.2 Disclose any material underwriting discounts or commissions upon the sale of securities by the issuer if any of the persons or companies listed in section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

ITEM 25: Relationship Between Issuer or Selling Securityholder and Underwriter

Relationship between issuer or selling securityholder and underwriter

25.1(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meanings as in NI 33-105.

ITEM 26: Auditors, Transfer Agents and Registrars

Auditors

26.1 State the name and address of the auditor of the issuer.

Transfer agents, registrars, trustees or other agents

26.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

ITEM 27: Material Contracts

Material contracts

27.1 Give particulars of any material contract

(a) required to be filed under section 9.3 of the Instrument, or

(b) that would be required to be filed under section 9.3 of the Instrument but for the fact that it was previously filed.

INSTRUCTIONS

(1) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.

(2) Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.

ITEM 28: Experts

Names of experts

28.1 Name each person or company

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

Interest of experts

28.2 For each person or company referred to in section 28.1, provide the disclosure in accordance with section 16.2 of Form 51-102F2, as of the date of the prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

ITEM 29: Other Material Facts

Other material facts

29.1 Give particulars of any material facts about the securities being distributed that are not disclosed under any other Items and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

ITEM 30: Rights of Withdrawal and Rescission

General

30.1 Include a statement in substantially the following form, with the bracketed information completed:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission[, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

Non-fixed price offerings

30.2 In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the prospectus is filed, the second sentence in the legend in section 30.1 with a statement in substantially the following form:

"This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

ITEM 31: List of Exemptions from Instrument

List of exemptions from Instrument

31.1 List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the prospectus, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

ITEM 32: Financial Statement Disclosure for Issuers

Interpretation of "issuer"

32.1 The financial statements of an issuer required under this Item to be included in a prospectus must include

(a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for three years,

(b) the financial statements of a business or businesses acquired by the issuer within three years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer, and

(c) the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within three years before the date of the prospectus or proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a continuity of interests.

Annual financial statements

32.2(1) Subject to section 32.4, include annual financial statements of the issuer consisting of

(a) an income statement, a statement of retained earnings, and a cash flow statement for each of the three most recently completed financial years ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(b) a balance sheet as at the end of the two most recently completed financial years described in paragraph (a), and

(c) notes to the financial statements.

(2) If the issuer has not completed three financial years, include the financial statements described under subsection (1) for each completed financial year ended more than

(a) 90 days before the date of the prospectus, or

(b) 120 days before the date of the prospectus, if the issuer is a venture issuer.

(3) If the issuer has not included in the prospectus financial statements for a completed financial year, include the financial statements described under subsection (1) or (2) for a period from the date the issuer was formed to a date not more than 90 days before the date of the prospectus.

(4) If an issuer changed its financial year end during any of the financial years referred to in this section and the transition year is less than nine months, the transition year is deemed not to be a financial year for the purposes of the requirement to provide financial statements for a specified number of financial years in this section.

(5) Notwithstanding subsection (4), all financial statements of the issuer for a transition year referred to in subsection (4) must be included in the prospectus.

(6) Subject to section 32.4, if financial statements of any predecessor entity, business or businesses acquired by the issuer, or of any other entity are required under this section, then include

(a) income statements, statements of retained earnings, and cash flow statements for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's income statements, statements of retained earnings, and cash flow statements are included in the prospectus, the results of the entities or businesses, either separately or on a consolidated basis, total three years,

(b) balance sheets for the entities or businesses for as many periods before the acquisition as may be necessary so that when these periods are added to the periods for which the issuer's balance sheets are included in the prospectus, the financial position of the entities or businesses, either separately or on a consolidated basis, total two years, and

(c) if the entities or businesses have not completed three financial years, the financial statements described under paragraphs (a) and (b) for each completed financial year of the entities or businesses for which the issuer's financial statements in the

prospectus do not include the financial statements of the entities or businesses, either separately or on a consolidated basis, and ended more than

(i) 90 days before the date of the prospectus, or

(ii) 120 days before the date of the prospectus, if the issuer is a venture issuer.

Interim financial statements

32.3(1) Include comparative interim financial statements of the issuer for the most recent interim period, if any, ended

(a) subsequent to the most recent financial year in respect of which annual financial statements of the issuer are included in the prospectus, and

(b) more than

(i) 45 days before the date of the prospectus, or

(ii) 60 days before the date of the prospectus if the issuer is a venture issuer.

(2) The interim financial statements referred to in subsection (1) must include

(a) a balance sheet as at the end of the interim period and a balance sheet as at the end of the immediately preceding financial year, if any,

(b) an income statement, a statement of retained earnings, and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any,

(c) for interim periods other than the first interim period in a current financial year, an income statement and a cash flow statement, for the three month period ending on the last day of the interim period and comparative financial information for the corresponding period in the preceding financial year, if any, and

(d) notes to the financial statements.

Exceptions to financial statement requirements

32.4 Despite section 32.2, an issuer is not required to include the following financial statements in a prospectus

(a) the income statement, the statement of retained earnings, and the cash flow statement for the third most recently completed financial year, if the issuer is a

reporting issuer in at least one jurisdiction immediately before filing the prospectus,

(b) the income statement, the statement of retained earnings, and the cash flow statement for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if

(i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and

(ii) the issuer includes financial statements for a financial year ended less than

(A) 90 days before the date of the prospectus, or

(B) 120 days before the date of the prospectus, if the issuer is a venture issuer,

(c) the income statement, the statement of retained earnings, and the cash flow statement for the third most recently completed financial year, and the balance sheet for the second most recently completed financial year, if the issuer includes financial statements for a financial year ended less than 90 days before the date of the prospectus,

(d) the income statement, the statement of retained earnings, and the cash flow statement for the third most recently completed financial year, and the financial statements for the second most recently completed financial year, if

(i) the issuer is a reporting issuer in at least one jurisdiction immediately before filing the prospectus,

(ii) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2,

(iii) the business of the issuer is not seasonal, and

(iv) none of the financial statements required under section 32.2 are for a financial year that is less than nine months,

(e) the income statement, the statement of retained earnings, and the cash flow statement for the third most recently completed financial year, and the balance sheet for the second most recently completed financial year, if

(i) the issuer includes audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under section 32.2,

(ii) the business of the issuer is not seasonal, and

(iii) none of the financial statements required under section 32.2 are for a financial year that is less than nine months, or

(f) the separate financial statements of the issuer and the other entity for periods prior to the date of the continuity of interest transaction, if the restated combined financial statements of the issuer and the other entity are included in the prospectus under paragraph 32.1(c).

Exceptions to audit requirement

32.5 The audit requirement in section 4.2 of the Instrument does not apply to the following financial statements

(a) any financial statements for the second and third most recently completed financial years required under section 32.2, if

(i) those financial statements were previously included in a final prospectus without an auditor's report pursuant to an exemption under applicable securities legislation, and

(ii) an auditor has not issued an auditor's report on those financial statements,

(b) any financial statements for the second and third most recently completed financial years required under section 32.2, if

(i) the issuer is a junior issuer, and

(ii) the financial statements for the most recently completed financial year required under section 32.2 is not less than 12 months in length, or

(c) any interim financial statements required under section 32.3.

Additional financial statements or financial information filed or released

32.6(1) If the issuer files financial statements for a more recent period than required under section 32.2 or 32.3 before the prospectus is filed, the issuer must include in the prospectus those more recent financial statements.

(2) If historical financial information about the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise for a more recent period than required under section 32.2, the issuer must include the content of the news release or public communication in the prospectus.

ITEM 33: Credit Supporter Disclosure, Including Financial Statements

Credit supporter disclosure, including financial statements

33.1 If a credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, include statements by the credit supporter providing disclosure about the credit supporter that would be required under Items 4, 5, 8, 9, 16, 21, 23, 25, 26, and 32 if the credit supporter were the issuer of the securities to be distributed and such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed.

ITEM 34: Exemptions for Certain Issues of Guaranteed Securities

Definitions and interpretation

34.1(1) In this Item

(a) the impact of subsidiaries, on a combined basis, on the financial statements of the parent entity is "minor" if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than three percent of the total consolidated amounts,

(b) a parent entity has "limited independent operations" if each item of its summary financial information represents less than three percent of the total consolidated amounts,

(c) a subsidiary is a "finance subsidiary" if it has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity,

(d) "parent credit supporter" means a credit supporter of which the issuer is a subsidiary,

(e) "parent entity" means a parent credit supporter for the purposes of sections 34.2 and 34.3 and an issuer for the purpose of section 34.4,

(f) "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter, and

(g) "summary financial information" includes the following line items:

(i) sales or revenues;

(ii) income from continuing operations;

(iii) net earnings or loss; and

(iv) unless the accounting principles used to prepare the financial statements of the entity permits the preparation of the entity's balance sheet without classifying assets and liabilities between current and non-current and the entity provides alternative meaningful financial information which is more appropriate to the industry,

(A) current assets;

(B) non-current assets;

(C) current liabilities; and

(D) non-current liabilities.

(2) For the purposes of this Item, consolidating summary financial information must be prepared on the following basis

(a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent entity included in the prospectus,

(b) the parent entity column must account for investments in all subsidiaries under the equity method, and

(c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

Issuer is wholly-owned subsidiary of parent credit supporter

34.2 An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, if

(a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed,

(b) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter,

(c) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer,

(d) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed, and

(e) the issuer includes in the prospectus

(i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if

(A) the issuer is a finance subsidiary, and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial statements of the parent credit supporter is minor, or

(ii) for the periods covered by the parent credit supporter's interim and annual consolidated financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter;

(B) the issuer;

(C) any other subsidiaries of the parent credit supporter on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

Issuer is wholly-owned subsidiary of, and one or more subsidiary credit supporters controlled by, parent credit supporter

34.3(1) An issuer is not required to include the issuer disclosure required by Items 4, 5, 8, 9, 21, 23, 25, 26, and 32, or the credit supporter disclosure of one or more subsidiary credit supporters required by Item 33, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) the guarantees or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred

shares that are convertible, in each case, into non-convertible securities of the parent credit supporter,

(d) the parent credit supporter is the beneficial owner of all the issued and outstanding voting securities of the issuer,

(e) the parent credit supporter controls each subsidiary credit supporter and the parent credit support has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the prospectus, and

(f) the issuer includes in the prospectus, for the periods covered by the parent credit supporter's financial statements included in the prospectus under Item 33, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(i) the parent credit supporter;

(ii) the issuer;

(iii) each subsidiary credit supporter on a combined basis;

(iv) any other subsidiaries of the parent credit supporter on a combined basis;

(v) consolidating adjustments;

(vi) the total consolidated amounts.

(2) Despite paragraph (1)(f), the information set out in a column in accordance with

(a) subparagraph (1)(f)(iv) may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial statements of the parent credit supporter is minor, and

(b) subparagraph (1)(f)(ii), may be combined with the information set out in accordance with any of the other columns in paragraph (1)(f) if the issuer is a finance subsidiary.

One or more credit supporters controlled by issuer

34.4 An issuer is not required to include the credit supporter disclosure for one or more credit supporters required by Item 33, if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) there is more than one credit supporter, the guarantee or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer,

(d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the prospectus, and

(e) the issuer includes in the prospectus

(i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if

(A) the issuer has limited independent operations, and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer is minor, or

(ii) for the periods covered by the issuer's financial statements included in the prospectus under Item 32, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

(A) the issuer;

(B) the credit supporters on a combined basis;

(C) any other subsidiaries of the issuer on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

ITEM 35: Significant Acquisitions

Application and definitions

35.1(1) This Item does not apply to a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.

(2) The requirements in sections 35.5 and 35.6 are not applicable to an initial distribution by prospectus by a Capital Pool Company, as that term is defined in TSX Venture Exchange Policy 2.4 entitled *Capital Pool Companies*, as amended from time to time.

(3) The audit requirement in section 4.2 of the Instrument does not apply to any financial statements or other information included in the prospectus under this Item, other than the financial statements or other information for the most recently completed financial year of a business or related businesses acquired, or proposed to be acquired, by the issuer.

(4) In this Item, "**significant acquisition**" means an acquisition of a business or related businesses that,

(a) if the issuer was a reporting issuer in at least one jurisdiction on the date of the acquisition, is determined to be a significant acquisition under section 8.3 of NI 51-102, or

(b) if the issuer was not a reporting issuer in any jurisdiction on the date of the acquisition, would be determined to be a significant acquisition under section 8.3 of NI 51-102, as if

(i) the issuer was a reporting issuer on the date of the acquisition,

(ii) the references to a "venture issuer" were read as an "IPO venture issuer" if the issuer is an IPO venture issuer,

(iii) for the purposes of the optional tests, the issuer used its financial statements for the most recently completed interim period or financial year that is included in the prospectus,

(iv) for the purposes of the optional income test, the most recently completed financial year of the business or related businesses were the financial year of the business ended before the date of the prospectus, and the 12 months ended on the last day of the most recently completed interim period of the business or related businesses were the 12 months ended on the last day of the most recently completed interim period before the date of the prospectus,

(v) subsection 8.3(11.1) of NI 51-102 did not apply,

(vi) references to "annual audited statements filed" meant "audited annual financial statements included in the long form prospectus", and

(vii) in subsection 8.3(15) of NI 51-102, the reference to "been required to file, and has not filed," meant "been required to include, and has not included, in the long form prospectus".

Completed acquisitions for which issuer has filed business acquisition report

35.2 If an issuer completed an acquisition of a business or related businesses since the beginning of its most recently completed financial year for which financial statements are included in the prospectus, and it has filed a business acquisition report under Part 8 of NI 51-102 for the acquisition, include all of the disclosure included in, or incorporated by reference into, that business acquisition report.

Completed acquisitions for which issuer has not filed business acquisition report because issuer was not reporting issuer on date of acquisition

35.3(1) An issuer must include the disclosure required under subsection (2), if

(a) the issuer completed an acquisition of a business or related businesses since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus,

(b) the issuer was not a reporting issuer in any jurisdiction on the date of the acquisition,

(c) the acquisition is a significant acquisition, and

(d) the acquisition was completed more than

(i) 90 days before the date of the prospectus, if the financial year of the acquired business ended 45 days or less before the acquisition, or

(ii) 75 days before the date of the prospectus.

(2) For an acquisition to which subsection (1) applies, include all the disclosure that would be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if

(a) the issuer was a reporting issuer in at least one jurisdiction on the date of the acquisition,

(b) the business acquisition report was filed as at the date of the prospectus,

(c) the issuer was a venture issuer at the date of the acquisition, if the issuer is an IPO venture issuer,

(d) subsections 8.4(4) and 8.4(6) of NI 51-102 did not apply, and

(e) references to financial statements filed or required to be filed meant financial statements included in the prospectus.

Results consolidated in financial statements of issuer

35.4 Despite section 35.2 and subsection 35.3(1), an issuer may omit the financial statements or other information of a business required to be included in the prospectus, if at least nine months of the acquired business or related businesses operations have been reflected in the issuer's most recent audited financial statements included in the prospectus.

Recently completed acquisitions

35.5(1) Include the information required under subsection (2) for any significant acquisition completed by the issuer

(a) since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus, and

(b) for which the issuer has not included any disclosure under section 35.2 or subsection 35.3(2).

(2) For a significant acquisition to which subsection (1) applies, include the following

(a) the information required by sections 2.1 through 2.6 of Form 51-102F4, and

(b) the financial statements of or other information about the acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) The requirement to include financial statements or other information under paragraph (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction on the date of acquisition, the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102,

(b) if the issuer was not a reporting issuer in any jurisdiction on the date of acquisition, the financial statements or other information that would be required by subsection 35.3(2), or

(c) satisfactory alternative financial statements or other information.

Probable acquisitions

35.6(1) Include the information required under subsection (2) for any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, and that, if completed by the issuer at the date of the prospectus, would be a significant acquisition.

(2) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (1) applies, include

(a) the information required by sections 2.1 through 2.6 of Form 51-102F4, modified as necessary to convey that the acquisition has not been completed, and

(b) the financial statements or other information of the probable acquisition under subsection (3) for the acquired business or related businesses, if

(i) the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, or

(ii) the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, and the inclusion of the financial statements or other information is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(3) For a proposed acquisition of a business or related businesses by the issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high and to which subsection (2) applies, the requirement to include financial statements or other information under subsection (2)(b) must be satisfied by including

(a) if the issuer was a reporting issuer in at least one jurisdiction immediately before filing the prospectus, the financial statements or other information that would be

required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, as if the date of the acquisition were the date of the prospectus,

(b) if the issuer was not a reporting issuer in any jurisdiction immediately before filing the prospectus, the financial statements or other information that would be required to be included by subsection 35.3(2), as if the acquisition had been completed before the filing of the prospectus and the date of the acquisition were the date of the prospectus, or

(c) satisfactory alternative financial statements or other information.

Pro forma financial statements for multiple acquisitions

35.7 Despite sections 35.2, 35.3, 35.5 and 35.6, an issuer is not required to include in its prospectus the pro forma financial statements otherwise required for each acquisition, if the issuer includes in its prospectus one set of pro forma financial statements that

(a) reflects the results of each acquisition since the beginning of the issuer's most recently completed financial year for which financial statements of the issuer are included in the prospectus,

(b) is prepared as if each acquisition had occurred at the beginning of the most recently completed financial year of the issuer for which financial statements of the issuer are included in the prospectus, and

(c) is prepared in accordance with

(i) if no disclosure is otherwise required for a probable acquisition under section 35.6, the section in this Item that applies to the most recently completed acquisition, or

(ii) section 35.6.

Additional financial statements or financial information of business filed or released

35.8(1) An issuer must include in its prospectus annual and interim financial statements of a business or related businesses for a financial period that ended before the date of the acquisition and is more recent than the periods for which financial statements are required under section 35.5 or 35.6 if, before the prospectus is filed, the financial statements of the business for the more recent period have been filed.

(2) If, before the prospectus is filed, historical financial information of a business or related businesses for a period more recent than the period for which financial statements are required under section 35.5 or 35.6, is publicly disseminated by news release or otherwise

by or on behalf of the issuer, the issuer shall include in the prospectus the content of the news release or public communication.

ITEM 36: Probable Reverse Takeovers

Probable reverse takeovers

36.1 If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, include statements by the reverse takeover acquirer providing disclosure about the reverse takeover acquirer that would be required under this Form, as applicable, if the reverse takeover acquirer were the issuer of the securities to be distributed, and such other information about the reverse takeover acquirer as is necessary to provide full, true and plain disclosure of all material facts relating to the securities to be distributed, including the disclosure required by Items 4, 5,7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 27, 28, and 32.

ITEM 37: Certificates

Certificates

37.1 Include the certificates required by Part 5 of the Instrument or by securities legislation.

Issuer certificate form

37.2 An issuer certificate form must state:

> "This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

Underwriter certificate form

37.3 An underwriter certificate form must state:

> "To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

Amendments

37.4(1) For an amendment to a prospectus that does not restate the prospectus, change "prospectus" to "prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 37.2 and 37.3.

(2) For an amended and restated prospectus, change “prospectus” to “amended and restated prospectus” wherever it appears in the statements in sections 37.2 and 37.3.

Non-offering prospectuses

37.5 For a non-offering prospectus, change “securities offered by this prospectus” to “securities previously issued by the issuer” wherever it appears in the statements in sections 37.2 and 37.3.

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APPENDIX B

Schedule 3

FORM 41-101F2
INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS

TABLE OF CONTENTS

FORM 41-101F2

INFORMATION REQUIRED IN AN INVESTMENT FUND PROSPECTUS

GENERAL INSTRUCTIONS

(1) The objective of the prospectus is to provide information concerning the investment fund that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. This Form does not prohibit including information beyond what the Form requires. Further, certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument must bear that definition or interpretation. Other definitions are set out in NI 14-101 Definitions.

(3) In determining the degree of detail required, a standard of materiality must be applied. Materiality is a matter of judgment in the particular circumstance, and is determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the investment fund's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items must be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) Unless an item specifically requires disclosure only in the preliminary prospectus, the disclosure requirements set out in this Form apply to both the preliminary prospectus and the prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) The disclosure must be understandable to readers and presented in an easy-to-read format. The presentation of information should comply with the plain language principles listed in section 4.1 of Companion Policy 41-101CP General Prospectus Requirements. If technical terms are required, clear and concise explanations should be included.

(6) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. However, scholarship plans may make modifications to

the disclosure items in order to reflect the special nature of their investment structure and distribution mechanism.

(8) *Where the term "investment fund" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to the investment fund's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company. For this purpose, subsidiaries and investees include entities that are consolidated, proportionately consolidated, or accounted for using the equity method.*

(9) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*

(10) *If the term "class" is used in any item to describe securities, the term includes a series.*

(11) *Where performance data is presented in the prospectus, annual compound returns must be presented for standard applicable performance periods of 1, 3, 5 and 10 year periods and the period since inception unless otherwise specified by the requirements of this Form. Performance data for periods of less than one year must not be presented. Hypothetical or back-tested performance data must not be presented.*

(12) *An investment fund that has more than one class or series that are referable to the same portfolio may treat each class or series as a separate investment fund for the purposes of this Form, or may combine disclosure of one or more of the classes or series in one prospectus. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.*

(13) *A section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio is considered to be a separate investment fund for the purposes of this Form. An investment fund that has more than one class or series of securities referable to separate portfolios may combine disclosure of one or more of the classes or series in one prospectus if each class or series is managed by the same manager. If disclosure pertaining to more than one class or series is combined in one prospectus, separate disclosure in response to each item in this Form must be provided for each class or series unless the responses would be identical for each class or series.*

PROSPECTUS FORM

Item 1: Cover Page Disclosure

1.1 Preliminary Prospectus Disclosure

Every preliminary prospectus must have printed in red ink and in italics at the top of the cover page immediately above the disclosure required in section 1.2 the following, with the bracketed information completed:

> "*A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies*)."

INSTRUCTION

Investment funds must complete the bracketed information by

(a) inserting the names of each jurisdiction in which the investment fund intends to offer securities under the prospectus;

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions].

1.2 Required Statement

State in italics at the top of the cover page the following:

> *"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."*

1.3 Basic Disclosure about the Distribution

(1) State the following immediately below the disclosure required under sections 1.1 and 1.2 with the bracketed information completed:

"[PRELIMINARY OR PRO FORMA] PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR

SECONDARY OFFERING OR CONTINUOUS OFFERING]

[Date]

[Name of investment fund]

[number and type of securities qualified for distribution under the prospectus, including any options or warrants, and the price per security]

[type of fund – state the following: "This investment fund is a [labour sponsored or venture capital fund, commodity pool, non-redeemable investment fund, scholarship plan or exchange-traded mutual fund, or, if the issuer is another type of investment fund, state the type of fund]."

If securities of the investment fund are intended to be listed or quoted on an exchange or marketplace and conditional listing approval has been received, state the following: "[Name of exchange or marketplace] has conditionally approved the [listing/quotation] of the [type of securities qualified for distribution under the prospectus and to be listed/quoted], subject to the [name of investment fund] fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date] ."]"

(2) Briefly describe the investment objectives of the investment fund and provide a cross-reference to sections in the prospectus where information about the investment objectives is provided.

(3) State the name of the manager and portfolio adviser of the investment fund and provide a cross-reference to sections in the prospectus where information about the manager and portfolio adviser is provided.

1.4 Distribution

(1) Subsections (2) – (8) do not apply to an investment fund in continuous distribution.

(2) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commission (b)	Proceeds to issuer or selling securityholders (c)
Per Security			
Total			

(3) If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of the option.

(4) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum offering amount, if applicable.

(5) If debt securities are being distributed at a premium or a discount, state in boldface type the effective yield if held to maturity.

(6) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis, and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(7) In column (b) of the table, disclose only commissions paid or payable in cash by the investment fund or selling securityholder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the investment fund or selling securityholder,

(b) consideration other than discounts granted and cash paid or payable by the investment fund or selling securityholder, including warrants and options, and

(c) any finder's fees or similar required payment.

(8) If a security is being distributed for the account of a selling securityholder, state the name of the securityholder and a cross-reference to the applicable section in the prospectus where further information about the selling securityholder is provided. State the portion of the expenses of the distribution to be borne by the selling securityholder and, if none of the expenses of the distribution are being borne by the selling securityholder, include a statement to that effect and discuss the reason why this is the case.

(9) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements.

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.

1.5 Offering Price in Currency Other than Canadian Dollar

If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the reporting currency.

1.6 Non-fixed Price Distributions

If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter,

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder,

(c) that the securities to be distributed under the prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale,

(iii) prices to be negotiated with purchasers, or

(iv) the net asset value of a security,

(d) that prices may vary from purchaser to purchaser and during the period of distribution,

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date,

(f) if the price of the securities will be the market price prevailing at the time of the sale, the market price at the latest practicable date, and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the investment fund or selling securityholder.

1.7 Pricing Disclosure

If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary prospectus, include this information in the preliminary prospectus.

1.8 Reduced Price Distributions

If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price fixed in the prospectus, include in boldface type a cross-reference to the section in the prospectus where disclosure concerning the possible price decrease is provided.

1.9 Market for Securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the investment fund of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market. Provide a cross-reference to the section in the prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

> **"There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See 'Risk Factors'."**

(4) Subsection (3) does not apply to an investment fund in continuous distribution.

1.10 Risk Factors

Include a cross-reference to sections in the prospectus where information about the risks of an investment in the securities being distributed is provided. State any significant risks including leverage.

1.11 Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of NI 33-105 *Underwriting Conflicts* for front page prospectus disclosure.

(3) Other than a labour sponsored or venture capital fund, commodity pool or scholarship plan, if there is no underwriter involved in the distribution, provide a statement in boldface type to the effect that no underwriter has been involved in the preparation of the prospectus or performed any review or independent due diligence of the contents of the prospectus.

1.12 Commodity Pool

(1) For a commodity pool, state in substantially the following words:

> "You should carefully consider whether your financial condition permits you to participate in this investment. The securities of this commodity pool are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money you place in the commodity pool.
>
> The risk of loss in trading [nature of instruments to be traded by the commodity pool] can be substantial. In considering whether to participate in the [commodity pool], you should be aware that trading [nature of instruments] can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the [commodity pool] and consequently the value of your interest in the [commodity pool]. Also, market conditions may make it difficult or impossible for the [commodity pool] to liquidate a position.
>
> The [commodity pool] is subject to certain conflicts of interest. The [commodity pool] will be subject to the charges payable by it as described in this prospectus that must be offset by revenues and trading gains before an investor is entitled to a return on his or her investment. It may be necessary for the [commodity pool] to make substantial trading profits to avoid depletion or exhaustion of its assets before an investor is entitled to a return on his or her investment."

(2) For the initial prospectus, state in substantially the following words:

> "The [commodity pool] is newly organized. The success of the [commodity pool] will depend upon a number of conditions that are beyond the control of the [commodity pool]. There is substantial risk that the goals of the [commodity pool] will not be met."

(3) If the promoter, manager, or a portfolio adviser of the commodity pool has not had a similar involvement with any other publicly offered commodity pool, state in substantially the following words:

> "The [promoter], [manager] [and/or] [portfolio adviser] of the [commodity pool] has not previously operated any other publicly offered commodity pools [or traded other accounts]."

(4) If the commodity pool will execute trades outside Canada, state in substantially the following words:

> "Participation in transactions in [nature of instrument to be traded by the commodity pool] involves the execution and clearing of trades on or subject to the rules of a foreign market.
>
> None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs.
>
> For these reasons, entities such as the commodity pool that trade [nature of instrument to be traded by the commodity pool] may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges."

(5) State that the commodity pool is a mutual fund but that certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply.

(6) Immediately after the statements required by subsections (1) – (5), state in substantially the following words:

"These brief statements do not disclose all the risks and other significant aspects of investing in the [commodity pool]. You should therefore carefully study this prospectus, including a description of the principal risk factors at page [page number], before you decide to invest in the [commodity pool]."

1.13 Restricted Securities

Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

1.14 Non-Canadian Manager

If the investment fund manager is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following with the bracketed information completed:

"The manager is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the manager has appointed [name and address of agent for service] as its agent for service of process in Canada, it may not be possible for investors to realize on judgements obtained in Canada against the manager."

1.15 Documents Incorporated by Reference

For an investment fund in continuous distribution, other than a scholarship plan, state in substantially the following words:

"Additional information about the Fund is available in the following documents:

- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the "Documents Incorporated by Reference" section for further details."

Item 2: Table of Contents

2.1 Table of Contents

Include a table of contents.

Item 3: Summary of Prospectus

3.1 Prospectus Summary

Under the heading "Prospectus Summary" include the information listed in sections 3.2 to 3.6.

3.2 Cautionary Language

At the beginning of the summary, include a statement in italics in substantially the following form:

> *"The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus [[if applicable] or incorporated by reference in the prospectus]."*

3.3 General

(1) Briefly summarize information appearing elsewhere in the prospectus that, in the opinion of the investment fund or selling securityholder, would be most likely to influence the investor's decision to purchase the securities being distributed. Include a description of

(a) how the investment fund has been organized (corporation, trust, etc.),

(b) the securities to be distributed, including the offering price and expected net proceeds,

(c) the investment objectives,

(d) the investment strategies,

(e) the use of leverage, including any restrictions and the maximum amount of leverage the fund could use expressed as a ratio as follows: (total long positions including leveraged positions plus total short positions) divided by the net assets of the investment fund,

(f) the use of proceeds,

(g) risk factors,

(h) income tax considerations,

(i) all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer,

(j) the redemption features,

(k) the distribution policy,

(l) the termination provisions,

(m) if restricted securities, subject securities or securities directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities are to be distributed under the prospectus,

(i) include a summary of the information required by section 21.6, and

(ii) include, in boldface type, a statement of the rights the holders of restricted securities do not have if the holders do not have all of the rights referred to in section 21.6, and

(n) whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

(2) For each item summarized under subsection (1), provide a cross-reference to the information in the prospectus.

3.4 Organization and Management of the Investment Fund

(1) Provide, under the sub-heading "Organization and Management of the [name of investment fund]", information about the manager, trustee, portfolio adviser, promoter, custodian, registrar and transfer agent and auditor of the investment fund in the form of a diagram or table.

(2) For each entity listed in the diagram or table, briefly describe the services provided by that entity and the relationship of that entity to the manager.

(3) For each entity listed in the diagram or table, other than the manager of the investment fund, provide the municipality and the province or country where it principally provides its services to the investment fund. Provide the complete municipal address for the manager of the investment fund.

INSTRUCTIONS:

(1) The information required to be disclosed in this section must be presented prominently, using enough space so that it is easy to read.

(2) Briefly describe the services provided by the listed entities. For instance, the manager may be described as "manages the overall business and operations of the fund", and a portfolio adviser may be described as "provides investment advice to the manager about the investment portfolio of the fund" or "manages the investment portfolio of the fund".

3.5 Underwriter(s)

(1) Under the sub-heading "Underwriters" or "Agents", as applicable, state the name of each underwriter or agent.

(2) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

> "We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of investment fund] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution"."

(3) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the final prospectus.

(4) Provide the following tabular information:

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period/ Acquisition date**	**Exercise price or average acquisition price**
Over-allotment option			
Compensation option			

Any other option granted by investment fund or insider of investment fund to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.

3.6 Fees, Expenses and Returns

(1) Set out information about the fees and expenses payable by the investment fund and by investors in the investment fund under the sub-heading "Summary of Fees and Expenses".

(2) The information required by this section must be a summary of the fees, charges and expenses of the investment fund and investors presented in the form of the following table, appropriately completed, and introduced using substantially the following words:

> "This table lists the fees and expenses that you may have to pay if you invest in the [insert the name of the investment fund]. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund."

> **Fees and Expenses Payable by the Fund** [for scholarship plans, Fees and Expenses payable by Subscribers' Deposits]

> Type of Fee | Amount and Description

Fees and Expenses Payable Directly by You

Type of Fee Amount and Description

(3) Describe the following fees and expenses in the table referred to in subsection (2):

Fees and Expenses Payable by the Fund or by Subscribers' Deposits (for scholarship plans)

(a) Fees payable to the Underwriters for Selling the Securities
(b) Expenses of the Issue
(c) Management Fees [*See Instruction (1)*]
(d) Incentive or Performance Fees
(e) Portfolio Adviser Fees
(f) Counterparty Fees (if any)
(g) Operating Expenses [*See Instructions (2) and (3)*]
(h) Other Fees and Expenses [*specify type*] [*specify amount*]

Fees and Expenses Payable Directly by You

(i) Sales Charges [*specify percentage, as a percentage of* _____]
(j) Service Fees [*specify percentage, as a percentage of* _____]
(k) Redemption Fees [*specify percentage, as a percentage of* _____ *, or specify amount*]
(l) Registered Tax Plan Fees [*include this disclosure and specify the type of fees if the registered tax plan is sponsored by the investment fund and is described in the prospectus*][*specify amount*]
(m) Other Fees and Expenses [*specify type*] [*specify amount*].

(4) Under the sub-heading "Annual Returns and Management Expense Ratio", provide, in the following table, returns for each of the past five years and the management expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns					
MER					

"MER" means management expense ratio.

INSTRUCTIONS:

(1) List the amount of the management fee, including any performance or incentive fee, for each investment fund separately.

(2) Under "Operating Expenses", state whether the investment fund pays all of its operating expenses and list the main components of those expenses. If the investment fund pays only certain operating expenses and is not responsible for payment of all such expenses, adjust the statement in the table to reflect the proper contractual responsibility of the investment fund and indicate who is responsible for the payment of these expenses.

(3) Show all fees or expenses payable by the investment fund (e.g. brokerage) and investors in the investment fund. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

Item 4: Overview of the Structure of the Investment Fund

4.1 Legal Structure

(1) Under the heading “Overview of the Legal Structure of the Fund”, state the full corporate name of the investment fund or, if the investment fund is an unincorporated entity, the full name under which it exists and carries on business and the address(es) of the investment fund’s head and registered office.

(2) State the statute under which the investment fund is incorporated or continued or organized or, if the investment fund is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the investment fund is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the investment fund.

(3) State whether the investment fund would be considered a mutual fund under securities legislation.

Item 5: Investment Objectives

5.1 Investment Objectives

(1) Set out under the heading "Investment Objectives" the fundamental investment objectives of the investment fund, including information that describes the fundamental nature of the investment fund, or the fundamental features of the investment fund, that distinguish it from other investment funds.

(2) If the investment fund purports to arrange a guarantee or insurance in order to protect all or some of the principal amount of an investment in the investment fund, include this fact as a fundamental investment objective of the investment fund and

(a) identify the person or company providing the guarantee or insurance,

(b) provide the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance,

(c) if applicable, state that the guarantee or insurance does not apply to the amount of any redemptions before the maturity date of the guarantee or before the death of the securityholder and that redemptions before that date would be based on the net asset value of the investment fund at the time, and

(d) modify any other disclosure required by this section appropriately.

INSTRUCTIONS:

(1) State the type or types of securities, such as money market instruments, bonds or equity securities, in which the investment fund will primarily invest under normal market conditions.

(2) If the investment fund primarily invests, or intends to primarily invest, or if its name implies that it will primarily invest

(a) in a particular type of issuer, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries,

(b) in a particular geographic location or industry segment, or

(c) in portfolio assets other than securities,

the investment fund's fundamental investment objectives must so indicate.

(3) If a particular investment strategy is an essential aspect of the investment fund, as evidenced by the name of the investment fund or the manner in which the investment fund is marketed, disclose this strategy as an investment objective. This instruction would be applicable, for example, to an investment fund that described itself as an "investment fund that invests primarily through the use of derivatives".

Item 6: Investment Strategies

6.1 Investment Strategies

(1) Describe under the heading "Investment Strategies"

(a) the principal investment strategies that the investment fund intends to use in achieving its investment objectives,

(b) the use of leverage, including any restrictions and the maximum amount of leverage the fund can use, expressed as a ratio as follows: (total long

positions including leveraged positions plus total short positions) divided by the net assets of the investment fund, and

(c) the process by which the investment fund's portfolio adviser selects securities for the fund's portfolio, including any investment approach, philosophy, practices or techniques used by the portfolio adviser or any particular style of portfolio management that the portfolio adviser intends to follow.

(2) Indicate what types of securities, other than those held by the investment fund in accordance with its fundamental investment objectives, may form part of the investment fund's portfolio assets under normal market conditions.

(3) If the investment fund intends to use derivatives

(a) for hedging purposes only, state that the investment fund may use derivatives for hedging purposes only, or

(b) for non-hedging purposes, or for hedging and non-hedging purposes, briefly describe

(i) how derivatives are or will be used in conjunction with other securities to achieve the investment fund's investment objectives,

(ii) the types of derivatives expected to be used and give a brief description of the nature of each type, and

(iii) the limits of the investment fund's use of derivatives.

(4) If the investment fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations, disclose any temporary defensive tactics the investment fund's portfolio adviser may use or intends to use in response to such conditions.

(5) If the investment fund intends to enter into securities lending, repurchase or reverse repurchase transactions, briefly describe

(a) how those transactions are or will be entered into in conjunction with other strategies and investments of the investment fund to achieve the investment fund's investment objectives,

(b) the types of those transactions to be entered into and give a brief description of the nature of each type, and

(c) the limits of the investment fund's entering into those transactions.

6.2 Overview of the Investment Structure

(1) Under the sub-heading, "Overview of the Investment Structure", describe, including a diagram for complex structures, the overall structure of the underlying investment or investments made or to be made by the investment fund, including any direct or indirect investment exposure. Include in the description and the diagram any counterparties under a forward or swap agreement entered into with the investment fund or its manager, the nature of the portfolio of securities being purchased by the investment fund, any indirect investment exposure that is related to the return of the investment fund and any collateral or guarantees given as part of the overall structure of the underlying investment or investments made by the investment fund.

(2) If the securities distributed under the prospectus are being issued in connection with a restructuring transaction, describe by way of a diagram or otherwise the intercorporate relationships both before and after the completion of the proposed transaction.

Item 7: Overview of the Sector(s) that the Fund Invests in

7.1 Sector(s) that the Fund Invests in

(1) Under the heading "Overview of the Sector[(s)] that the Fund Invests in", if the investment fund invests or intends to invest in a specific sector(s), briefly describe the sector(s) that the investment fund has been or will be investing in.

(2) Include in the description known material trends, events or uncertainties in the sector(s) that the investment fund invests or intends to invests in that might reasonably be expected to affect the investment fund.

7.2 Significant Holdings in Other Entities

For a labour sponsored or venture capital fund, include in substantially the tabular form below, the following information as at a date within 30 days of the date of the prospectus with respect to each entity, 5 percent or more of whose securities of any class are beneficially owned directly or indirectly by the fund.

Significant Holdings of the [name of the labour sponsored or venture capital fund]		
Name and Address of Entity	Nature of Entities' Principal Business	Percentage of Securities of each Class Owned by Fund
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Item 8: Investment Restrictions

8.1 Investment Restrictions

(1) Under the heading "Investment Restrictions", describe any restrictions on investments adopted by the investment fund, beyond what is required under securities legislation.

(2) If the investment fund has received the approval of the securities regulatory authorities to vary any of the investment restrictions and practices contained in securities legislation, provide details of the permitted variations.

(3) Describe the nature of any securityholder or other approval that may be required in order to change the fundamental investment objectives and any of the material investment strategies to be used to achieve the investment objectives.

Item 9: Management Discussion of Fund Performance

9.1 Management Discussion of Fund Performance

Unless the investment fund's most recently filed management report of fund performance is incorporated by reference under Item 37 or attached to the prospectus under Item 38, provide, under the heading "Management Discussion of Fund Performance", management's discussion of fund performance in accordance with sections 2.3, 2.4, 2.5, 3, 4, 5 and 6 of Part B of Form 81-106F1 for the period covered by the financial statements required under Item 38.

Item 10: Fees and Expenses

10.1 Fees and Expenses

Under the heading "Fees and Expenses", set out information about all of the fees and expenses payable by the investment fund and by investors in the investment fund.

INSTRUCTION:

Describe each fee paid by the investment fund and by the investor in this section separately. The description of fees must also include sales and trailing commissions paid either by the investment fund or the investor.

Item 11: Annual Returns and Management Expense Ratio

11.1 Annual Returns and Management Expense Ratio

Under the heading "Annual Returns and Management Expense Ratio", provide, in the following table, returns for each of the past five years and the management expense ratio for each of the past five years as disclosed in the most recently filed annual management report of fund performance of the investment fund:

	[specify year]	[specify year]	[specify year]	[specify year]	[specify year]
Annual Returns					
MER					

"MER" means management expense ratio.

Item 12: Risk Factors

12.1 Risk Factors

(1) Under the heading "Risk Factors", describe the risk factors material to the investment fund that a reasonable investor would consider relevant to an investment in the securities being distributed, such as the risks associated with any particular aspect of the fundamental investment objectives and investment strategies.

(2) Include a discussion of general market, political, market sector, liquidity, interest rate, foreign currency, diversification, leverage, credit, legal and operational risks, as appropriate.

(3) Include a brief discussion of general investment risks applicable to the investment fund, such as specific company developments, stock market conditions and general economic and financial conditions in those countries where the investments of the investment fund are listed for trading.

(4) If derivatives are to be used by the investment fund for non-hedging purposes, describe the risks associated with any use or intended use by the investment fund of derivatives.

(5) If there is a risk that purchasers of the securities distributed may become liable to make an additional contribution beyond the price of the security, disclose the risk.

INSTRUCTIONS:

(1) Describe risks in the order of seriousness from the most serious to the least serious.

(2) A risk factor must not be de-emphasized by including excessive caveats or conditions.

Item 13: Distribution Policy

13.1 Distribution Policy

Under the heading "Distribution Policy", describe the distribution policy, including

(a) whether distributions are made by the investment fund in cash or reinvested in securities of the investment fund,

(b) the targeted amount of any distributions,

(c) whether the distributions are guaranteed or not, and

(d) when the distributions are made.

Item 14: Purchases of Securities

14.1 Purchases of Securities

(1) Under the heading "Purchases of Securities", describe the procedure followed or to be followed by investors who desire to purchase securities of the investment fund or switch them for securities of other investment funds.

(2) If applicable, state that the issue price of securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the purchase order.

(3) Describe how the securities of the investment fund are distributed. If sales are effected through a principal distributor, give brief details of any arrangements with the principal distributor.

(4) Describe all available purchase options and state, if applicable, that the choice of different purchase options requires the investor to pay different fees and expenses and if applicable, that the choice of different purchase options affects the amount of compensation paid to a dealer.

(5) If applicable, disclose that a dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of securities of the investment fund caused by the investor.

(6) If applicable, for an investment fund that is being sold on a best efforts basis, state whether the issue price will be fixed during the initial distribution period, and state when the investment fund will begin issuing securities at the net asset value of a security of the investment fund.

Item 15: Redemption of Securities

15.1 Redemption of Securities

Under the heading "Redemption of Securities", describe how investors may redeem securities of the investment fund, including

(a) the procedures followed, or to be followed, by an investor who desires to redeem securities of the investment fund and specifying the procedures to be followed and the documents to be delivered before a redemption order pertaining to securities of the investment fund will be accepted by the investment fund for processing and before payment of the proceeds of redemption will be made by the investment fund,

(b) how the redemption price of the securities is determined and, if applicable, state that the redemption price of the securities is based on the net asset value of a security of that class, or series of a class, next determined after the receipt by the investment fund of the redemption order, and

(c) the circumstances under which the investment fund may suspend redemptions of the securities of the investment fund.

15.2 Short-term Trading

For an investment fund in continuous distribution, under the sub-heading "Short-Term Trading",

(a) describe the adverse effects, if any, that short-term trades in securities of the investment fund by an investor may have on other investors in the investment fund,

(b) describe the restrictions, if any, that may be imposed by the investment fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply,

(c) where the investment fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the investment fund not to do so, and

(d) describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the investment fund, including the name of such person or company and the terms of such arrangements, including any restrictions imposed on the short-term trades and any compensation or other consideration received by the manager, the investment fund or any other party pursuant to such arrangements.

INSTRUCTION

For the disclosure required by section 15.2, include a brief description of the short-term trading activities in the investment fund that are considered by the manager to be inappropriate or excessive. If the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 10 of this Form.

Item 16: Consolidated Capitalization

16.1 Consolidated Capitalization

(1) This section does not apply to an investment fund in continuous distribution.

(2) Under the heading "Consolidated Capitalization", describe any material change in, and the effect of the material change on, the share and loan capital of the investment fund, on a consolidated basis, since the date of the investment fund's financial statements for its most recently completed financial period included in the prospectus, including any material change that will result from the issuance of the securities being distributed under the prospectus.

Item 17: Prior Sales

17.1 Prior Sales

(1) Subsection (2) does not apply to an investment fund in continuous distribution.

(2) Under the heading "Prior Sales", for each class of securities of the investment fund distributed under the prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the prospectus,

(a) the price at which the securities have been issued or are to be issued by the investment fund or sold by the selling securityholder,

(b) the number of securities issued or sold at that price, and

(c) the date on which the securities were issued or sold.

17.2 Trading Price and Volume

(1) For each class of securities of the investment fund that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the investment fund is not traded or quoted on a Canadian marketplace but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the prospectus.

Item 18: Income Tax Considerations

18.1 Status of the Investment Fund

Under the heading "Income Tax Considerations" and under the sub-heading "Status of the Investment Fund", briefly describe the status of the investment fund for income tax purposes. Also disclose whether the investment fund is eligible as an investment for registered retirement savings plans, registered retirement income plans, registered education savings plans or deferred profit sharing plans.

18.2 Taxation of the Investment Fund

Under the sub-heading "Taxation of the Investment Fund", state in general terms the bases upon which the income and capital receipts of the investment fund are taxed.

18.3 Taxation of Securityholders

Under the sub-heading "Taxation of Securityholders", state in general terms the income tax consequences to the holders of the securities offered of

(a) any distribution to the securityholders in the form of income, capital, dividends or otherwise, including amounts reinvested in securities of the investment fund,

(b) the redemption of securities, and

(c) the issue of securities.

18.4 Taxation of Registered Plans

Under the sub-heading "Taxation of Registered Plans", explain the tax treatment applicable to securities of the investment fund held in a registered tax plan.

18.5 Tax Implications of the Investment Fund's Distribution Policy

Under the sub-heading "Tax Implications of the Investment Fund's Distribution Policy", describe the impact of the investment fund's distribution policy on a taxable investor who acquires securities of the investment fund late in a calendar year.

Item 19: Organization and Management Details of the Investment Fund

19.1 Management of the Investment Fund

(1) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Officers and Directors of the Investment Fund",

(a) list the name and municipality of residence of each director and executive officer of the investment fund and indicate their respective positions and offices held with the investment fund and their respective principal occupations during the five preceding years,

(b) state the period or periods during which each director has served as a director and when his or her term of office will expire,

(c) state the number and percentage of securities of each class of voting securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the investment fund as a group,

(d) disclose the board committees of the investment fund and identify the members of each committee,

(e) if the principal occupation of a director or executive officer of the investment fund is acting as an executive officer of a person or company other than the investment fund, disclose that fact and state the principal business of the person or company, and

(f) for an investment fund that is a limited partnership, provide the information required by this subsection for the general partner of the investment fund, modified as appropriate.

(2) Under the sub-heading "Cease Trade Orders and Bankruptcies", if a director or executive officer of the investment fund is, as at the date of the prospectus or pro

forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any other investment fund, that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant investment fund access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a director or executive officer of the investment fund

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any investment fund that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer, state the fact.

(5) Under the heading "Organization and Management Details of the Investment Fund" and under the sub-heading "Manager of the Investment Fund", provide the complete municipal address of the manager and details of the manager of the investment fund, including the history and background of the manager and any overall investment strategy or approach used by the manager in connection with the investment fund.

(6) Under the sub-heading "Duties and Services to be Provided by the Manager", provide a description of the duties and services that the manager will be providing to the investment fund.

(7) Under the sub-heading "Details of the Management Agreement", provide a brief description of the essential details of any management agreement that the manager has entered into or will be entering into with the investment fund, including any termination rights.

(8) Under the sub-heading "Officers and Directors of the Manager of the Investment Fund",

(a) list the name and municipality of residence of each partner, director and executive officer of the manager of the investment fund and indicate their respective positions and offices held with the manager and their respective principal occupations within the five preceding years,

(b) if a partner, director or executive officer of the manager has held more than one office with the manager within the past five years, state only the current office held, and

(c) if the principal occupation of a partner, director or executive officer of the manager is with an organization other than the manager of the investment fund, state the principal business in which the organization is engaged.

(9) Under the sub-heading "Cease Trade Orders and Bankruptcies of the Manager", provide the information required under subsections (2) and (4) for the directors and executive officers of the manager of the investment fund, modified as appropriate.

INSTRUCTIONS

(1) The disclosure required by subsections (2) and (4) also applies to any personal holding companies of any of the persons referred to in subsections (2) and (4).

(2) A management cease trade order which applies to directors and executive officers of the investment fund is an "order" for the purposes of paragraph (2)(a) and must be

disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the director or executive officer of the investment fund was a director, chief executive officer or chief financial officer when the order was issued against the relevant investment fund. The investment fund does not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.

19.2 Portfolio Adviser

(1) Under the sub-heading "Portfolio Adviser"

(a) state the municipality and the province or country where the portfolio adviser principally provides its services to the investment fund and give details of the portfolio adviser of the investment fund, including the history and background of the portfolio adviser,

(b) state the extent to which investment decisions are made by certain individuals employed by the portfolio adviser and whether those decisions are subject to the oversight, approval or ratification of a committee, and

(c) state the name, title, and length of time of service of the person or persons employed by or associated with the portfolio adviser of the investment fund who is or are principally responsible for the day-to-day management of a material portion of the portfolio of the investment fund, implementing a particular material strategy or managing a particular segment of the portfolio of the investment fund, and each person's business experience in the last five years.

(2) Under the sub-heading "Details of the Portfolio Advisory Agreement", provide a brief description of the essential details of any portfolio advisory agreement that the portfolio adviser has entered into or will be entering into with the investment fund or the manager of the investment fund, including any termination rights.

19.3 Conflicts of Interest

Under the sub-heading "Conflicts of Interest", disclose particulars of existing or potential material conflicts of interest between

(1) the investment fund and a director or executive officer of the investment fund,

(2) the investment fund and the manager or any director or executive officer of the manager of the investment fund, and

(3) the investment fund and the portfolio adviser or any director or executive officer of the portfolio adviser of the investment fund.

19.4 Independent Review Committee

Under the sub-heading "Independent Review Committee", provide a description of the independent review committee of the investment fund, including

(a) the mandate and responsibilities of the independent review committee,

(b) the composition of the independent review committee (including the names of its members), and the reasons for any change in its composition since the date of the most recently filed annual information form or prospectus of the investment fund, as applicable,

(c) that the independent review committee prepares a report at least annually of its activities for securityholders which is available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or at the securityholder's request at no cost, by contacting the [investment fund/investment fund family] at [investment fund's/investment fund family's email address], and

(d) the amount of fees and expenses payable in connection with the independent review committee by the investment fund, including any amounts payable for committee participation or special assignments, and state whether the investment fund pays all of the fees payable to the independent review committee.

19.5 Trustee

Under the sub-heading "Trustee", provide details of the trustee of the investment fund, including the municipality and the province or country where the trustee principally provides its services to the investment fund.

19.6 Custodian

(1) Under the sub-heading "Custodian", state the name, municipality of the principal or head office, and nature of business of the custodian and any principal sub-custodian of the investment fund.

(2) Describe generally the sub-custodial arrangements of the investment fund.

INSTRUCTION:

A "principal sub-custodian" is a sub-custodian to whom custodial authority has been delegated in respect of a material portion or segment of the portfolio assets of the investment fund.

19.7 Auditor

Under the sub-heading “Auditor”, state the name and address of the auditor of the investment fund.

19.8 Transfer Agent and Registrar

Under the sub-heading, “Transfer Agent and Registrar”, for each class of securities, state the name of the investment fund’s transfer agent(s), registrar(s), trustee, or other agent appointed by the investment fund to maintain the securities register and the register of transfers for such securities and indicate the location (by municipalities) of each of the offices of the investment fund or transfer agent, registrar, trustee or other agent where the securities, register and register of transfers are maintained or transfers of securities are recorded.

19.9 Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the prospectus or pro forma prospectus, a promoter of the investment fund or of a subsidiary of the investment fund, state under the sub-heading “Promoter”

(a) the person or company’s name and municipality and the province or country of residence,

(b) the number and percentage of each class of voting securities and equity securities of the investment fund or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the investment fund or from a subsidiary of the investment fund, and the nature and amount of any assets, services or other consideration received or to be received by the investment fund or a subsidiary of the investment fund in return, and

(d) for an asset acquired within the two years before the date of the preliminary prospectus or pro forma prospectus, or to be acquired, by the investment fund or by a subsidiary of the investment fund from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the investment fund, the promoter, or an affiliate of the investment fund or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the prospectus or pro forma prospectus, as applicable, or was within 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director, chief executive officer or chief financial officer of any person or company, that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, as at the date of the prospectus or pro forma prospectus, as applicable, or has been within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or

within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the prospectus or pro forma prospectus, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered to be important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The investment fund does not have to provide disclosure if the promoter

became a director, chief executive officer or chief financial officer after the order was issued.

Item 20: Calculation of Net Asset Value

20.1 Calculation of Net Asset Value

Under the heading “Calculation of Net Asset Value”,

(a) describe how the net asset value of the investment fund is calculated, and

(b) state the frequency at which the net asset value is calculated and the date and time of day at which it is calculated.

20.2 Valuation Policies and Procedures

Under the sub-heading “Valuation Policies and Procedures of the Investment Fund”,

(a) describe the methods used to value the various types or classes of assets of the investment fund and its liabilities for the purpose of calculating net asset value, and

(b) if the manager has discretion to deviate from the investment fund's valuation practices described in paragraph (a), disclose when and to what extent that discretion may be exercised and, if it has been exercised in the past three years, provide an example of how it has been exercised or, if it has not been exercised in the past three years, so state.

20.3 Reporting of Net Asset Value

Under the sub-heading “Reporting of Net Asset Value”, describe

(a) how the net asset value of the investment fund will be made available at no cost (e.g. website, toll-free telephone line, etc.), and

(b) the frequency at which the net asset value is disclosed.

Item 21: Description of the Securities Distributed

21.1 Equity Securities

If equity securities of the investment fund are being distributed, under the heading “Attributes of the Securities” and under the sub-heading “Description of the Securities Distributed” state the description or the designation of the class of equity securities distributed and describe all material attributes and characteristics, including

(a) dividend or distribution rights,

(b) voting rights,

(c) rights upon dissolution, termination or winding-up,

(d) pre-emptive rights,

(e) conversion or exchange rights,

(f) redemption, retraction, purchase for cancellation or surrender provisions,

(g) sinking or purchase fund provisions,

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions, and

(i) provisions requiring a securityholder to contribute additional capital.

21.2 Debt Securities

If debt securities are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including

(a) provisions for interest rate, maturity and premium, if any,

(b) conversion or exchange rights,

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions,

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge,

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the investment fund or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities,

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the investment fund or any of its affiliates, and

(h) any financial arrangements between the investment fund and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

21.3 Derivatives

If derivatives are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives,

(b) the exercise of the derivatives,

(c) settlements that are the result of the exercise of the derivatives,

(d) the underlying interest of the derivatives,

(e) the role of a calculation expert in connection with the derivatives,

(f) the role of any credit supporter of the derivatives, and

(g) the risk factors associated with the derivatives.

21.4 Other Securities

If securities other than the securities mentioned above are being distributed, under the heading "Attributes of the Securities" and under the sub-heading "Description of the Securities Distributed", describe fully the material attributes and characteristics of those securities.

21.5 Special Warrants

If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus, with the bracketed information completed:

> "The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment to the prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber."

INSTRUCTION

If the prospectus is qualifying the distribution of securities issued upon the exercise of securities other than special warrants, replace the term "special warrant" with the type of the security being distributed.

21.6 Restricted Securities

(1) If the investment fund has outstanding, or proposes to distribute under the prospectus, restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the investment fund that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the investment fund and

to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the investment fund complied with, or the basis upon which it was exempt from, the requirements of Part 12 of the Instrument.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1), the detailed description referred to in that subsection must include, in boldface type, a statement of the rights the holders do not have.

(3) If the investment fund is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the investment fund's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.

21.7 Modification of Terms

(1) Describe provisions about the modification, amendment or variation of any rights attached to the securities being distributed.

(2) If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

21.8 Ratings

If the investment fund has asked for and received a stability rating, or if the investment fund is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the investment fund that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

21.9 Other Attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This section requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the investment fund's discretion, be attached as a schedule to the prospectus.

Item 22: Securityholder Matters

22.1 Meetings of Securityholders

Under the heading "Securityholder Matters" and under the sub-heading "Meetings of Securityholders", describe the circumstances, processes and procedures for holding any securityholder meeting and for any extraordinary resolution.

22.2 Matters Requiring Securityholder Approval

Under the sub-heading "Matters Requiring Securityholder Approval", describe the matters that require securityholder approval.

22.3 Amendments to Declaration of Trust

For an investment fund established pursuant to a declaration of trust, under the sub-heading "Amendments to the Declaration of Trust", describe the circumstances, processes and procedures required to amend the declaration of trust.

22.4 Reporting to Securityholders

Under the sub-heading "Reporting to Securityholders" describe the information or reports that will be delivered or made available to securityholders and the frequency with which such information or reports will be delivered or made available to securityholders, including any requirements under securities legislation.

Item 23: Termination of the Fund

23.1 Termination of the Fund

Under the heading "Termination of the Fund", describe the circumstances in which the investment fund will be terminated, including:

(a) the date of termination,

(b) how the value of the securities of the investment fund at termination will be determined,

(c) whether securityholders will receive cash or any other type of payment upon termination,

(d) the details of any rollover transaction, if securityholders will receive securities of another investment fund as part of a rollover transaction upon termination,

(e) how the assets of the investment fund will be distributed upon termination, and

(f) if the investment fund is a commodity pool, disclose whether the investment fund will be wound up without the approval of securityholders if the net asset value per security falls below a certain predetermined level, and, if so, the net asset value per security at which this will occur.

Item 24: Use of Proceeds

24.1 Application

This Item does not apply to an investment fund in continuous distribution.

24.2 Proceeds

(1) Under the heading "Use of Proceeds", state the estimated net proceeds to be received by the investment fund or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the investment fund or selling securityholder from the sale of the securities distributed.

(2) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the investment fund.

(3) If the prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

24.3 Other Sources of Funding

If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

24.4 Financing by Special Warrants, etc.

(1) If the prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.

Item 25: Plan of Distribution

25.1 Plan of Distribution

Under the heading "Plan of Distribution", briefly describe the plan of distribution.

25.2 Name of Underwriters

(1) If the securities are being distributed by an underwriter, state the name of the underwriter and describe briefly the nature of the underwriter's obligation to take up and pay for the securities.

(2) Disclose the date by which the underwriter is obligated to purchase the securities.

25.3 Disclosure of Conditions to Underwriters' Obligations

If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of investment fund or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of investment fund or selling securityholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of investment fund or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.", and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.

25.4 Best Efforts Offering

Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 25.3.

25.5 Minimum Distribution

If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the investment fund must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practising member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

25.6 Determination of Price

Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process of determining the estimates.

25.7 Stabilization

If the investment fund, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.

25.8 Reduced Price Distributions

If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the investment fund or selling securityholder.

25.9 Listing Application

If application has been made to list or quote the securities being distributed, include a statement, in substantially the following form, with the bracketed information completed:

> "The investment fund has applied to [list/quote] the securities distributed under this prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the investment fund fulfilling all the listing requirements of [name of exchange or other market]."

25.10 Conditional Listing Approval

If application has been made to list or quote the securities being distributed on an exchange or marketplace and conditional listing approval has been received, include a statement, in substantially the following form, with the bracketed information completed:

> "[name of exchange or marketplace] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of investment fund]'s fulfilling all of the requirements of the [name of exchange or marketplace] on or before [date], [including distribution of these securities to a minimum number of public securityholders]."

25.11 Constraints

If there are constraints imposed on the ownership of securities of the investment fund to ensure that the investment fund has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the investment fund will be monitored and maintained.

25.12 Special Warrants Acquired by Underwriters or Agents

Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.

Item 26: Relationship Between Investment Fund or Selling Securityholder and Underwriter

26.1 Relationship Between Investment Fund or Selling Securityholder and Underwriter

(1) Under the heading "Relationship between Investment Fund [or Selling Securityholder] and Underwriter", if the investment fund or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the selling securityholder is also an underwriter, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meanings as in NI 33-105.

Item 27: Options to Purchase Securities

27.1 Options to Purchase Securities

(1) Under the heading "Options to Purchase Securities", state, in tabular form, as at a specified date within 30 days before the date of the prospectus or pro forma prospectus, information about options to purchase securities of the investment fund, or a subsidiary of the investment fund, that are held or will be held upon completion of the distribution by

(a) all executive officers and past executive officers of the investment fund, as a group, and all directors and past directors of the investment fund who are not also executive officers, as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(b) all executive officers and past executive officers of all subsidiaries of the investment fund, as a group, and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary, as a

group, excluding, in each case, individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies,

(c) all other employees and past employees of the investment fund as a group,

(d) all other employees and past employees of subsidiaries of the investment fund as a group,

(e) all consultants of the investment fund as a group, and

(f) any other person or company, other than the underwriter(s), naming each person or company.

(2) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTIONS

(1) Describe the options, warrants, or other similar securities stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (1)(f), the particulars of the grant including the consideration for the grant.

(2) For the purposes of paragraph (1)(f), provide the information required for all options except warrants and special warrants.

Item 28: Principal Holders of Securities of the Investment Fund and Selling Securityholders

28.1 Principal Holders of Securities of the Investment Fund and Selling Securityholders

(1) Under the heading “Principal Holders of Securities of the Investment Fund [and Selling Securityholders]”, provide the following information for each principal

securityholder of the investment fund and, if any securities are being distributed for the account of a securityholder, for each selling securityholder, as of a specified date not more than 30 days before the date of the prospectus or pro forma prospectus, as applicable:

(a) the name,

(b) the number or amount of securities owned, controlled or directed of the class being distributed,

(c) the number or amount of securities of the class being distributed for the account of the securityholder,

(d) the number or amount of securities of the investment fund of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding, and

(e) whether the securities referred to in paragraphs (b), (c) or (d) are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph (1)(a) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the prospectus or pro forma prospectus, as applicable, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the prospectus or pro forma prospectus, as applicable, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, more than 10 percent of any class of voting securities of the investment fund is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(5) If, to the knowledge of the investment fund or the underwriter of the securities being distributed, any principal securityholder or selling securityholder is an associate or affiliate of another person or company named as a principal securityholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the investment fund held by

the person or company other than the holding of voting securities of the investment fund.

(6) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(7) Describe any material change to the information required to be included in the prospectus under subsection (1) to the date of the prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a principal securityholder of an investment fund, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.

Item 29: Interests of Management and Others in Material Transactions

29.1 Interests of Management and Others in Material Transactions

Under the heading "Interests of Management and Others in Material Transactions", describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the prospectus or pro forma prospectus that has materially affected or is reasonably expected to materially affect the investment fund:

(a) a director or executive officer of the investment fund or the investment fund manager,

(b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of the outstanding voting securities of the investment fund or the investment fund manager, and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

29.2 Underwriting Discounts

Disclose any material underwriting discounts or commissions upon the sale of securities by the investment fund if any of the persons or companies listed under section 29.1 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

INSTRUCTIONS

(1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.

(2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the investment fund.

(3) For any transaction involving the purchase of assets by or sale of assets to the investment fund, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(4) This Item does not apply to any interest arising from the ownership of securities of the investment fund if the securityholder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(5) No information need be given under this Item for a transaction if

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids,

(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction,

(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services, or

(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the investment fund or its subsidiaries.

(6) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than ten percent of any class of equity securities of another company furnishing the services to the investment fund.

Item 30: Proxy Voting Disclosure

30.1 Proxy Voting Disclosure for Portfolio Securities Held

Under the heading "Proxy Voting Disclosure for Portfolio Securities Held", include the disclosure required by subsection 10.2(3) of NI 81-106.

Item 31: Material Contracts

31.1 Material Contracts

Under the heading "Material Contracts", list and provide particulars of

(a) the articles of incorporation, the declaration of trust or trust agreement of the investment fund or any other constating document, if any,

(b) any agreement of the investment fund or trustee with the manager of the investment fund,

(c) any agreement of the investment fund, the manager or trustee with the portfolio adviser of the investment fund,

(d) any agreement of the investment fund, the manager or trustee with the custodian of the investment fund,

(e) any agreement of the investment fund, the manager or trustee with the underwriters or agents of the investment fund,

(f) any swap or forward agreement of the investment fund, the manager or trustee with a counterparty that is material to the investment fund fulfilling its investment objectives,

(g) any agreement of the investment fund, the manager or trustee with the principal distributor of the investment fund, and

(h) any other contract or agreement that can reasonably be regarded as material to an investor in the securities of the investment fund.

INSTRUCTIONS

(1) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the prospectus. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the prospectus.

(2) Particulars of contracts must include the dates of, parties to, consideration provided for in, termination provisions, general nature and key terms of, the contracts.

Item 32: Legal and Administrative Proceedings

32.1 Legal and Administrative Proceedings

Under the heading "Legal and Administrative Proceedings", describe briefly any ongoing legal and administrative proceedings material to the investment fund, to which the investment fund, its manager or principal distributor is a party.

32.2 Particulars of the Proceedings

(1) For all matters disclosed under section 32.1, disclose

(a) the name of the court or agency having jurisdiction,

(b) the date on which the proceeding was instituted,

(c) the principal parties to the proceeding,

(d) the nature of the proceeding and, if applicable, the amount claimed, and

(e) whether the proceeding is being contested and the present status of the proceeding.

(2) Provide similar disclosure about any proceedings known to be contemplated.

32.3 Penalties and Sanctions

Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of any settlement agreement and the circumstances that gave rise to the settlement agreement, if, within the 10 years before the date of the prospectus or pro forma prospectus, the manager of the investment fund, a director or executive officer of the investment fund or a partner, director or executive officer of the manager of the investment fund has

(a) been subject to any penalties or sanctions imposed by a court or a securities regulatory authority relating to Canadian securities legislation, promotion or management of an investment fund, theft or fraud or has entered into a settlement agreement before a court or with a regulatory body in relation to any of these matters, or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body or has entered into any other settlement agreement before a court or with a

regulatory body that would likely be considered important to a reasonable investor in determining whether to purchase securities of the investment fund.

Item 33: Experts

33.1 Names of Experts

Under the heading "Experts", name each person or company

(a) who is named as having prepared or certified a report, valuation, statement or opinion in the prospectus or an amendment to the prospectus, and

(b) whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company.

33.2 Interests of Experts

(1) Disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the investment fund or of an associate or affiliate of the investment fund received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the prospectus or prepared or certified a report or valuation described or included in the prospectus.

(2) For the purpose of subsection (1), if the ownership is less than one percent, a general statement to that effect is sufficient.

(3) If a person, or a director, officer or employee of a person or company referred to in subsection (1) is or is expected to be elected, appointed or employed as a director, officer or employee of the investment fund or of any associate or affiliate of the investment fund, disclose the fact or expectation.

INSTRUCTIONS

(1) Section 33.2 does not apply to the investment fund's predecessor auditors, if any, for those periods when they were not the investment fund's auditor.

(2) Section 33.2 does not apply to registered or beneficial interests, direct or indirect, held through mutual funds.

Item 34: Exemptions and Approvals

34.1 Exemptions and Approvals

Under the heading "Exemptions and Approvals", describe all exemptions from or approvals under securities legislation obtained by the investment fund or the manager of the investment fund that continue to be relied upon by the investment fund or the manager, including all exemptions to be evidenced by the issuance of a receipt for the prospectus pursuant to section 19.3 of the Instrument.

Item 35: Other Material Facts

35.1 Other Material Facts

Under the heading "Other Material Facts", using sub-headings as appropriate, give particulars of any material facts about the securities being distributed that are not disclosed under any other section and are necessary in order for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

Item 36: Purchasers' Statutory Rights of Withdrawal and Rescission

36.1 General

For investment funds other than mutual funds, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form, with bracketed information completed:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

36.2 Mutual Funds

If the investment fund is a mutual fund, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission" include a statement in substantially the following form:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser."

36.3 Non-fixed Price Offerings

In the case of a non-fixed price offering, if applicable in the jurisdiction in which the prospectus is filed, replace the second sentence in the disclosure in section 36.1 with a statement in substantially the following form:

> "This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

Item 37: Documents Incorporated by Reference

37.1 Mandatory Incorporation by Reference

If the investment fund is in continuous distribution, other than a scholarship plan, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading "Documents Incorporated by Reference":

> "Additional information about the Fund is available in the following documents:
>
> 1. The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.

2. Any interim financial statements of the investment fund filed after those annual financial statements.

3. The most recently filed annual management report of fund performance of the investment fund.

4. Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.

[If applicable] These documents are available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund's /investment fund family's email address].

These documents and other information about the Fund are available on the Internet at www.sedar.com."

37.2 Mandatory Incorporation by Reference of Future Documents

If the investment fund is in continuous distribution, other than a scholarship plan, state that any documents, of the type described in section 37.1, if filed by the investment fund after the date of the prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the prospectus.

Item 38: Financial Disclosure

38.1 Financial Statements

(1) Unless incorporated by reference under Item 37, include in the prospectus the comparative annual financial statements and the auditor's report prepared in accordance with NI 81-106 for the investment fund's most recently completed financial year.

(2) If an investment fund's most recent financial year ended within 90 days of the date of the prospectus referred to in subsection (1), the investment fund may treat the previous year as the most recently completed financial year under subsection (1).

(3) If the investment fund has not completed its first financial year, the fund must include in the prospectus audited financial statements and the auditor's report

prepared in accordance with NI 81-106 for the period from the date of the fund's formation to a date not more than 90 days before the date of the prospectus and as at a date not more than 90 days before the date of the prospectus, as applicable.

(4) Despite subsections (1) and (3), if the investment fund is a newly established fund, include in the prospectus the opening balance sheet of the investment fund, accompanied by the auditor's report prepared in accordance with NI 81-106.

38.2 Interim Financial Statements

Unless incorporated by reference under Item 37, include in the prospectus financial statements for the investment fund prepared in accordance with NI 81-106 for the interim period that began immediately after the financial year to which the annual financial statements required to be included in the prospectus under section 38.1 relate, if the prospectus is filed 60 days or more after the end of that interim period.

38.3 Management Reports of Fund Performance

Unless incorporated by reference under Item 37, include in the prospectus the most recently filed interim management report of fund performance, if filed after the most recently filed annual management report of fund performance and include the most recently filed annual management report of fund performance.

Item 39: Certificates

39.1 Certificate of the Investment Fund

Include a certificate of the investment fund in the following form:

> "This prospectus [,together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

39.2 Certificate of the Manager

Include a certificate of the manager of the investment fund in the same form as the certificate of the investment fund.

39.3 Certificate of the Underwriter

Where a person or company is required to provide a certificate in the underwriter certificate form, the certificate must state:

"To the best of our knowledge, information and belief, this prospectus [,together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

39.4 Certificate of the Promoter

If there is a promoter of the investment fund or a subsidiary of the investment fund, include a certificate in the same form as the certificate of the investment fund.

39.5 Amendments

(1) For an amendment to a prospectus that does not restate the prospectus, change "prospectus" to "prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 39.1 to 39.4.

(2) For an amended and restated prospectus, change "prospectus" to "amended and restated prospectus" wherever it appears in the statements in sections 39.1 to 39.4.

39.6 Non-offering Prospectus

For a non-offering prospectus, change "securities offered by this prospectus" to "securities previously issued by the investment fund" wherever it appears in the statements in sections 39.1 to 39.4.

APPENDIX B

Schedule 4

COMPANION POLICY
TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

TABLE OF CONTENTS

COMPANION POLICY
TO NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

PART 1: Introduction, Interrelationship with Securities Legislation, and Definitions

Introduction and purpose

1.1 This Policy describes how the provincial and territorial securities regulatory authorities (or "we") intend to interpret or apply the provisions of the Instrument. Some terms used in this Policy are defined or interpreted in the Instrument, NI 14-101, or a definition instrument in force in the jurisdiction.

Interrelationship with other securities legislation

This Policy

1.2(1) The Instrument applies to any prospectus filed under securities legislation and any distribution of securities subject to the prospectus requirement, other than a prospectus filed under NI 81-101 or a distribution of securities under such a prospectus, or unless otherwise stated. Parts of this Policy may not apply to all issuers.

Local securities legislation

(2) The Instrument, while being the primary instrument regulating prospectus distributions, is not exhaustive. Issuers should refer to the implementing law of the jurisdictions and other securities legislation of the local jurisdiction for additional requirements that may apply to the issuer's prospectus distribution.

Continuous disclosure (NI 51-102 and NI 81-106)

(3) NI 51-102, NI 81-106 and other securities legislation imposes ongoing disclosure and filing obligations on reporting issuers. The regulator may consider issues raised in the context of a continuous disclosure review when determining whether it is in the public interest to refuse to issue a receipt for a prospectus. Consequently, unresolved issues may delay or prevent the issuance of a receipt.

Reporting issuers are generally required to file periodic and timely disclosure documents under applicable securities legislation. Reporting issuers may also be required to file periodic and timely disclosure documents pursuant to an order issued by the securities regulatory authority or an undertaking to the securities regulatory authority. Failure to comply with any requirement to file periodic and timely disclosure documents could cause the regulator to refuse a receipt for the prospectus.

Short form prospectus distributions (NI 44-101)

(4) As set out in section 2.1 of NI 44-101, an issuer must not file a prospectus in the form of Form 44-101F1 unless the issuer is qualified under any of sections 2.2 through 2.6 of NI 44-101 to file a short form prospectus. An issuer that is qualified to file a short form prospectus must satisfy the requirements of NI 44-101, including the filing requirements of Part 4 of NI 44-101, as well as any applicable requirements of the Instrument. Therefore, issuers qualified to file a short form prospectus and selling securityholders of those issuers that wish to distribute securities under the short form system should refer to the Instrument, this Policy, and NI 44-101 and its companion policy.

Shelf distributions (NI 44-102)

(5) Issuers qualified under NI 44-101 to file a prospectus in the form of a short form prospectus and their securityholders can distribute securities under a short form prospectus using the shelf distribution procedures under NI 44-102. The Companion Policy to NI 44-102 explains that the distribution of securities under the shelf system is governed by the requirements and procedures of NI 44-101 and securities legislation, except as supplemented or varied by NI 44-102. Therefore, issuers qualified to file a short form prospectus and selling securityholders of those issuers that wish to distribute securities under the shelf system should refer to the Instrument, this Policy, NI 44-101 and its companion policy, and NI 44-102 and its companion policy.

PREP procedures (NI 44-103)

(6) NI 44-103 contains the post-receipt pricing (PREP) procedures. All issuers and selling securityholders can use the PREP procedures of NI 44-103 to distribute securities, other than rights under a rights offering. Issuers and selling securityholders that wish to distribute securities using the PREP procedures as provided for in NI 44-103 should refer to the Instrument, this Policy, and NI 44-103 and its companion policy. Issuers and selling securityholders that wish to distribute securities under a short form prospectus using the PREP procedures should also refer to NI 44-101 and its companion policy for any additional requirements.

Process for prospectus reviews in multiple jurisdictions (NP 11-202)

(7) National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* ("NP 11-202") describes the process for filing and review of prospectuses, including investment fund and shelf prospectuses, amendments to prospectuses and related materials in multiple jurisdictions. NP 11-202 represents the means by which an issuer can enjoy the benefits of co-ordinated review by the securities regulatory authorities in the various jurisdictions in which the issuer has filed a prospectus. Under NP 11-202, one securities regulatory authority acts as the principal regulator for all materials relating to a filer.

Definitions

Asset-backed security

1.3(1) The definition of "asset-backed security" is the same definition used in NI 51-102.

The definition is designed to be flexible to accommodate future developments in asset-backed securities. For example, it does not include a list of "eligible" assets that can be securitized. Instead, the definition is broad, referring to "receivables or other financial assets" that by their terms convert into cash within a finite time period. These would include, among other things, notes, leases, instalment contracts and interest rate swaps, as well as other financial assets, such as loans, credit card receivables, accounts receivable and franchise or servicing arrangements. The reference to "and any rights or other assets..." in the definition is sufficiently broad to include "ancillary" or "incidental" assets, such as guarantees, letters of credit, financial insurance or other instruments provided as a credit enhancement for the securities of the issuer or which support the underlying assets in the pool, as well as cash arising upon collection of the underlying assets that may be reinvested in short-term debt obligations.

The term, a "discrete pool" of assets, can refer to a single group of assets as a "pool" or to multiple groups of assets as a "pool". For example, a group or pool of credit card receivables and a pool of mortgage receivables can, together, constitute a "discrete pool" of assets. The reference to a "discrete pool" of assets is qualified by the phrase "fixed or revolving" to clarify that the definition covers "revolving" credit arrangements, such as credit card and short-term trade receivables, where balances owing revolve due to periodic payments and write-offs.

While typically a pool of securitized assets will consist of financial assets owed by more than one obligor, the definition does not currently include a limit on the percentage of the pool of securitized assets that can be represented by one or more financial assets owing by the same or related obligors (sometimes referred to as an "asset concentration test").

Business day

(2) Section 1.1 of the Instrument defines business day as any day other than a Saturday, Sunday or a statutory holiday. In some cases, a statutory holiday may only be a statutory holiday in one jurisdiction. The definition of business day should be applied in each local jurisdiction in which a prospectus is being filed. For example, subsection 2.3(2) of the Instrument states that an issuer must not file a prospectus more than three business days after the date of the prospectus. A prospectus is dated Day 1. Day 2 is a statutory holiday in Québec but not in Alberta. If the prospectus is filed in both Alberta and Québec, it must be filed no later than Day 4, despite the fact that Day 2 was not a business day in Québec. If the prospectus is filed only in Québec, it could be filed on Day 5.

PART 2: General Requirements

Experience of officers and directors

2.1 Securities legislation requires that a securities regulatory authority or regulator refuse to issue a receipt for a prospectus if it appears that the proceeds received from the sale of securities to be paid to the treasury of the issuer, together with other resources of the issuer, will be insufficient to accomplish the purposes stated in the prospectus. In addition to financial resources, resources include people. If a sufficient number of the directors and officers of the issuer do not have relevant knowledge and experience, the securities regulatory authority or regulator may conclude that the human and other resources are insufficient to accomplish these purposes. If the requisite knowledge and experience are not possessed by the directors and officers, a securities regulatory authority or regulator may be satisfied that the human and other resources are sufficient if it is shown that the issuer has contracted to obtain the knowledge and experience from others.

Role of underwriter

2.2 The due diligence investigation undertaken by an underwriter in relation to the business of the issuer often results in enhanced quality of disclosure in the prospectus. In addition, an underwriter typically provides valuable advice regarding the pricing and marketing of securities. For these reasons, we strongly encourage underwriter participation in prospectus offerings, particularly where the offering is an initial public offering.

Indirect distributions

2.3 Securities legislation prohibits a person from distributing a security unless a prospectus is filed and receipted or the distribution is exempt from the prospectus requirement. Securities legislation also prohibits a person from trading in a security where the trade would be a distribution of such security, unless a prospectus is filed and receipted or the distribution is exempt from the prospectus requirement. Securities legislation defines distribution as including a trade in a security that has not been previously issued, a trade out of a control block and any transaction or series of transactions involving a purchase and sale of or a repurchase and resale in the course of or incidental to a distribution. In Québec, the definition of "distribution" is broad enough to include these transactions.

Occasionally, a prospectus is filed to qualify securities for sale to one purchaser or to a small group of related purchasers where it appears that the purchaser does not have a *bona fide* intention to invest in the securities but rather is acquiring the securities with a view to immediately reselling them in the secondary market. This can be the case where the purchaser is a lender to the issuer or where the securities are issued as consideration for the acquisition of assets.

Where the offering and subsequent resale are in substance a single distribution, in order to comply with securities legislation, the distribution to the public purchasers should be

made by way of prospectus in order that the subsequent purchasers have the benefit of prospectus disclosure and all the rights and remedies provided to prospectus purchasers under securities legislation.

Considerations relevant to determining whether a distribution under a prospectus is only one transaction in a series of transactions in the course of or incidental to the ultimate distribution include:

- the number of persons or companies who are likely to purchase securities in each transaction;
- whether the purchasers' traditional business is that of financing as opposed to investing;
- whether a purchaser is likely to acquire more of a specified class of securities of the issuer than it is legally entitled to, or practically wishes to, hold (e.g., more than 10% of a class of equity securities where the purchaser wishes to avoid becoming an insider or 20% of a class of equity securities where the purchaser wishes to avoid becoming a control person);
- the type of security distributed (e.g., loan repayment rights) and whether or not the security is convertible into publicly traded securities of the issuer;
- whether the purchase price of the securities is set at a substantial discount to their market price; and
- whether the purchaser is committed to hold the securities it acquires for any specified time period.

Over-allocation

2.4 Underwriters of a distribution may over-allocate a distribution in order to hold a short position in the securities following closing. This over-allocation position allows the underwriters to engage in limited market stabilization to compensate for the increased liquidity in the market following the distribution. If the market price of the securities decreases following the closing of the distribution, the short position created by the over-allocation position may be filled through purchases in the market. This creates upward pressure on the price of the securities. If the market price of the securities increases following the closing of the distribution, the over-allocation position may be filled through the exercise of an over-allotment option (at the issue offering price). Underwriters would not generally engage in market stabilization activities without the protection provided by an over-allotment option.

Over-allotment options are permitted solely to facilitate the over-allocation of the distribution and consequent market stabilization. Accordingly, an over-allotment option may only be exercised for the purpose of filling the underwriters' over-allocation

position. The exercise of an over-allotment option for any other purpose would raise public policy concerns.

To form part of the over-allocation position, securities must be sold to *bona fide* purchasers as of the closing of the offering. Securities held by an underwriter or in proprietary accounts of an underwriter for sale at a future date do not form part of the over-allocation position. Further, as discussed below, section 11.2 of the Instrument restricts the distribution of securities under a prospectus to an underwriter. Since section 11.1 of the Instrument requires that all securities that are sold to create the over-allocation position be distributed under the prospectus, securities cannot be sold to an underwriter to increase the size of the over-allocation position.

Distribution of securities under a prospectus to an underwriter

2.5 Section 11.2 of the Instrument restricts the distribution of securities under a prospectus to a person acting as an underwriter. Issuers should determine the 10% limit in that section as if all convertible or exchangeable securities offered under the prospectus were exercised for the underlying securities.

Certificates

Public interest

2.6(1) Securities legislation provides the regulator with discretion to refuse a receipt for a prospectus where it is not in the public interest to issue the receipt. Securities legislation imposes statutory liability in connection with prospectus disclosure to provide investors with a remedy if a prospectus does not contain full, true and plain disclosure of all material facts relating to the securities being distributed and to protect the integrity of the Canadian public markets. Where an offering is structured in a manner that circumvents the objects and purposes of securities legislation and results in a person or company accessing the Canadian public markets, who is not clearly accountable for the information in the prospectus, the regulator may have significant public interest concerns. Such public interest concerns will be addressed on a case by case basis as part of the analysis of whether a receipt should be issued for a final prospectus. There may be circumstances in which it will be appropriate for the regulator to request a person or company, that is not otherwise required to do so, to certify a prospectus as a means of resolving such public interest concerns. For example, where it appears that a person or company is organizing its business and affairs to avoid a requirement to sign a prospectus certificate or to avoid prospectus liability, a regulator may conclude that there is sufficient public interest concerns that the regulator should require that person or company to certify a prospectus.

Discretion of the regulator to request certificates

(2) Subsection 5.15(1) of the Instrument provides the regulator in each jurisdiction except Ontario with the discretion to require additional certificates. The exercise of this

discretion will generally be informed by pubic interest concerns, including those discussed in subsection (1) above.

Signatories

(3) Part 5 of the Instrument contains requirements regarding who must sign prospectus certificates. Certificates signed on behalf of the identified signatories by an agent or attorney will generally not be acceptable. For example, an income trust issuer with an active board of trustees would be required to arrange for the signature of two trustees on behalf of the board, rather than the signature of an attorney or agent.

Trustee certificates

(4) Subsection 5.5(4) of the Instrument provides an exception to the trust certificate requirement where the trustees of the issuer do not perform functions similar to those of corporate directors. In this type of situation, a prospectus certificate is instead required from two individuals who do perform those functions for the issuer on behalf of all such individuals. In a situation where a regulated trust company is a trustee but does not perform functions similar to those of corporate directors, the regulated trust company and its officers and directors will not be required to sign a prospectus certificate if two other individuals who perform those functions do provide a certificate.

Chief executive officer and chief financial officer

(5) The Instrument and other securities legislation require that prospectus certificates of certain persons or companies are to be signed by the chief executive officer and chief financial officer of such persons or companies. The terms chief executive officer and chief financial officer should be read to include the individuals who have the responsibilities normally associated with these positions or act in a similar capacity. This determination should be made irrespective of an individual's corporate title or whether that individual is employed directly or acts pursuant to an agreement or understanding.

Selling securityholder certificates

(6) Subsection 5.13(1) of the Instrument provides the regulator in each jurisdiction except Ontario with the discretion to require selling securityholders to sign a prospectus certificate. Under securities legislation, selling securityholders are liable for misrepresentations in a prospectus whether or not they sign a prospectus certificate. There are circumstances, however, where the regulator may determine that it is in the public interest to require the selling securityholder to affirmatively certify the prospectus. Generally, the regulator would only exercise this discretion where the securities being distributed by the selling securityholder represent a substantial portion of the securities being distributed under the prospectus.

Promoters of issuers of asset-backed securities

2.7 Securities legislation in some jurisdictions in Canada define "promoter" and require, in certain circumstances, a promoter of an issuer to assume statutory liability for prospectus disclosure. Asset-backed securities are commonly issued by a "special purpose" entity, established for the sole purpose of facilitating one or more asset-backed offerings. The securities regulatory authorities are of the opinion that special purpose issuers of asset-backed securities will have a promoter because someone will typically have taken the initiative in founding, organizing or substantially reorganizing the business of the issuer. We interpret the business of such issuers to include the business of issuing asset-backed securities and entering into the supporting contractual arrangements.

For example, in the context of a securitization program under which assets of one or more related entities are financed by issuing asset-backed securities (sometimes called a "single seller program"), we will usually consider an entity transferring or originating a significant portion of such assets, an entity initially agreeing to provide on-going collection, administrative or similar services to the issuer, and the entity for whose primary economic benefit the asset-backed program is established, to be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Persons or companies contracting with the issuer to provide credit enhancements, liquidity facilities or hedging arrangements or to be a replacement servicer of assets, and investors who acquire subordinated investments issued by the issuer, will not typically be promoters of the issuer solely by virtue of such involvement.

In the context of a securitization program established to finance assets acquired from numerous unrelated entities (sometimes called a "multi-seller program"), we will usually consider the person or company (frequently a bank or an investment bank) establishing and administering the program in consideration for the payment of an on-going fee, for example, to be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Individual sellers of the assets into a multi-seller program are not ordinarily considered to be promoters of the issuer, despite the economic benefits accruing to such persons or companies from utilizing the program. As with single-seller programs, other persons or companies contracting with the issuer to provide services or other benefits to the issuer of the asset-backed securities will not typically be promoters of the issuer solely by virtue of such involvement.

Where an entity is determined to be a promoter of an issuer at the time of the issuer's initial public offering, the entity continues to be a promoter of the issuer, in the case of subsequent offerings by the issuer, if the entity's relationship to the issuer and involvement in the offerings remains substantially the same. Accordingly, where an entity establishes a special purpose issuer to act as a dedicated securitization vehicle, and the prospectus filed in connection with a subsequent offering continues to include disclosure relating to the entity's securitization program, we will expect the entity to certify the prospectus as a promoter.

While we have included this discussion of promoters as guidance to issuers of asset-backed securities, the question of whether a particular person or company is a "promoter" of an issuer is ultimately a question of fact to be determined in light of the particular circumstances.

Special warrants

Distributions to resale market

2.8(1) In certain special warrant transactions, the dealer involved in the private placement may itself have purchased special warrants from the issuer on an exempt basis, despite not disclosing any commitment to do so.

Securities legislation generally requires that a dealer not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which a prospectus requirement applies to deliver to the purchaser the latest prospectus. Where a dealer acquires special warrants, with a view to exercising them and reselling the underlying securities, such a resale would be a distribution that must be made by way of a prospectus or pursuant to an exemption from the prospectus requirements.

It is a requirement, therefore, that any dealer who has acquired special warrants with a view to their distribution or the distribution of the underlying securities deliver a prospectus during the period of distribution to its purchasers (where the sale to such purchasers is made otherwise than pursuant to a prospectus exemption) in order that such purchasers have the benefit of all rights and remedies provided to prospectus purchasers under securities legislation. In Québec, prospectus purchasers are notably conferred with a contractual right of rescission under s.1443 of the *Québec Civil Code*.

In connection with its prospectus review procedure, the regulator may request information from the issuer of all beneficial purchasers of special warrants. The regulator will generally keep this information confidential.

Underwriters' certificate and due diligence

(2) While the special warrant transaction is, in form, two separate distributions, the first an exempt private placement distribution and the second a conversion of the warrants under a prospectus, such a transaction is, in substance, a single distribution under a prospectus of the underlying securities to the warrant investors.

The registrants involved in placing the special warrants are, therefore, also involved in the prospectus distribution and such registrants in a contractual relationship with the issuer must include their certificate in the prospectus under subsection 5.9(1) of the Instrument or other securities legislation. We note that the resulting incentive to such registrants to participate in the due diligence investigation of the issuer is also beneficial to the secondary market.

The obligation to deliver an underwriter's certificate as described in this Policy does not extend the scope of distributions any registrant is authorized to make under applicable securities legislation.

Contractual right of rescission

(3) Under section 2.4 of the Instrument, an issuer must not file a prospectus or an amendment to a prospectus to qualify the distribution of securities issued on the exercise of special warrants or other securities acquired on a prospectus-exempt basis, unless the issuer has provided holders of the special warrants or other securities with a contractual right of rescission. We would not generally consider the disclosure of the contractual right of rescission in the prospectus as satisfying this condition unless there is a prior contract between the issuer and the holder of the special warrant or other security under which the issuer granted this right to the holder.

Offerings of convertible or exchangeable securities

2.9 Investor protection concerns may arise where the distribution of a convertible or exchangeable security is qualified under a prospectus and the subsequent exercise of the convertible or exchangeable security is made on a prospectus-exempt basis. Examples of such offerings include issuing instalment receipts, subscription receipts and stand-alone warrants or long-term warrants. Reference to stand-alone warrants or long-term warrants is intended to refer to warrants and other forms of exchangeable or convertible securities that are offered under a prospectus as a separate and independent form of investment. This would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole.

The investor protection concern arises because the conversion or exchange feature of the security may operate to limit the remedies available to an investor for incomplete or inaccurate disclosure in a prospectus. For example, an investor may pay part of the purchase price at the time of the purchase of the convertible security and part of the purchase price at the time of the conversion. To the extent that an investor makes a further "investment decision" at the time of conversion, the investor should continue to enjoy the benefits of statutory rights or comparable contractual rights in relation to this further investment. In such circumstances, issuers should ensure that:

(a) the distribution of both the convertible or exchangeable securities and the underlying securities will be qualified by the prospectus; or

(b) the statutory rights that an investor would have if he or she purchased the underlying security offered under a prospectus are otherwise provided to the investor by way of a contractual right of action.

Lapse date

2.10 An amendment to a prospectus, even if it amends and restates the prospectus, does not change the lapse date under section 17.2 of the Instrument or other securities legislation.

PART 3: Filing and Receipting Requirements

Extension of 90-day period for issuance of final receipt

3.1 The effect of subsection 2.3(1) of the Instrument is to ensure that issues are not being marketed by means of preliminary prospectuses containing outdated information.

Confidential material change reports

3.2 An issuer cannot meet the standard of "full, true and plain" disclosure, while a material change report has been filed but remains undisclosed publicly. Accordingly, an issuer who has filed a confidential material change report may not file a prospectus until the material change that is the subject of the report is generally disclosed or the decision to implement the change has been rejected and the issuer so notified the regulator of each jurisdiction where the confidential material change report was filed, and an issuer may not file a confidential material change report during a distribution and continue with the distribution. If circumstances arise that cause an issuer to file a confidential material change report during the distribution period of securities under a prospectus, the issuer should cease all activities related to the distribution until

(a) the material change is generally disclosed and an amendment to the prospectus is filed, if required, or

(b) the decision to implement the material change has been rejected and the issuer has so notified the regulator of each jurisdiction where the confidential material change report was filed.

Supporting documents

3.3 Material that is filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but not filed, is not generally required under securities legislation to be made available for public inspection.

Consents of lawyers

3.4 The names of lawyers or law firms frequently appear in prospectuses in two ways. First, the underwriters, the issuer and selling securityholders may name the lawyers upon whose advice they are relying. Second, the opinions of counsel that the securities may be

eligible for investment under certain statutes may be expressed or opinions on the tax consequences of the investment may be given.

In the first case, we are of the view that the lawyer is not, in the words of subsection 10.1(1) of the Instrument, named as having prepared or certified a part of the prospectus and is not named as having prepared or certified a report, valuation, statement or opinion referred to in the prospectus. Accordingly, this subsection does not require the written consent of the lawyer. In the second case, because the opinions or similar reports are prepared for the purpose of inclusion in the prospectus, we are of the view that this subsection applies and requires the consent.

Documents affecting the rights of securityholders

3.5(1) Subclause 9.1(a)(ii)(A) of the Instrument requires issuers to file copies of their articles of incorporation, amalgamation, continuation or any other constating or establishing documents, unless the document is a statutory or regulatory instrument. This carve out for a statutory or regulatory instrument is very narrow. For example, the carve out would apply to Schedule I or Schedule II banks under the *Bank Act*, whose charter is the *Bank Act*. It would not apply when only the form of the constating document is prescribed under statute or regulation, such as articles under the *Canada Business Corporations Act*.

(2) Subclause 9.1(a)(ii)(E) of the Instrument requires issuers to file copies of contracts that can reasonably be regarded as materially affecting the rights of their securityholders generally. A warrant indenture is one example of this type of contract. We would expect that contracts entered into in the ordinary course of business would not usually affect the rights of securityholders generally, and so would not be required to be filed under this subclause.

Material contracts

Definition

3.6(1) Under section 1.1 of the Instrument, a material contract is defined as a contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer. A material contract generally includes a schedule, side letter or exhibit referred to in the material contract and any amendment to the material contract. The redaction and omission provisions in subsections 9.3(3) and (4) of the Instrument apply to these schedules, side letters, exhibits or amendments.

Filing requirements

(2) Subject to the exceptions in paragraphs 9.3(2)(a) through (f) of the Instrument, subsection 9.3(2) of the Instrument provides an exemption from the filing requirement for a material contract entered into in the ordinary course of business. Whether an issuer entered into a material contract in the ordinary course of business is a question of fact that the issuer should consider in the context of its business and industry.

Paragraphs 9.3(2)(a) through (f) of the Instrument describe specific types of material contracts that are not eligible for the ordinary course of business exemption. Accordingly, if subsection 9.3(1) of the Instrument requires an issuer to file a material contract of a type described in these paragraphs, the issuer must file that material contract even if the issuer entered into it in the ordinary course of business.

Contract of employment

(3) Paragraph 9.3(2)(a) of the Instrument provides that a material contract with certain individuals is not eligible for the ordinary course of business exemption, unless it is a "contract of employment". One way for issuers to determine whether a contract is a contract of employment is to consider whether the contract contains payment or other provisions that are required disclosure under Form 51-102F6 as if the individual were a named executive officer or director of the issuer.

External management and external administration agreements

(4) Under paragraph 9.3(2)(e) of the Instrument, external management and external administration agreements are not eligible for the ordinary course of business exemption. External management and external administration agreements include agreements between the issuer and a third party, the issuer's parent entity, or an affiliate of the issuer, under which the latter provides management or other administrative services to the issuer.

Material contracts on which the issuer's business is substantially dependent

(5) Paragraph 9.3(2)(f) of the Instrument provides that a material contract on which the "issuer's business is substantially dependent" is not eligible for the ordinary course of business exemption. Generally, a contract on which the issuer's business is substantially dependent is a contract so significant that the issuer's business depends on the continuance of the contract. Some examples of this type of contract include

(a) a financing or credit agreement providing a majority of the issuer's capital requirements for which alternative financing is not readily available at comparable terms,

(b) a contract calling for the acquisition or sale of substantially all of the issuer's property, plant and equipment, long-lived assets, or total assets, and

(c) an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the issuer's business.

Confidentiality provisions

(6) Under subsection 9.3(3) of the Instrument, an issuer may omit or redact a provision of a material contract that is required to be filed if an executive officer of the issuer

reasonably believes that disclosure of the omitted or redacted provision would violate a confidentiality provision. A provision of the type described in paragraphs 9.3(4)(a), (b) or (c) of the Instrument may not be omitted or redacted even if disclosure would violate a confidentiality provision, including a blanket confidentiality provision covering the entire material contract.

When negotiating material contracts with third parties, reporting issuers should consider their disclosure obligations under securities legislation. A regulator or securities regulatory authority may consider granting an exemption to permit a provision of the type listed in subsection 9.3(4) of the Instrument to be redacted if

(a) the disclosure of that provision would violate a confidentiality provision, and

(b) the material contract was negotiated before the effective date of the Instrument.

The regulator may consider the following factors, among others, in deciding whether to grant an exemption:

(c) whether an executive officer of the issuer reasonably believes that the disclosure of the provision would be prejudicial to the interests of the issuer;

(d) whether the issuer is unable to obtain a waiver of the confidentiality provision from the other party.

Disclosure seriously prejudicial to interests of issuer

(7) Under subsection 9.3(3) of the Instrument, an issuer may omit or redact certain provisions of a material contract that is required to be filed if an executive officer of the issuer reasonably believes that disclosure of the omitted or redacted provision would be seriously prejudicial to the interests of the issuer. One example of disclosure that may be seriously prejudicial to the interests of the issuer is disclosure of information in violation of applicable Canadian privacy legislation. However, in situations where securities legislation requires disclosure of the particular type of information, applicable privacy legislation generally provides an exemption for the disclosure. Generally, disclosure of information that an issuer or other party has already publicly disclosed is not seriously prejudicial to the interests of the issuer.

Terms necessary for understanding impact on business of issuer

(8) An issuer may not omit or redact a provision of a type described in paragraph 9.3(4)(a), (b), or (c) of the Instrument. Paragraph 9.3(4)(c) of the Instrument provides that an issuer may not omit or redact "terms necessary for understanding the impact of the material contract on the business of the issuer". Terms that may be necessary for understanding the impact of the material contract on the business of the issuer include the following:

(a) the duration and nature of a patent, trademark, license, franchise, concession, or similar agreement;

(b) disclosure about related party transactions;

(c) contingency, indemnification, anti-assignability, take-or-pay clauses, or change-of-control clauses.

Summary of omitted or redacted provisions

(9) Under subsection 9.3(5) of the Instrument, an issuer must include a description of the type of information that has been omitted or redacted in the copy of the material contract filed by the issuer. A brief one-sentence description immediately following the omitted or redacted information is generally sufficient.

Response letters and marked up copies

3.7 In response to a comment letter for a preliminary prospectus, an issuer should include draft wording for the changes it proposes to make to a prospectus to address staff's comments. When the comments of the various securities regulators have been resolved, an issuer should clearly mark a draft of the prospectus with all proposed changes from the preliminary prospectus and submit it as far as possible in advance of the filing of final material. These procedures may prevent delay in the issuing of a receipt for the prospectus, particularly if the number or extent of changes are substantial.

Undertaking in respect of credit supporter disclosure, including financial statements

3.8 Under subparagraph 9.2(a)(x) of the Instrument, an issuer must file an undertaking to file the periodic and timely disclosure of a credit supporter. For credit supporters that are reporting issuers with a current AIF (as defined in NI 44-101), the undertaking will likely be to continue to file the documents it is required to file under NI 51-102. For credit supporters registered under the 1934 Act, the undertaking will likely be to file the types of documents that would be required to be incorporated by reference into a Form S-3 or Form F-3 registration statement. For other credit supporters, the types of documents to be filed pursuant to the undertaking will be determined through discussions with the regulators on a case-by-case basis.

If an issuer, a parent credit supporter, and a subsidiary credit supporter satisfy the conditions of the exemption in section 34.3 of Form 41-101F1, an undertaking may provide that the subsidiary credit supporter will file periodic and timely disclosure if the issuer and the credit supporters no longer satisfy the conditions of the exemption in that section.

If an issuer and a credit supporter satisfy the conditions the exemption in section 34.4 of Form 41-101F1, an undertaking may provide that the credit supporter will file periodic

and timely disclosure if the issuer and the credit supporter no longer satisfy the conditions of the exemption in that section.

For the purposes of such an undertaking, references to disclosure included in the prospectus should be replaced with references to the issuer or parent credit supporter's continuous disclosure filings. For example, if an issuer and subsidiary credit supporter(s) plan to continue to satisfy the conditions of the exemption in section 34.4 of Form 41-101F1 for continuous disclosure filings, the undertaking should provide that the issuer will file with its consolidated financial statements,

(a) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer if

(i) the issuer continues to have limited independent operations, and

(ii) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial statements of the issuer continues to be minor, or

(b) for any periods covered by issuer's consolidated financial statements, consolidating summary financial information for the issuer presented in the format set out in subparagraph 34.4(e)(ii) of Form 41-101F1.

Disclosure of investigations or proceedings

3.9 Securities legislation provides that, subject to certain conditions, the securities regulatory authorities or the regulator must issue a receipt for a prospectus unless it appears that it would not be in the public interest to do so. The securities regulatory authority or the regulator will consider whether there are ongoing or recently concluded investigations or proceedings relating to

- an issuer,
- a promoter,
- a principal securityholder, director or officer of the issuer, or
- an underwriter or other person or company involved in a proposed distribution

when it determines if it should refuse to issue a receipt for the prospectus. That decision will be made on a case-by-case basis and will depend upon the facts known at the time.

If the facts and circumstances do not warrant the denial of a receipt for a prospectus, securities legislation nonetheless imposes an obligation to provide full, true and plain disclosure of all material facts relating to the securities offered by the prospectus.

Disclosure of an ongoing or recently concluded investigation or proceeding relating to a person or company involved in a proposed distribution may be necessary to meet this standard. The circumstances in which disclosure will be required and the nature and extent of the disclosure will also be determined on a case-by-case basis. In making this determination, all relevant facts, including the allegations that gave rise to the investigation or proceeding, the status of the investigation or proceeding, the seriousness of the alleged breaches that are the subject of the investigation or proceeding and the degree of involvement in the proposed distribution by the person or company under investigation will be considered.

Amendments

3.10(1) Subsection 6.5(1) of the Instrument and other securities legislation provides that if a material adverse change occurs after a receipt for a preliminary prospectus is obtained, an amendment to the preliminary prospectus must be filed as soon as practicable, but in any event within 10 days after the change occurs. If a preliminary prospectus indicates the number or value of the securities to be distributed under the prospectus, an increase in the number or value is, absent unusual circumstances, unlikely to constitute a material adverse change requiring an amendment to the preliminary prospectus.

(2) If, after filing a preliminary prospectus, an issuer decides to attach or add to the securities offered under a prospectus a right to convert into, or a warrant to acquire, the security of the issuer being offered under the preliminary prospectus, the attachment or addition of the conversion feature or warrant is, absent unusual circumstances, unlikely to constitute a material adverse change requiring an amendment to the preliminary prospectus.

(3) Securities legislation provides that no person or company shall distribute securities, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued by the securities regulatory authority or regulator. If an issuer intends to add a new class of securities to the distribution under the prospectus after the preliminary prospectus has been filed and receipted, we interpret this requirement to mean an issuer must file an amended and restated preliminary prospectus.

Similarly, if an issuer wishes to add a new class of securities to a prospectus before the distribution under that prospectus is completed the issuer must file a preliminary prospectus for that class of securities and an amended and restated prospectus and obtain receipts for both the preliminary prospectus and the amended prospectus. Alternatively the issuer may file a separate preliminary prospectus and prospectus for the new class of securities. We interpret this requirement to also apply to mutual funds. If a mutual fund adds a new class or series of securities to a prospectus that is referable to a new separate portfolio of assets, a preliminary prospectus must be filed. However, if the new class or series of securities is referable to an existing portfolio of assets, the new class or series may be added by way of amendment.

(4) Any changes to the terms or conditions of the security being distributed, such as the deletion of a conversion feature, may constitute a material adverse change requiring an amendment to the preliminary prospectus.

(5) Under securities legislation, a regulator must not issue a receipt for a prospectus in certain circumstances, including if the regulator considers it prejudicial to the public interest to do so. The purpose of subsection 6.6(3) of the Instrument is to clarify that these receipt refusal grounds apply to an amendment to a final prospectus or a final short form prospectus in certain jurisdictions.

Reduced price distributions

3.11 Subsection 7.2(3) of the Instrument permits an issuer to reduce the offering price of the securities being distributed without filing an amendment to the prospectus if certain conditions are satisfied. Satisfying the conditions in this subsection means the underwriter's compensation should decrease by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder. Section 20.8 of Form 41-101F1 requires disclosure of this fact.

Licences, registrations and approvals

3.12 For the purposes of section 10.2 of the Instrument, we would generally conclude that an issuer has all material licences, registrations and approvals necessary for the stated principal use of proceeds if the issuer could use a material portion of the proceeds of the distribution in the manner described in the prospectus without obtaining the licence, registration or approval.

Registration requirements

3.13 Issuers filing a prospectus and other market participants are reminded to ensure that members of underwriting syndicates are in compliance with registration requirements under securities legislation in each jurisdiction in which syndicate members are participating in the distribution of securities under the prospectus. Failure to comply with the registration requirements could cause the regulator to refuse to issue a receipt for the prospectus.

PART 4: General Content of Long Form Prospectus

Style of long form prospectus

4.1 Securities legislation requires that a long form prospectus contain "full, true and plain" disclosure. Issuers should apply plain language principles when they prepare a long form prospectus including:

- using short sentences;

- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

Question and answer and bullet point formats are consistent with the disclosure requirements of the Instrument.

Pricing disclosure

4.2(1) If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary long form prospectus, section 1.7 of Form 41-101F1 requires the issuer to disclose that information in the preliminary long form prospectus. For example, if an issuer has previously disclosed this information in a public filing or a press release, in a foreign jurisdiction, the information must also be disclosed in the preliminary long form prospectus. If the issuer discloses this information in the preliminary long form prospectus, we will not consider a difference between this information and the actual offering price or number of securities being distributed to be, in itself, a material adverse change for which the issuer must file an amended preliminary long form prospectus.

(2) No disclosure is required under section 1.7 of Form 41-101F1 if the offering price or size of the offering has not been disclosed as of the date of the preliminary long form prospectus. However, given the materiality of pricing or offering size information,

subsequent disclosure of this information on a selective basis could constitute conduct that is prejudicial to the public interest.

Principal purposes – generally

4.3(1) Subsection 6.3(1) of Form 41-101F1 requires disclosure of each of the principal purposes for which the issuer will use the net proceeds. If an issuer has negative operating cash flow in its most recently completed financial year for which financial statements have been included in the long form prospectus, the issuer should prominently disclose that fact in the use of proceeds section of the long form prospectus. The issuer should also disclose whether, and if so, to what extent, the issuer will use the proceeds of the distribution to fund any anticipated negative operating cash flow in future periods. An issuer should disclose negative operating cash flow as a risk factor under subsection 21.1(1) of Form 41-101F1.

(2) For the purposes of the disclosure required under section 6.3 of Form 41-101F1, the phrase "for general corporate purposes" is not generally sufficient.

MD&A

Additional information for venture issuers without significant revenue

4.4(1) Section 8.6 of Form 41-101F1 requires certain venture issuers and IPO venture issuers to disclose a breakdown of material costs whether capitalized, deferred or expensed. A component of cost is generally considered to be a material component if it exceeds the greater of

(a) 20% of the total amount of the class, and

(b) $25,000.

Disclosure of outstanding security data

(2) Section 8.4 of Form 41-101F1 requires disclosure of information relating to the outstanding securities of the issuer as of the latest practicable date. The "latest practicable date" should be as close as possible to the date of the long form prospectus. Disclosing the number of securities outstanding at the most recently completed financial period is generally not sufficient to meet this requirement.

Additional disclosure for issuers with significant equity investees

(3) Section 8.8 of Form 41-101F1 requires issuers with significant equity investees to provide in their long form prospectuses summarized information about the equity investee. Generally, we will consider that an equity investee is significant if the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-

101F1 using the financial statements of the equity investee and the issuer as at the issuer's financial year-end.

Distribution of asset-backed securities

4.5 Section 10.3 of Form 41-101F1 specifies additional disclosure that applies to distributions of asset-backed securities. Disclosure for a special purpose issuer of asset-backed securities will generally explain

- the nature, performance and servicing of the underlying pool of financial assets,
- the structure of the securities and dedicated cash flows, and
- any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment.

The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

An issuer of asset-backed securities should consider the following factors when preparing its long form prospectus:

(a) The extent of disclosure respecting an issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash and the distribution of cash to securityholders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.

(b) Disclosure about the business and affairs of the issuer should relate to the financial assets underlying the asset-backed securities.

(c) Disclosure about the originator or the seller of the underlying financial assets will often be relevant to investors in the asset-backed securities particularly where the originator or seller has an on-going involvement with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision.

To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly,

an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirements applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

Subsection 10.3(10) of Form 41-101F1 requires issuers of asset-backed securities to describe any person or company who originated, sold or deposited a material portion of the financial assets comprising the pool, irrespective of whether the person or company has an on-going relationship with the assets comprising the pool. The securities regulatory authorities consider 33⅓% of the dollar value of the financial assets comprising the pool to be a material portion in this context.

Distribution of derivatives and underlying securities

4.6(1) Section 10.4 of Form 41-101F1 specifies additional disclosure applicable to distributions of derivatives. This prescribed disclosure is formulated in general terms for issuers to customize appropriately in particular circumstances.

(2) If the securities being distributed are convertible into or exchangeable for other securities, or are a derivative of, or otherwise linked to, other securities, a description of the material attributes of the underlying securities will generally be necessary to meet the requirements of securities legislation that a long form prospectus contain full, true and plain disclosure of all material facts concerning the securities being distributed.

Restricted securities

4.7 Section 10.6 of Form 41-101F1 specifies additional disclosure for restricted securities, including a detailed description of any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities. An example of such provisions would be rights under takeover bids.

Credit supporter disclosure

4.8 A long form prospectus must include, under Item 33 of Form 41-101F1, disclosure about any credit supporters that have provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed. Disclosure about a credit supporter may be required even if the credit supporter has not provided full and unconditional credit support.

Exemptions for certain issues of guaranteed securities

4.9 Requiring disclosure about the issuer and any applicable credit supporters in a long form prospectus may result in unnecessary disclosure in some instances. Item 34 of Form 41-101F1 provides exemptions from the requirement to include both issuer and credit

supporter disclosure where such disclosure is not necessary to ensure that the long form prospectus includes full, true and plain disclosure of all material facts concerning the securities to be distributed.

These exemptions are based on the principle that, in these instances, investors will generally require issuer disclosure or credit supporter disclosure to make an informed investment decision. These exemptions are not intended to be comprehensive and issuers may apply for exemptive relief from the requirement to provide both issuer and credit supporter disclosure, as appropriate.

Previously disclosed material forward-looking information

4.10 If an issuer, at the time it files a long form prospectus,

(a) has previously disclosed to the public material forward-looking information for a period that is not yet complete, and

(b) is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information,

the issuer should discuss those events and circumstances, and the expected differences from the material forward-looking information, in the long form prospectus.

PART 5: Content of Long Form Prospectus (Financial Statements)

Exemptions from financial disclosure requirements

5.1 Request for exemptions from financial disclosure should be made in accordance with Part 19 of the Instrument, which requires the issuer to make submissions in writing along with the reasons for the request. Written submissions should be filed at the time the preliminary long form prospectus is filed, and include any proposed alternative disclosure. If the application involves a novel and substantive issue or raises a novel public policy concern, issuers should use the pre-filing procedures under NP 11-202. Issuers that are not filing their prospectuses under NP 11-202 should also follow the principles outlined and procedures set out in NP 11-202.

General financial statement requirements

5.2 If an issuer has filed annual or interim financial statements for periods that are more recent than those that the issuer must otherwise include in a long form prospectus before it files the prospectus, sections 32.6 and 35.8 of Form 41-101F1 require the issuer to include those financial statements in the long form prospectus. Issuers should update the disclosure in the prospectus accordingly in order to satisfy the requirement that the long form prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. However, if historical financial information derived from

more recent annual or interim financial statements is released to the public by the issuer before the financial statements are filed, the prospectus should include the information included in the news release or public communication. There is no specific requirement in the Instrument to otherwise update the prospectus, or pro forma financial statements to reflect the more recent information.

We think the directors of an issuer should endeavor to consider and approve financial statements in a timely manner and should not delay the approval and filing of the statements for the purpose of avoiding their inclusion in a long form prospectus. Once the directors have approved an issuer's financial statements, the issuer should file them as soon as possible.

Interpretation of issuer – primary business

5.3(1) An issuer is required to provide historical financial statements under Item 32 of Form 41-101F1 for a business or related businesses that a reasonable investor would regard as the primary business of the issuer. Examples of when a reasonable investor would regard the primary business of the issuer to be the acquired business or related businesses are when the acquisition(s) was

(a) a reverse takeover,

(b) a qualifying transaction for a Capital Pool Company, or

(c) an acquisition that is a significant acquisition at over the 100% level under subsection 35.1(4) of Form 41-101F1.

The issuer should consider the facts of each situation to determine whether a reasonable investor would regard the primary business of the issuer to be the acquired business or related businesses.

(2) The periods for which the issuer must provide financial statements under Item 32 of Form 41-101F1 for an acquired business or businesses that are regarded as the primary business of the issuer should be determined in reference to sections 32.2 and 32.3 of Form 41-101F1, and with the same exceptions, where applicable, set out in paragraphs 32.4(a) through (e) of Form 41-101F1. For example, for an issuer that is a reporting issuer in at least one jurisdiction immediately before filing a long form prospectus, the reference to three years in subparagraph 32.2(6)(a) of Form 41-101F1 should be read as two years under paragraphs 32.4(a), (b), (d) and (e) of Form 41-101F1.

Interpretation of issuer – predecessor entity

5.4(1) An issuer is required to provide historical financial statements under Item 32 of the Form 41-101F1 for any predecessor entity. This includes financial statements of acquired businesses that are unrelated and not otherwise individually significant, but together form the basis of the business of the issuer. In these circumstances, the issuer should consider

including pro forma financial statements in the prospectus giving effect to the recently completed or proposed acquisition of a predecessor entity.

(2) If an issuer determines the financial statements of certain acquired businesses referred to in subsection (1) are not relevant, the issuer should utilize the pre-filing procedures in NP 11-202 to determine whether it would require an exemption from the requirement to include these financial statements.

Sufficiency of financial history included in a long form prospectus

5.5(1) Item 32 of Form 41-101F1 prescribes the issuer financial statements that must be included in a long form prospectus. We recognize that an issuer, at the time of filing a long form prospectus, may have been in existence for less than one year. We expect that in many situations the limited historical financial statement information that is available for such an issuer may be adequately supplemented by other relevant information disclosed in the long form prospectus. However, if the issuer cannot provide financial statements for a period of at least 12 months and the long form prospectus does not otherwise contain information concerning the business conducted or to be conducted by the issuer that is sufficient to enable an investor to make an informed investment decision, a securities regulatory authority or regulator may consider this a key factor when deciding whether it should refuse to issue a receipt for the long form prospectus.

(2) A reference to a prospectus includes a preliminary prospectus. Consequently, the time references in sections 32.2, 32.3, 35.5 and 35.6 of Form 41-101F1 should be considered as at the date of the preliminary long form prospectus and again at the date of the final long form prospectus for both the issuer and any business acquired or to be acquired. Depending on the period of time between the dates of the preliminary and final long form prospectuses, an issuer may have to include more recent financial statements.

Applications for exemption from requirement to include financial statements of the issuer

5.6(1) We believe investors should receive in a long form prospectus for an IPO no less than three years of audited historical financial statements and that relief from the financial statements requirements should be granted only in unusual circumstances and generally not related solely to the cost or the time involved in preparing and auditing the financial statements.

(2) In view of our reluctance to grant exemptions from the requirement to include audited historical financial statements, issuers seeking relief should consult with staff on a pre-filing basis.

(3) Considerations relevant to granting an exemption from the requirement to include financial statements, generally for the years immediately preceding the issuer's most recently completed financial year, may include the following:

The issuer's historical accounting records have been destroyed and cannot be reconstructed.

(a) In this case, as a condition of granting the exemption, the issuer may be requested by a securities regulatory authority or regulator to

(i) represent in writing to the securities regulatory authority or regulator, no later than the time the preliminary long form prospectus is filed, that the issuer made every reasonable effort to obtain copies of, or reconstruct, the historical accounting records necessary to prepare and audit the financial statements, but such efforts were unsuccessful, and

(ii) disclose in the long form prospectus the fact that the historical accounting records have been destroyed and cannot be reconstructed.

The issuer has emerged from bankruptcy and current management is denied access to the historical accounting records necessary to audit the financial statements.

(b) In this case, as a condition of granting the exemption, the issuer may be requested by a securities regulatory authority or regulator to

(i) represent in writing to the securities regulatory authority or regulator, no later than the time the preliminary long form prospectus is filed, that the issuer has made every reasonable effort to obtain access to, or copies of, the historical accounting records necessary to audit the financial statements but that such efforts were unsuccessful, and

(ii) disclose in the long form prospectus the fact that the issuer has emerged from bankruptcy and current management is denied access to the historical accounting records.

The issuer has undergone a fundamental change in the nature of its business or operations affecting a majority of its operations and all, or substantially all, of the executive officers and directors of the company have changed.

(c) The evolution of a business or progression along a development cycle will not be considered to be a fundamental change in an issuer's business or operations. Relief from the requirement to include financial statements of the issuer required by the Instrument for the year in which the change occurred, or for the most recently completed financial year if the change in operations occurred during the issuer's current financial year, generally will not be granted.

(4) If, in unusual circumstances, relief from Part 4 of the Instrument is granted, additional financial information will likely be requested to allow a reader to gain a similar understanding of the entity's financial position and prospects as one would gain from the information required in Part 4 of the Instrument.

Examples of acceptable additional information include audited interim financial statements, audited divisional statements of income or cash flows, financial statements accompanied by an auditor's report containing a reservation of opinion, or audited statements of net operating income.

Additional information

5.7 An issuer may find it necessary, in order to meet the requirement for full, true and plain disclosure contained in securities legislation, to include certain additional information in its long form prospectus, such as separate financial statements of a subsidiary of the issuer in a long form prospectus, even if the financial statements of the subsidiary are included in the consolidated financial statements of the issuer. For example, separate financial statements of a subsidiary may be necessary to help explain the risk profile and nature of the operations of the subsidiary.

Audit and review of financial statements included or incorporated by reference into a long form prospectus

5.8(1) Part 4 of the Instrument requires that all financial statements included in a long form prospectus be audited, except financial statements specifically exempted in the Instrument. This requirement extends to financial statements of subsidiaries and other entities even if the financial statements are not required to be included in the long form prospectus but have been included at the discretion of the issuer.

(2) NI 52-107 requires that financial statements, other than acquisition statements, that are required to be audited by securities legislation, such as this Instrument, be accompanied by an auditor's report that does not contain a reservation if they were audited in accordance with Canadian GAAS, or contain an unqualified opinion if they were audited in accordance with U.S. GAAS. This requirement applies to all financial statements included in the long form prospectus under Item 32 of Form 41-101F1, including financial statements from entities acquired or to be acquired that are the primary business or the predecessor of the issuer. For greater clarity, subsection 6.2(6) of NI 52-107 only applies to financial statements included in the long form prospectus pursuant to Item 35 of Form 41-101F1. Relief may be granted to non-reporting issuers in appropriate circumstances to permit the auditor's report on financial statements to contain a reservation relating to opening inventory if there is a subsequent audited period of at least six months on which the auditor's report contains no reservation and the business is not seasonal. Issuers requesting this relief should be aware that NI 51-102 requires an issuer's comparative financial statements be accompanied by an unqualified auditors' report.

Financial statement disclosure for significant acquisitions

Applicable principles in NI 51-102

5.9(1) Generally, it is intended that the disclosure requirements set out in Item 35 of Form 41-101F1 for significant acquisitions follow the requirements in Part 8 of NI 51-102. The guidance in Part 8 of the companion policy to NI 51-102 ("51-102CP") apply to any disclosure of a significant business acquisition in a long form prospectus required by Item 35 of Form 41-101F1, except

(a) any headings in Part 8 of 51-102CP should be disregarded,

(b) subsections 8.1(1), 8.1(5), 8.7(8), and 8.10(2) of 51-102CP do not apply,

(c) other than in subsections 8.3(4) and 8.7(7) of 51-102CP, any references to a "reporting issuer" should be read as an "issuer",

(d) any references to the "Instrument" should be read as "NI 51-102",

(e) any references to a provision in NI 51-102 in 51-102CP should be read to include the following "as it applies to a long form prospectus pursuant to Item 35 of Form 41-101F1",

(f) any references to "business acquisition report" should be read as "long form prospectus",

(g) in subsection 8.1(2) of 51-102CP, the term "file a copy of the documents as its business acquisition report" should be read as "include that disclosure in its long form prospectus in lieu of the significant acquisition disclosure required under Item 35 of Form 41-101F1",

(h) in subsection 8.2(1) of 51-102CP,

(i) the term "The test" should be read as "For any completed acquisition, the test",

(ii) the sentence "For any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, the test must be applied using the financial statements included in the long form prospectus." should be added after "the business.", and

(iii) the term "business acquisition or report will be required to be filed" should be read as "disclosure regarding the significant acquisition is required to be included in the issuer's long form prospectus",

(i) in subsection 8.3(1) of 51-102CP, the term "filing a business acquisition report" should be read as "the financial statements used for the optional tests",

(j) in section 8.5, and subsection 8.7(4), of 51-102CP, the term "filed" wherever it occurs, should be read as "included in the long form prospectus",

(k) in subsection 8.7(1) of 51-102CP, the term "as already filed" should be read as "included in the long form prospectus",

(l) in subsection 8.7(2) of 51-102CP, the term "filed under the Instrument" should be read as "included in the long form prospectus",

(m) in subsection 8.7(4) of 51-102CP, the term "presented" should be read as "for which financial statements are included in the prospectus",

(n) in subsection 8.7(6) of 51-102CP, the term "for which financial statements are included in the long form prospectus" should be added after "financial year",

(o) in paragraph 8.8(a) of 51-102CP, the term "prior to the deadline for filing the business acquisition report" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy",

(p) in subsection 8.9(1) of 51-102CP, the term "before the filing deadline for the business acquisition report and before the closing date of the transaction, if applicable. Reporting issuers are reminded that many securities regulatory authorities and regulators do not have the power to grant retroactive relief" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy", and

(q) in subparagraphs 8.9(4)(a)(i) and 8.9(4)(b)(i) of 51-102CP, the term "no later than the time the business acquisition report is required to be filed" wherever it occurs should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy".

(r) in subparagraph 8.10(1) of 51-102CP, the term "but must be reviewed" should be added after "may be unaudited".

Completed significant acquisitions and the obligation to provide business acquisition report level disclosure for a non-reporting issuer

(2) For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the long form prospectus (a "non-reporting issuer"), the long form prospectus disclosure requirements for a significant acquisition are generally intended to mirror those for reporting issuers subject to Part 8 of NI 51-102. To determine whether an acquisition is significant, non-reporting issuers would first look to the guidance under section 8.3 of NI

51-102. The initial test for significance would be calculated based on the financial statements of the issuer and acquired business or related businesses for the most recently completed financial year of each that ended before the date of acquisition.

To recognize the possible growth of a non-reporting issuer between the date of its most recently completed year end and the date of the acquisition and the corresponding potential decline in significance of the acquisition to the issuer, issuers should refer to the guidance in paragraph 35.1(4)(b) of Form 41-101F1 to perform the optional test. The applicable time period for this optional test for the issuer is the most recently completed interim period or financial year for which financial statements of the issuer are included in the prospectus and for the acquired business or related businesses is the most recently completed interim period or financial year ended before the date of the long form prospectus

The significance thresholds for IPO venture issuers are identical to the significance thresholds for venture issuers.

The timing of the disclosure requirements set out in subsection 35.3(1) of Form 41-101F1 are based on the principles under section 8.2 of NI 51-102. For reporting issuers, subsection 8.2(2) of NI 51-102 sets out the timing of disclosures for significant acquisitions where the acquisition occurs within 45 days after the year end of the acquired business. However, for IPO venture issuers, paragraph 35.3(1)(d) imposes a disclosure requirement for all significant acquisitions completed more than 90 days before the date of the long form prospectus, where the acquisition occurs within 45 days after the year end of the acquired business. This differs from the business acquisition report filing deadline for venture issuers under paragraph 8.2(2)(b) of NI 51-102 where the business acquisition report deadline for any significant acquisition where the acquisition occurs within 45 days after the year end of the acquired business is within 120 days after the date of the acquisition.

Probable acquisitions

(3) Our interpretation of the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high" is consistent with the concept of a likely contingency in CICA Handbook section 3290 "Contingencies". It is our view that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement;

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

We generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of NI 51-102. Reporting issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

Satisfactory alternative financial statements or other information

(4) Issuers must satisfy the disclosure requirements in section 35.5 or section 35.6 of Form 41-101F1 by including either:

(i) the financial statements or other information that would be required by Part 8 of NI 51-102; or

(ii) satisfactory alternative financial statements or other information.

Satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 35.5(3) or subsection 35.6(3) of Form 41-101F1 when the financial statements or other information that would be required by Part 8 of NI 51-102 relate to a financial year ended within 90 days before the date of the long form prospectus or an interim period ended within 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers. In these circumstances, we believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or probable acquisition related to:

(a) a financial year ended within 90 days before the date of the long form prospectus; or

(b) an interim period ended within 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers.

An example of satisfactory alternative financial statements or other information that we will generally find acceptable would be:

(c) comparative annual financial statements or other information for the acquisition or probable acquisition for at least the number of financial years as would be required under Part 8 of NI 51-102 that ended more than 90 days before the date of the long form prospectus, audited for the most recently completed financial period in accordance with section 4.2 of the Instrument, and reviewed for the comparative period in accordance with section 4.3 of the Instrument;

(d) comparative interim financial statements or other information for the acquisition or probable acquisition for any interim period ended subsequent to the latest annual financial statements included in the long form prospectus and more than 60 days before the date of the long form prospectus for issuers that are venture issuers, and 45 days for issuers that are not venture issuers reviewed in accordance with section 4.3 of the Instrument; and

(e) pro forma financial statements or other information required under Part 8 of NI 51-102.

If the issuer intends to include financial statements as set out in the example above as satisfactory alternative financial statements, we ask that this be highlighted in the cover letter to the long form prospectus. If the issuer does not intend to include financial statements or other information, or intends to file financial statements or other information that are different from those set out above, the issuer should use the pre-filing procedures in NP 11-202.

Acquired business has recently completed an acquisition

(5) When an issuer acquires a business or related businesses that has itself recently acquired another business or related businesses (an "indirect acquisition"), the issuer should consider whether long form prospectus disclosure about the indirect acquisition, including historical financial statements, is necessary to satisfy the requirement that the long form prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. In making this determination, the issuer should consider the following factors:

- if the indirect acquisition would meet any of the significance tests in section 35.1(4) of Form 41-101F1 when the issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business;

- if the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the issuer is acquiring.

Financial statements or other information

(6) Paragraphs 35.5(2)(b) and 35.6(2)(b) discuss financial statements or other information for the acquired business or related businesses. This "other information" is intended to capture the financial information disclosures required under Part 8 of NI 51-102 other than financial statements. An example of "other information" would include the operating statements, property descriptions, production volumes and reserves disclosures described under section 8.10 of NI 51-102.

Pro forma financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity

5.10 The financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity must be filed under Item 32 of Form 41-101F1, if the entities or businesses satisfy the conditions of paragraph 32.1(a), (b), or (c) of Form 41-101F1. Despite this requirement, acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity may also be subject to the requirements in Item 35 of Form 41-101F1. For example, the long form prospectus should include pro forma financial statements and a description of the entities or businesses.

PART 6: Advertising or Marketing Activities in Connection with Prospectus Offerings

Scope

6.1(1) The discussion below is focused on the impact of the prospectus requirement on advertising or marketing activities in connection with a prospectus offering.

(2) Issuers and market participants who engage in advertising or marketing activities must also consider the impact of the registration requirement in each jurisdiction where such advertising or marketing activities are undertaken. Unless an exemption to the registration requirement is available, such activities may be made only by a person or company who is registered in the appropriate category having regard to the securities that are the subject of the advertising or marketing activities.

(3) Advertising or marketing activities are also subject to regulation under securities legislation and other rules, including those relating to disclosure, and insider trading and registration, which are not discussed below.

The prospectus requirement

6.2(1) Securities legislation generally provides that no one may trade in a security where that trade would be a distribution unless the prospectus requirement has been satisfied, or an exemption is available.

(2) The analysis of whether any particular advertising or marketing activities is prohibited by virtue of the prospectus requirement turns largely on whether the activities constitute a trade and, if so, whether such a trade would constitute a distribution.

(3) In Québec, since securities legislation has been designed without the notion of a "trade", the analysis is dependent solely on whether the advertising or marketing activities constitute a distribution.

Definition of "trade"

(4) Securities legislation (other than the securities legislation of Québec) defines a "trade" in a non-exhaustive manner to include, among other things

- any sale or disposition of a security for valuable consideration,
- any receipt by a registrant of an order to buy or sell a security, and
- any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

(5) Any advertising or marketing activities that can be reasonably regarded as intended to promote a distribution of securities would be "conduct directly or indirectly in furtherance" of the distribution of a security and, therefore, would fall within the definition of a trade.

Definition of distribution

(6) Even though advertising or marketing activities constitute a "trade" for the purposes of securities legislation (other than the securities legislation of Québec), they would be prohibited by virtue of the prospectus requirement only if they also constitute a distribution under securities legislation. Securities legislation (other than the securities legislation of Québec) defines a distribution to include a "trade" in, among other things, previously unissued securities and securities that form part of a control block.

(7) The definition of distribution under the securities legislation of Québec includes the endeavour to obtain or the obtaining of subscribers or purchasers of previously unissued securities.

Prospectus exemptions

(8) It has been suggested by some that advertising or marketing activities, even if clearly made in furtherance of a distribution, could be undertaken in certain circumstances on a prospectus exempt basis. Specifically, it has been suggested that if an exemption from the prospectus requirement is available in respect of a specific distribution (even though the securities will be distributed under a prospectus), advertising or marketing related to such distribution would be exempt from the prospectus requirement. This analysis is premised on an argument that the advertising or marketing activities constitute one distribution that is exempt from the prospectus requirement while the actual sale of the security to the purchaser constitutes a second discrete distribution effected pursuant to the prospectus.

(9) We are of the view that this analysis is contrary to securities legislation. In these circumstances, the distribution in respect of which the advertising or marketing activities are undertaken is the distribution pursuant to the anticipated prospectus. Advertising or marketing must be viewed in the context of the prospectus offering and as an activity in furtherance of that distribution. If it were otherwise, the overriding concerns implicit and explicit in securities legislation regarding equal access to information, conditioning of the market, tipping and insider trading, and the provisions of the legislation designed to ensure such access to information and curb such abuses, could be easily circumvented.

(10) We recognize that an issuer and a dealer may have a demonstrable *bona fide* intention to effect an exempt distribution and this distribution may be abandoned in favour of a prospectus offering. In these very limited circumstances, there may be two separate distributions. From the time when it is reasonable for a dealer to expect that a *bona fide* exempt distribution will be abandoned in favour of a prospectus offering, the general rules relating to advertising or marketing activities that constitute an act in furtherance of a distribution will apply.

Advertising or marketing activities

6.3(1) The prospectus requirement applies to any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of a distribution unless a prospectus exemption is available. Accordingly, advertising or marketing activities intended to promote the distribution of securities, in any form, would be prohibited by virtue of the prospectus requirement. Advertising or marketing activities subject to the prospectus requirement may be oral, written or electronic and include the following:

- television or radio advertisements or commentaries;
- published materials;
- correspondence;
- records;

- videotapes or other similar material;
- market letters;
- research reports;
- circulars;
- promotional seminar text;
- telemarketing scripts;
- reprints or excerpts of any other sales literature.

(2) Advertising or marketing activities that are not in furtherance of a distribution of securities would not generally fall within the definition of a distribution and, therefore, would not be prohibited by virtue of the prospectus requirement. The following activities would not generally be subject to the prospectus requirement:

- advertising and publicity campaigns that are aimed at either selling products or services of the issuer or raising public awareness of the issuer;
- communication of factual information concerning the business of the issuer that is released in a manner, timing and form that is consistent with the regular past communications practices of the issuer if that communication does not refer to or suggest the distribution of securities;
- the release or filing of information that is required to be released or filed pursuant to securities legislation.

(3) Any activities that form part of a plan or series of activities undertaken in anticipation or in furtherance of a distribution would usually trigger the prospectus requirement, even if they would be permissible if viewed in isolation. Similarly, we may still consider advertising or marketing activities that do not indicate that a distribution of securities is contemplated to be in furtherance of a distribution by virtue of their timing and content. In particular, where a private placement or other exempt distribution occurs prior to or contemporaneously with a prospectus offering, we may consider activities undertaken in connection with the exempt distribution as being in furtherance of the prospectus offering.

Pre-marketing and solicitation of expressions of interest in the context of a bought deal

6.4(1) In general, any advertising or marketing activities undertaken in connection with a prospectus prior to the issuance of a receipt for the preliminary prospectus are prohibited under securities legislation by virtue of the prospectus requirement.

(2) In the context of a bought deal, a limited exception to the prospectus requirement has been provided in Part 7 of NI 44-101. The exception is limited to communications by a dealer, directly or through any of its directors, officers, employees or agents, with any person or company (other than another dealer) for the purpose of obtaining from that person or company information as to the interest that it, or any person or company that it represents, may have in purchasing securities of the type that are proposed to be distributed, prior to a preliminary prospectus relating to those securities being filed with the relevant securities regulatory authorities.

(3) The conditions set out in Part 7 of NI 44-101, including the entering into of an enforceable agreement between the issuer and an underwriter or underwriters who have agreed to purchase the securities and the issuance and filing of a press release announcing the agreement, must be satisfied prior to any solicitation of expressions of interest.

(4) A distribution of securities commences at the time when

- a dealer has had discussions with an issuer or a selling securityholder, or with another dealer that has had discussions with an issuer or a selling securityholder about the distribution, and

- those distribution discussions are of sufficient specificity that it is reasonable to expect that the dealer (alone or together with other dealers) will propose to the issuer or the selling securityholder an underwriting of the securities.

(5) We understand that many dealers communicate on a regular basis with clients and prospective clients concerning their interest in purchasing various securities of various issuers. We will not generally consider such ordinary course communications as being made in furtherance of a distribution. However, from the commencement of a distribution, communications by the dealer, with a person or company designed to have the effect of determining the interest that it, or any person or company that it represents, may have in purchasing securities of the type that are the subject of distribution discussions, that are undertaken by any director, officer, employee or agent of the dealer

(a) who participated in or had actual knowledge of the distribution discussions, or

(b) whose communications were directed, suggested or induced by a person referred to in (a), or another person acting directly or indirectly at or upon the direction, suggestion or inducement of a person referred to in (a),

are considered to be in furtherance of the distribution and contrary to securities legislation.

(6) From the commencement of the distribution no communications, market making, or other principal trading activities in securities of the type that are the subject of distribution discussions may be undertaken by a person referred to in paragraph 5(a), above, or at or

upon the direction, suggestion or inducement of a person or persons referred to in paragraph 5(a) or (b) above until the earliest of

- the issuance of a receipt for a preliminary prospectus in respect of the distribution,
- the time at which a press release that announces the entering into of an enforceable agreement in respect of a bought deal is issued and filed in accordance with Part 7 of NI 44-101, and
- the time at which the dealer determines not to pursue the distribution.

(7) We note that the Investment Dealers Association has adopted IDA by-law 29.13 which is consistent with the above discussion relating to pre-marketing of bought deals of equity securities. However, the principles articulated above apply to all offerings, whether of debt or equity, or a combination.

Advertising or marketing activities during the waiting period

6.5(1) Securities legislation provides an exception to the prospectus requirement for limited advertising or marketing activities during the waiting period between the issuance of the receipt for the preliminary prospectus and the receipt for the final prospectus. Despite the prospectus requirement, it is permissible during the waiting period to

(a) distribute notices, circulars, advertisements, letters or other communications that

- "identify" the securities proposed to be issued,
- state the price of such securities, if then determined, and
- state the name and address of a person or company from whom purchases of securities may be made,

provided that any such notice, circular, advertisement, letter or other communication states the name and address of a person or company from whom a preliminary prospectus may be obtained,

(b) distribute the preliminary prospectus, and

(c) solicit expressions of interest from a prospective purchaser, if prior to such solicitation or forthwith after the prospective purchaser indicates an interest in purchasing the securities, a copy of the preliminary prospectus is forwarded to the prospective purchaser.

(2) The use of any other marketing information or materials during the waiting period would result in the violation of the prospectus requirement.

(3) The "identification" of the security does not permit an issuer or dealer to include a summary of the commercial features of the issue. These details are set out in the preliminary prospectus which is intended as the main disclosure vehicle pending the issuance of the final receipt. The purpose of the permitted advertising or marketing activities during the waiting period is essentially to alert the public to the availability of the preliminary prospectus.

(4) For the purpose of identifying a security, the advertising or marketing material may only

- indicate whether a security represents debt or a share in a company or an interest in a non-corporate entity (e.g. a unit of undivided ownership in a film property) or a partnership interest,

- name the issuer if the issuer is a reporting issuer, or name and describe briefly the business of the issuer if the issuer is not already a reporting issuer (the description of the business should be cast in general terms and should not attempt to summarize the proposed use of proceeds),

- indicate, without giving details, whether the security qualifies the holder for special tax treatment, and

- indicate how many securities will be made available.

Green sheets

6.6(1) Some dealers prepare summaries of the principal terms of an offering, sometimes referred to as green sheets. Typically green sheets include information beyond the limited information for which an exemption to the prospectus requirement is available during the waiting period. If so, we would consider the distribution of a green sheet to a potential investor to contravene the prospectus requirement.

(2) Including material information in a green sheet or other marketing communication that is not contained in the preliminary prospectus could indicate a failure to provide in the preliminary prospectus full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and result in the prospectus certificate constituting a misrepresentation.

(3) We may request copies of green sheets and other advertising or marketing materials as part of our prospectus review procedures. Any discrepancies between the content of a green sheet and the preliminary prospectus could result in the delay or refusal of a receipt for a final prospectus and, in appropriate circumstances, could result in enforcement action.

Advertising or marketing activities following the issuance of a receipt for a final prospectus

6.7 Advertising or marketing activities that are not prohibited by the prospectus requirement during the waiting period may also be undertaken on the same basis after a receipt has been issued for the final prospectus relating to the distribution. In addition, the prospectus and any document filed with or referred to in the prospectus may be distributed.

Sanctions and enforcement

6.8 Any contravention of the prospectus requirement through the advertising or marketing activities is a serious matter that could result in a cease trade order in respect of the preliminary prospectus to which such advertising or marketing activities relate. In addition, a receipt for a final prospectus relating to any such offering may be refused. In appropriate circumstances, enforcement proceedings may be initiated.

Media reports and coverage

6.9(1) We recognize that an issuer does not have control over media coverage; however, an issuer should take appropriate precautions to ensure that media coverage which can reasonably be considered to be in furtherance of a distribution of securities does not occur after a decision has been made to file a preliminary prospectus or during the waiting period.

(2) We may investigate the circumstances surrounding media coverage of an issuer which appears immediately prior to or during the waiting period and which can reasonably be considered as being in furtherance of a distribution of securities. Action will be taken in appropriate circumstances.

Disclosure practices

6.10 At a minimum, participants in all prospectus distributions should consider the following practices to avoid contravening securities legislation:

- Directors or officers of an issuer should not give interviews to the media immediately prior to or during the waiting period. Directors and officers should normally limit themselves to responding to unsolicited inquiries of a factual nature made by shareholders, securities analysts, financial analysts, the media and others who have a legitimate interest in such information.

- No director or officer of an issuer should make any statement during the period of distribution of securities (which includes the period from the commencement of the distribution as described in subsection 6.4(4) until the closing of the distribution) which constitutes a forecast, projection or prediction with respect to future financial performance, unless that statement relates to and is consistent with a forecast contained in the prospectus.

- Underwriters and legal counsel have the responsibility of ensuring that the issuer and all directors and officers of the issuer who may come in contact with the media are fully aware of the restrictions applicable during the period of distribution of securities. It is not sufficient to make those restrictions known only to the officers comprising the working group.

- Issuers, dealers and other market participants should develop, implement, maintain and enforce procedures to ensure that advertising or marketing activities that are contrary to securities legislation are not undertaken whether intentionally or through inadvertence.

Misleading or untrue statements

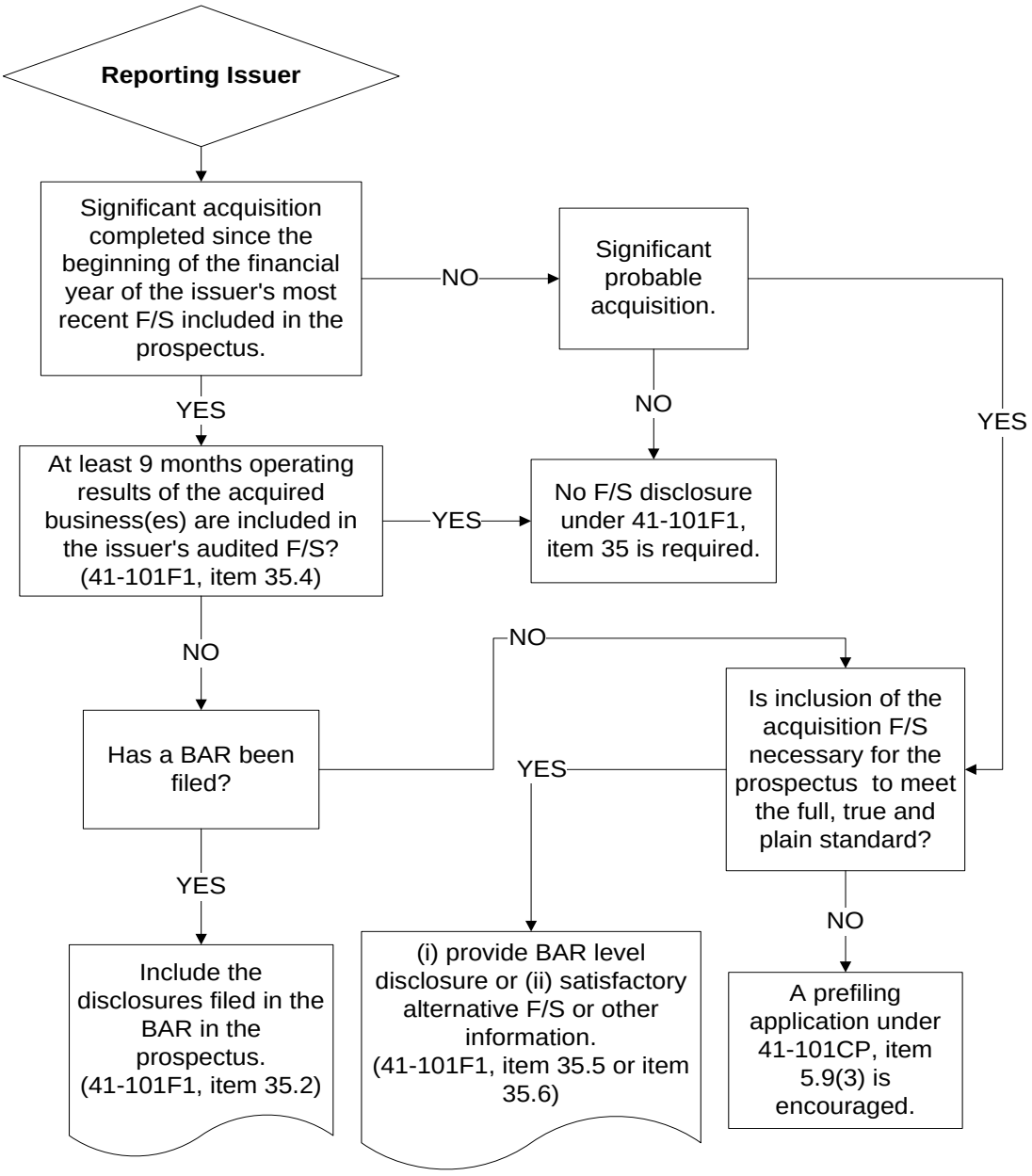
6.11 In addition to the prohibitions on advertising or marketing activities that result from the prospectus requirement, securities legislation in certain jurisdictions prohibits any person or company from making any misleading or untrue statements that would reasonably be expected to have a significant effect on the market value of securities. Therefore, in addition to ensuring that advertising or marketing activities are carried out in compliance with the prospectus requirement, issuers, dealers and their advisors must ensure that any statements made in the course of advertising or marketing activities are not untrue or misleading and otherwise comply with securities legislation.

Appendix A

Financial Statement Disclosure Requirements for Significant Acquisitions

Chart 1 – Reporting Issuer

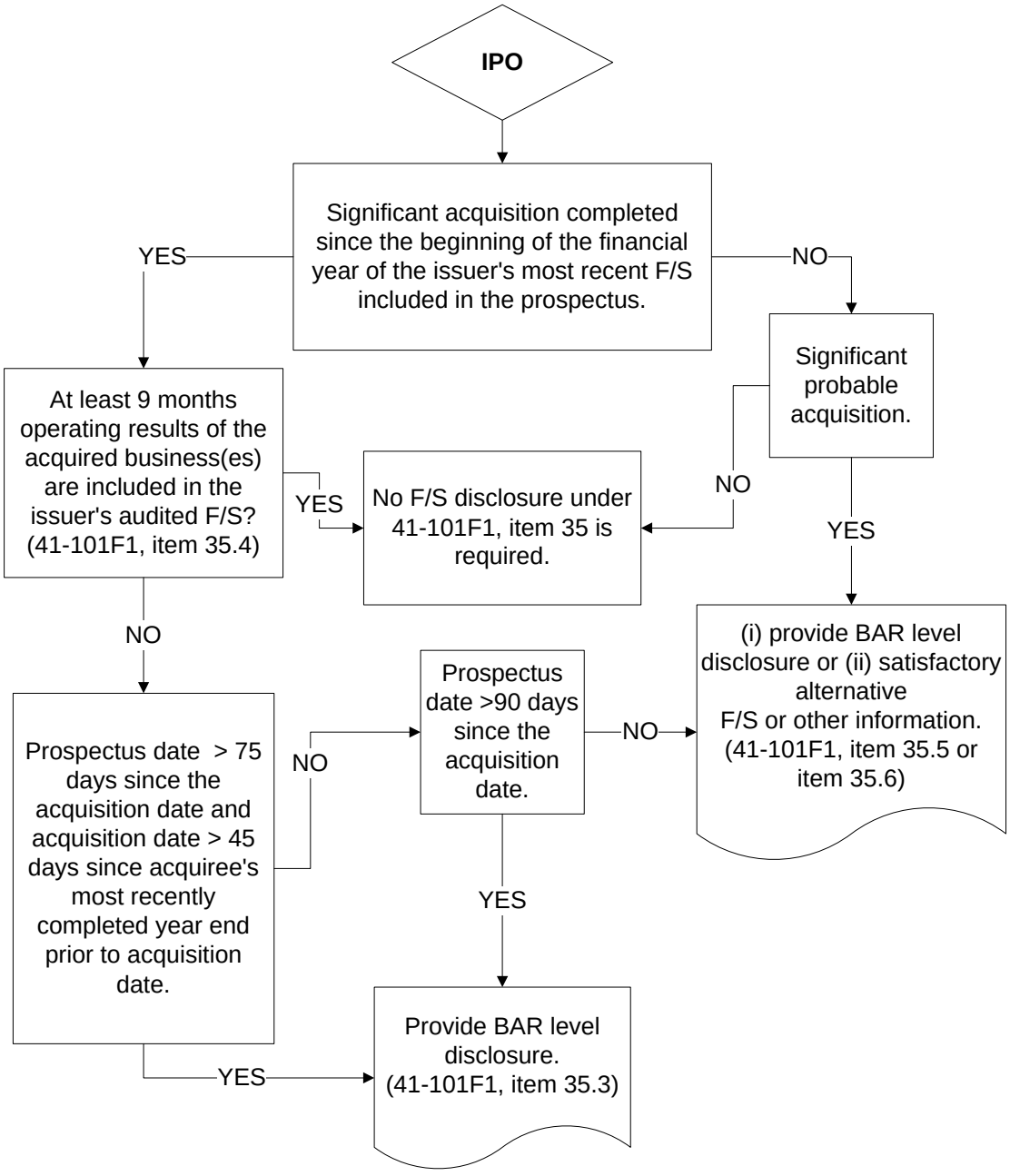
Financial Statement Disclosure Requirements for Significant Acquisitions.



Note: These decision charts provide general guidance and should be read in conjunction with Form 41-101F1.

Chart 2 – Non-Reporting Issuer

Financial Statement Disclosure Requirements for Significant Acquisitions.



Note: These decision charts provide general guidance and should be read in conjunction with Form 41-101F1.

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APPENDIX C

AMENDMENT INSTRUMENT FOR NATIONAL INSTRUMENT 14-101 *DEFINITIONS*

1. This Instrument amends National Instrument 14-101 *Definitions*.

2. Subsection 1.1(3) is amended in the definition of "prospectus requirement" **by striking out** "receipts obtained" **and substituting** "the regulator has issued receipts".

3. This Instrument comes into force on March 17, 2008.

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APPENDIX D

Schedule 1

AMENDMENT INSTRUMENT FOR
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. This Instrument amends National Instrument 44-101 *Short Form Prospectus Distributions*.

2. Section 1.1 is amended by repealing the following definitions:

(a) "alternative credit support";

(b) "approved rating organization";

(c) "asset-backed security";

(d) "business acquisition report";

(e) "convertible";

(f) "credit supporter";

(g) "derivative";

(h) "designated foreign jurisdiction";

(i) "equity securities";

(j) "executive officer";

(k) "foreign disclosure requirements";

(l) "Form 44-101F1";

(m) "Form 51-102F2";

(n) "Form 51-102F3";

(o) "Form 51-102F4";

(p) "Form 51-102F5";

(q) "full and unconditional credit support";

(r) "information circular";

(s) "interim period"

(t) "investment fund";

(u) "mineral project";

(v) "NI 43-101";

(w) "NI 44-102";

(x) "NI 51-102";

(y) "NI 52-107";

(z) "NI 81-106";

(aa) "non-convertible";

(bb) "reorganization";

(cc) "restricted security";

(dd) "special warrant"; **and**

(ee) "U.S. GAAS".

3. Section 1.1 is amended

(a) **in the definition of** "approved rating" **by striking out** "Dominion Bond Rating Service Limited" **and substituting** "DBRS Limited";

(b) **in the definition of** "material change report" **by striking out** "Form 51-102F3" **and substituting** "Form 51-102F3 *Material Change Report* of NI 51-102";

(c) **by adding the following definition after the definition of** "NI 13-101":

> ""NI 41-101" means National Instrument 41-101 *General Prospectus Requirements;*";

(d) **in the definition of** "successor issuer" **by striking out** "reorganization" **wherever it occurs and substituting** "restructuring transaction"; **and**

(e) **in paragraph (e) of the definition of** "U.S. credit supporter" **by adding** "as defined in National Instrument 71-101 *The Multijurisdictional Disclosure System*" **after** "is not a commodity pool issuer".

4. **The following section 1.1.1 is added after section 1.1:**

"1.1.1 Definitions in NI 41-101 – Every term that is defined or interpreted in NI 41-101, the definition or interpretation of which is not restricted to a specific portion of NI 41-101, has, if used in this Instrument, the meaning ascribed to it in NI 41-101, unless otherwise defined or interpreted in this Instrument."

5. **Section 1.5 is repealed.**

6. **Subsection 2.1(1) is amended by adding** "of this Instrument" **after** "in the form of Form 44-101F1".

7. **Section 2.7 is amended**

(a) **in subsection (1)(b), by adding** "or each predecessor entity's" **before** "comparative annual financial statements for its most recently completed financial year"; **and**

(b) **by repealing subsection (2) and substituting the following:**

"(2) Paragraph 2.2(d), paragraph 2.3(1)(d) and paragraph 2.6(1)(b) do not apply to a successor issuer if

(a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the successor issuer has not yet, since the completion of the restructuring transaction which resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements, and

(b) an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular

(i) complied with applicable securities legislation, and

(ii) included disclosure in accordance with section 14.2 or 14.5 of Form 51-102F5 for the successor issuer.".

8. Section 4.1 is amended

(a) by repealing subparagraph (a)(iv) and substituting the following:

"(iv) **Documents Affecting the Rights of Securityholders** – a copy of any document required to be filed under subsection 12.1(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relates to the securities being distributed, and that has not previously been filed;

(iv.1) **Material Contracts** – a copy of any material contract required to be filed under section 12.2 of NI 51-102 or section 16.4 of NI 81-106 that has not previously been filed;";

(b) in subparagraph (a)(vi), by striking out "4.4" **and substituting** "10.1 of NI 41-101" **before** "and that has not been previously filed"; **and**

(c) by repealing paragraph (b) and substituting the following:

"(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:

(i) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed Appendix A to NI 41-101 for,

(A) each director and executive officer of an issuer;

(B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer;

(C) each promoter of the issuer; and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

for whom the issuer has not previously filed or delivered,

(E) a completed personal information form and authorization in the form set out in Appendix A of NI 41-101,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B to this Instrument,

(II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*, or

(III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation; and

(ii) **Auditor's Comfort Letter Regarding Audited Financial Statements** – if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary short form prospectus is accompanied by an unsigned auditor's report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.".

9. Paragraph 4.2(a) is amended

(a) by repealing subparagraph (iii) and substituting the following:

"(iii) **Documents Affecting the Rights of Securityholders** – a copy of any document described under subparagraph 4.1(a)(iv) that has not previously been filed;

(iii.1) **Material Contracts** – a copy of any material contract described under subparagraph 4.1(a)(iv.1) that has not previously been filed;";

(b) in subparagraph (iv),

(i) by striking out "each" **and substituting** "any" **before** "report or valuation";

(ii) by striking out "section 4.4" **and substituting** "section 10.1 of NI 41-101"; **and**

(iii) by adding "or (vi)" **after** "subparagraph 4.1(a)(v)";

(c) in subparagraph (v), by striking out "Appendix C" **and substituting** "Appendix B of NI 41-101";

(d) by repealing subparagraph (vi) and substituting the following:

"(vi) **Non-Issuer's Submission to Jurisdiction** – a submission to jurisdiction and appointment of agent for service of process of

(A) each selling securityholder, and

(B) each person or company required to provide a certificate under Part 5 of NI 41-101 or other securities legislation, other than an issuer,

in the form set out in Appendix C of NI 41-101, if the person or company is incorporated or organized under a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;";

(e) in subparagraph (vii), by striking out "section 4.4" **and substituting** "section 10.1 of NI 41-101";

(f) in subparagraph (viii), by striking out "section 21.3 of Form 44-101F1" **and substituting** "section 5.12 of NI 41-101";

(g) in subparagraph (viii), by striking out "; and" **and substituting** ";"; **and**

(h) by adding the following subparagraphs (ix), (x) and (xi) after subparagraph (viii):

"(ix) **Undertaking in Respect of Credit Supporter Disclosure** – an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, for so long as the securities being distributed are issued and outstanding;

(x) **Undertaking to File Documents and Material Contracts** – if a document referred to in subparagraph (iii) or (iii.1) has not been executed or become effective before the filing of the final short form prospectus but will be executed or become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in

any event within seven days after the completion of the distribution; and

(xi) **Undertaking in Respect of Restricted Securities** – for distributions of non-voting securities an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such meeting is given to its registered holders of voting securities; and".

10. Paragraph 4.2(b) is repealed and the following is substituted:

"(b) deliver to the regulator, no later than the filing of the short form prospectus,

(i) a copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus, and

(ii) if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.".

11. Section 4.3 is repealed and the following is substituted:

"**4.3 Review of Unaudited Financial Statements**

(1) Subject to subsection (2), any unaudited financial statements, other than *pro forma* financial statements, included in, or incorporated by reference into, a short form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company's auditor or a public accountant's review of financial statements.

(2) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with

(a) U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards,

(b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements

(i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or

(ii) do not have to be reviewed if

(A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and

(B) the short form prospectus includes disclosure that the unaudited financial statements have not been reviewed.".

12. Section 4.4 is repealed.

13. Section 4.5 is repealed.

14. PART 5 is repealed.

15. PART 6 is repealed.

16. Except in Ontario, the following section 7.2 is added after section 7.1. In Ontario, section 7.2 is repealed and substituted with the following:

"**7.2 Solicitations of Expressions of Interest – Over-allotment Options** – The prospectus requirement does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to an over-allotment option that are qualified for distribution under a short form prospectus in accordance with this Instrument, if

(a) the issuer has entered into an enforceable agreement with the underwriters who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities, and

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained.".

17. Section 8.2 is amended

(a) in subsection (1), by striking out "or subsection 4.5(3)"; **and**

(b) by repealing subsection (2) and substituting the following:

"(2) The issuance of a receipt for a final short form prospectus or an amendment to a final short form prospectus is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in subsection 8.1(3), on or before the date of the filing of the preliminary short form prospectus, or

(ii) the letter or memorandum referred to in subsection 8.1(3) after the date of the filing of the preliminary short form prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).".

18. Appendices B, C and D are repealed.

19. This Instrument comes into force on March 17, 2008.

APPENDIX D

Schedule 2

AMENDMENT INSTRUMENT FOR FORM 44-101F1 *SHORT FORM PROSPECTUS* OF NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. This Instrument amends Form 44-101F1 *Short Form Prospectus*.

2. Form 44-101F1 Short Form Prospectus is amended by striking out "security holder" **wherever it occurs and substituting** "securityholder".

3. The INSTRUCTIONS before Item 1 are amended

(a) in Instruction (1), by striking out "*, and, in Québec, not to make any misrepresentation likely to affect the value or market price of,*"*;*

(b) by repealing Instruction (2) and substituting the following:

"*(2) Terms used and not defined in this Form that are defined or interpreted in the Instrument or NI 41-101 bear that definition or interpretation. Other definitions are set out in NI 14-101.*"*;*

(c) in Instruction (3)

(i) by striking out "*should be*" **wherever it occurs and substituting** "*must be*"**, and**

(ii) by striking out "*should generally be*" **and substituting** "*is*"*;*

(d) in Instruction (6), by striking out "*easy to read*" **and substituting** "*easy-to-read*"*;*

(e) by repealing Instruction (8) and substituting the following:

"*(8) Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including "subsidiaries" as that term is used in the Handbook). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer's GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be*

necessary to also include disclosure with respect to the person or company.";

(f) in Instruction (12), by striking out "*National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101)*" **and substituting** "*NI 51-101*"; **and**

(g) by adding the following Instructions (14) through (18) after Instruction (13):

"*(14) If an issuer discloses financial information in a short form prospectus in a currency other than the Canadian dollar, prominently disclose the currency in which the financial information is disclosed.*

(15) Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.

(16) Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instructions or requirements in the other instrument or form.

(17) Wherever this Form uses the word "subsidiary", the term includes companies and other types of business organizations such as partnerships, trusts, and other unincorporated business entities.

(18) Issuers must supplement any disclosure incorporated by reference into a short form prospectus if that supplemented disclosure is necessary to ensure that the short form prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 18 of this Form.".

4. Section 1.3 is amended

(a) by striking out "bold" **and substituting** "boldface" **before** "type and the bracketed information completed:"; **and**

(b) by striking out "[Insert if the offering is made in Québec – "For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the

permanent information record may be obtained without charge from the secretary of the issuer at the above-mentioned address and telephone number and is also available electronically at www.sedar.com."]".

5. Section 1.6 is amended

(a) repealing subsection (2) and substituting the following:

"**(2)** If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) disclose that a purchaser who acquires securities forming part of the underwriters' over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and

(b) describe the terms of the option.";

(b) by adding the following subsection (3.1) after subsection (3):

"**(3.1)** If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).";

(c) in subsection (4), by striking out "bold" **and substituting** "boldface" **before** "type the effective yield if held to maturity."; **and**

(d) by adding the following Instructions (1) and (2) after subsection (7):

"*INSTRUCTIONS*

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, also express the information in the table as a percentage.".

6. The following section 1.6.1 is added after section 1.6:

"**1.6.1 Offering price in currency other than Canadian dollar** – If the offering price of the securities being distributed is disclosed in a

currency other than the Canadian dollar, disclose in boldface type the reporting currency.".

7. Paragraph 1.7(d) is repealed and the following is substituted:

"(d) that prices may vary from purchaser to purchaser and during the period of distribution;".

8. The following section 1.7.1 is added after section 1.7:

"**1.7.1 Pricing Disclosure** – If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary short form prospectus, include this information in the preliminary short form prospectus.".

9. Section 1.8 is amended by striking out "bold" **and substituting** "boldface" **before** "type a cross-reference to the section".

10. Subsection 1.9(3) is repealed and the following is substituted:

"**(3)** If no market for the securities being distributed under the short form prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

There is no market through which the securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors.".

11. Section 1.10 is amended

(a) by repealing subsection (2) and substituting the following:

"**(2)** If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.";

(b) in subsection (5), by striking out "bold" **and substituting** "boldface" **before** "type to the effect that no underwriter has been involved in the preparation"; **and**

(c) by repealing subsection (6) and substituting the following:

"**(6)** Provide the following tabular information

Underwriter's Position	**Maximum size or number of securities available**	**Exercise period or Acquisition date**	**Exercise price or average acquisition price**
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.".

12. Section 1.11 is repealed and the following is substituted:

"**1.11 International Issuers** – If the issuer, a selling securityholder, or any person or company required to provide a certificate under Part 5 of NI 41-101 or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

"The [issuer, selling securityholder, person or company signing a certificate under Part 5 of NI 41-101 or securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the

person or company described above] has appointed [name(s) and addresses of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgments obtained in Canada against [the person or company described above].””.

13. Section 1.12 is repealed and the following is substituted:

“**1.12 Restricted Securities**

(1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.

(2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.”.

14. Section 1.13 is amended by striking out “bold” **and substituting** “boldface” **after** “disclose this fact in”.

15. Item 4 is repealed and the following is substituted:

“**Item 4 Use of Proceeds**

4.1 Proceeds

(1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.

(2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.

(3) If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

4.2 Principal Purposes – Generally

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer.

(2) If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

4.3 Principal Purposes – Indebtedness

(1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.

(2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and disclose the outstanding amount owed.

4.4 Principal Purposes – Asset Acquisition

(1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.

(2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.

(3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.

(4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.

(5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

4.5 Principal Purposes – Insiders, etc. – If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

4.6 Principal Purposes – Research and Development – If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

(a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,

(b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,

(c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(d) the additional steps required to reach commercial production and an estimate of costs and timing.

4.7 Business Objectives and Milestones

(1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 4.1.

(2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

4.8 Unallocated Funds in Trust or Escrow

(1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.

(2) Give details of the arrangements made for, and the persons or companies responsible for,

(a) the supervision of the trust or escrow account or the investment of unallocated funds, and

(b) the investment policy to be followed.

4.9 Other Sources of Funding – If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

4.10 Financing by Special Warrants, etc.

(1) If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a short form prospectus-exempt basis, describe the principal purposes for which the proceeds of the short form prospectus-exempt financing were used or are to be used.

(2) If all or a portion of the funds have been spent, explain how the funds were spent.".

16. Section 5.1 is repealed and the following is substituted:

"**5.1 Disclosure of Conditions to Underwriters' Obligations –** If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions,

(a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling securityholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.", and

(b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.".

17. Section 5.4 is repealed and the following is substituted:

"**5.4 Stabilization** – If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.".

18. The following section 5.4.1 is added after section 5.4:

"**5.4.1 Underwriting Discounts – Interests of Management and Others in Material Transactions** – Disclose any material underwriting discounts or commissions on the sale of securities by the issuer if any of the persons or companies listed under section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.".

19. Section 5.5 is repealed and the following is substituted:

"**5.5 Minimum Distribution** – If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

(a) the minimum funds to be raised,

(b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and

(c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

5.5.1 Approvals – If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

(a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a

jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licenses, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

(b) if all material licenses, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final short form prospectus, the trustee must return the funds to subscribers.".

20. Section 5.6 is repealed and the following is substituted:

"**5.6 Reduced Price Distributions** – If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.".

21. The following section 5.10 is added after section 5.9:

"**5.10 Special Warrants Acquired by Underwriters or Agents** – Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.".

22. Section 6.1 is amended

(a) by repealing subsection (1) and substituting the following:

"**(1)** If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

(a) the earnings coverage ratio based on the most recent 12-month period included in the issuer's current annual financial statements included in the short form prospectus,

(b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and

(c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been included in the short form prospectus.";

(b) in paragraph (2)(c), by adding "since the date of the annual or interim financial statements" **after** "in accordance with the issuer's GAAP";

(c) in subsection (4), by adding "short form" **before** "prospectus";

(d) by repealing subsection (5) and substituting the following:

"**(5)** If the short form prospectus includes a *pro forma* income statement, calculate the *pro forma* earnings coverage ratios for the periods of the *pro forma* income statement, and disclose them in the short form prospectus.";

(e) in Instruction (6), by adding ", with the bracketed and bulleted information completed" **after** "disclosure of earnings coverage shall include language similar to the following";

(f) in Instruction (7), by adding ", with the bracketed and bulleted information completed" **after** "disclosure of earnings coverage shall include language similar to the following"; **and**

(g) by repealing Instruction (8).

23. Section 7.3 is repealed and the following is substituted:

"**7.3 Asset-backed Securities**

(1) This section applies only if any asset-backed securities are being distributed.

(2) Describe the material attributes and characteristics of the asset-backed securities, including

(a) the rate of interest or stipulated yield and any premium,

(b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.

(3) Provide financial disclosure that describes the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of

(a) the composition of the pool as at the end of the period,

(b) income and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees, and

(e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).

(4) Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of

the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.

(5) Describe any person or company who

(a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,

(ii) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(iii) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(iv) the disclosure is otherwise material,

(d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.

(6) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (5).

(7) Describe the terms of any material relationships between

(a) any of the persons or companies referred to in subsection (5) or any of their respective affiliates, and

(b) the issuer.

(8) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (5) and the terms on which a replacement may be appointed.

(9) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) *Present the information required under subsection (3) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.*

(2) *If the information required under subsection (3) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsection (3) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.*

(3) *Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (5) and the contractual arrangements underlying the asset-backed securities is encouraged.*".

24. Paragraph 7.4(c) is repealed and the following is substituted:

"(c) settlements that are the result of the exercise of the derivatives;".

25. Section 7.6 is repealed and the following is substituted:

"**7.6 Special Warrants, etc.** – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the short form prospectus, with the bracketed information completed:

"The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the short form prospectus or an amendment to the short form prospectus containing a misrepresentation,

(a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,

(b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and

(c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber."".

26. Section 7.7 is repealed and the following is substituted:

"**7.7 Restricted Securities**

(1) If the issuer has outstanding, or proposes to distribute under a short form prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or

exchangeable for restricted securities or subject securities, provide a detailed description of

(a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and

(d) how the issuer complied with, or basis upon which it was exempt from, the requirements of Part 12 of NI 41-101.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.".

27. Section 7.8 is amended by striking out "as to" **and substituting** "about the" **before** "modification, amendment or variation".

28. Section 7.9 is repealed and the following is substituted:

"**7.9 Ratings –** If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and

(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivatives, factors in addition to the creditworthiness of the issuer,

such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section.".

29. Section 7.10 is amended in the Instruction, by adding "short form" **before** "prospectus".

30. The following Item 7A is added after Item 7:

"**Item 7A. Prior Sales**

7A.1 Prior Sales – For each class of securities of the issuer distributed under the short form prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the short form prospectus,

(a) the price at which the securities have been issued or are to be issued by the issuer or selling securityholder,

(b) the number of securities issued at that price, and

(c) the date on which the securities were issued.

7A.2 Trading Price and Volume

(1) For each class of securities of the issuer that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.

(2) If a class of securities of the issuer is not traded or quoted on a Canadian marketplace, but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.

(3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the short form prospectus.".

31. Item 8 is repealed and the following is substituted:

"**Item 8 Selling Securityholder**

8.1 Selling Securityholder

(1) If any securities are being distributed for the account of a securityholder, provide the following information for each securityholder:

1. The name.

2. The number or amount of securities owned, controlled or directed of the class being distributed.

3. The number or amount of securities of the class being distributed for the account of the securityholder.

4. The number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding.

5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.

(2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph 1. of subsection (1) that will exist after effect has been given to the transaction.

(3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the short form prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the short form prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.

(4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any selling securityholder is an associate or affiliate of another person or company named as a principal holder of voting securities in the issuer's information circular required to be incorporated by reference under paragraph 7. of subsection 11.1(1), disclose, to the extent known, the material facts of the relationship, including any basis for influence

over the issuer held by the person or company other than the holding of voting securities of the issuer.

(5) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.

(6) Describe any material change to the information required to be included in the short form prospectus under subsection (1) to the date of the short form prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a selling securityholder, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity.".

32. Item 10 is repealed and the following is substituted:

"**Item 10 Recently Completed and Probable Acquisitions**

10.1 Application and Definitions – This Item does not apply to a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.

10.2 Significant Acquisitions

(1) Describe any acquisition

(a) that the issuer has completed within 75 days prior to the date of the short form prospectus;

(b) that is a significant acquisition for the purposes of Part 8 of NI 51-102; and

(c) for which the issuer has not yet filed a business acquisition report under NI 51-102.

(2) Describe any proposed acquisition by an issuer that

(a) has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high; and

(b) would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the short form prospectus.

(3) If disclosure about an acquisition or proposed acquisition is required under subsection (1) or (2), include financial statements of or other information about the acquisition or proposed acquisition if the inclusion of the financial statements is necessary for the short form prospectus to contain full, true and plain disclosure of all the material facts relating to the securities being distributed.

(4) The requirement to include financial statements or other information under subsection (3) must be satisfied by including

(a) the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, or

(b) satisfactory alternative financial statements or other information.

INSTRUCTION

For the description of the acquisition or proposed acquisition, include the information required by sections 2.1 through 2.6 of Form 51-102F4. For a proposed acquisition, modify this information as necessary to convey that the acquisition is not yet completed.".

33. The following Item 10A is added after Item 10.

"**Item 10A Reverse Takeover and Probable Reverse Takeover**

10A.1 Completed Reverse Takeover Disclosure – If the issuer has completed a reverse takeover since the end of the financial year in respect of which the issuer's current AIF is incorporated by reference into the short form prospectus under paragraph 1. of subsection 11.1(1), provide disclosure about the reverse takeover acquirer by complying with the following:

1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.

2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1 if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse takeover acquirer were distributing those securities by way of the short form prospectus.

10A.2 Probable Reverse Takeover Disclosure – If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, provide disclosure about the reverse takeover acquirer by complying with the following:

1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.

2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1, if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse takeover acquirer were distributing those securities by way of the short form prospectus.".

34. Subsection 11.1(1) is amended

(a) in paragraph 4.,

(i) by adding "short form" **before** "prospectus", **and**

(ii) by adding "historical" **before** "financial information";

(b) in paragraph 6., by striking out "most recent audited financial statements" **and substituting** "current annual financial statements"; **and**

(c) by repealing paragraphs 7., 8., and 9. and substituting the following:

"7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the beginning of the financial year in respect of which the issuer's current AIF is filed, other than an information circular prepared in connection with an annual

general meeting if the issuer has filed and incorporated by reference an information circular for a subsequent annual general meeting.";

8. The most recent Form 51-101F1, Form 51-101F2 and Form 51-101F3, filed by an SEC issuer, unless

   (a) the issuer's current AIF is in the form of Form 51-102F2; or

   (b) the issuer is otherwise exempted from the requirements of NI 51-101.

9. Any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority since the beginning of the financial year in respect of which the issuer's current AIF is filed.

10. Any other disclosure document of the type listed in paragraphs 1 through 8 that the issuer has filed pursuant to an exemption from any requirement under securities legislation since the beginning of the financial year in respect of which the issuer's current AIF is filed.".

35. Section 11.3 is amended

(a) by repealing subsection (1) and substituting the following:

"(1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(1) of the Instrument, include the disclosure, including financial statements and related MD&A, that would otherwise have been required to have been included in a current AIF and current annual financial statements and related MD&A under section 11.1."; **and**

(b) in the INSTRUCTION,

(i) by striking out "*reorganization*" **and substituting** "*restructuring transaction*", **and**

(ii) by striking out "*issuer*" **and substituting** "*entity*" **after** "*financial statements of any*".

36. Section 12.1 is amended

(a) in paragraph 1., by adding "in at least one jurisdiction" **after** "If the credit supporter is a reporting issuer";

(b) in paragraph 2., by adding "in any jurisdiction" **after** "If the credit supporter is not a reporting issuer"; **and**

(c) in paragraph 4., by striking out ", and in Québec, disclosure of all material facts likely to affect the value or the market price, of".

37. Item 13 is repealed and the following is substituted:

"**Item 13 Exemptions for Certain Issues of Guaranteed Securities**

13.1 Definitions and Interpretation

(1) In this Item

(a) the impact of subsidiaries, on a combined basis, on the financial results of the parent entity is "minor" if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts,

(b) a parent entity has "limited independent operations" if each item of its summary financial information represents less than 3% of the total consolidated amounts,

(c) a subsidiary is a "finance subsidiary" if it has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity,

(d) "parent credit supporter" means a credit supporter of which the issuer is a subsidiary,

(e) "parent entity" means a parent credit supporter for the purposes of sections 13.2 and 13.3 and an issuer for the purpose of section 13.4,

(f) "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter, and

(g) "summary financial information" includes the following line items:

(i) sales or revenues;

(ii) income from continuing operations;

(iii) net earnings or loss; and

(iv) unless the issuer's GAAP permits the preparation of the credit support issuer's balance sheet without classifying assets and liabilities between current and non-current and the credit support issuer provides alternative meaningful financial information which is more appropriate to the industry,

(A) current assets;

(B) non-current assets;

(C) current liabilities; and

(D) non-current liabilities.

(2) For the purposes of this Item, consolidating summary financial information must be prepared on the following basis

(a) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the parent entity included in the short form prospectus,

(b) the parent entity column must account for investments in all subsidiaries under the equity method, and

(c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

13.2 Issuer is Wholly-owned Subsidiary of Parent Credit Supporter – Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1) or include in the short form prospectus its earning coverage ratios under section 6.1, if

(a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;

(d) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;

(e) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed;

(f) the issuer includes in the short form prospectus either

(i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if

(A) the issuer is a finance subsidiary, and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the parent credit supporter is minor, or

(ii) for the periods covered by the parent credit supporter's interim and annual consolidated financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter;

(B) the issuer;

(C) any other subsidiaries of the parent credit supporter on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.

13.3 Issuer is Wholly-owned Subsidiary of, and One or More Subsidiary Credit Supporters Controlled by, Parent Credit Supporter

(1) Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1), or include in the short form prospectus its earning coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the guarantees or alternative credit supports are joint and several;

(d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;

(e) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;

(f) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the short form prospectus; and

(g) the issuer includes in the short form prospectus for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(i) the parent credit supporter;

(ii) the issuer;

(iii) each subsidiary credit supporter on a combined basis;

(iv) any other subsidiaries of the parent credit supporter on a combined basis;

(v) consolidating adjustments;

(vi) the total consolidated amounts.

(2) Despite paragraph (1)(g)

(a) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial results of the parent credit supporter is minor, column (iv) may be combined with another column, and

(b) if the issuer is a finance subsidiary, column (ii) may be combined with another column.

13.4 One or More Credit Supporters Controlled by Issuer – Despite Item 12, an issuer is not required to include in the short form prospectus the credit supporter disclosure for one or more credit supporters required by section 12.1, if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed,

(b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several,

(c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer,

(d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the short form prospectus, and

(e) the issuer includes in the short form prospectus either

(i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if

(A) the issuer has limited independent operations, and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s)

but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor, or

(ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

(A) the issuer;

(B) the credit supporters on a combined basis;

(C) any other subsidiaries of the issuer on a combined basis;

(D) consolidating adjustments;

(E) the total consolidated amounts.".

38. Section 14.1 is repealed and the following is substituted:

"**14.1 Relationship between Issuer or Selling Securityholder and Underwriter**

(1) If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

(2) For the purposes of subsection (1), "connected issuer" and "related issuer" have the same meaning as in NI 33-105.".

39. Section 15.1 is amended by striking out "statement, report or valuation" **wherever it occurs and substituting** "report, valuation, statement or opinion".

40. Item 16 is repealed and the following is substituted:

"**Item 16 Promoters**

16.1 Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the short form prospectus, a promoter of the issuer or subsidiary of the issuer, state, to the extent not disclosed

elsewhere in a document incorporated by reference in the short form prospectus,

(a) the person or company's name,

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and

(d) for an asset acquired within the two years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter,

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer or the promoter or an affiliate of the issuer or promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary short form prospectus, or was within 10 years before the date of the preliminary short form prospectus, a director, chief executive officer or chief financial officer of any person or company that

(a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was

acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), "order" means:

(a) a cease trade order,

(b) an order similar to a cease trade order, or

(c) an order that denied the relevant person or company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

(a) is, at the date of the preliminary short form prospectus, or has been within the 10 years before the date of the preliminary short form prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or

(b) has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

(1) The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).

(2) A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

(3) For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".

(4) The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued.".

41. Item 17 is repealed and the following substituted:

"**Item 17 Risk Factors**

17.1 Risk Factors – Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

INSTRUCTIONS

(1) Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.

(2) Disclose risks in the order of seriousness from the most serious to the least serious.

(3) A risk factor should not be de-emphasized by including excessive caveats or conditions.".

42. Section 18.1 is amended by striking out ", and in Québec not to make any misrepresentation likely to affect the value or market price of,".

43. Section 20.1 is repealed and the following substituted:

"**20.1 General** – Include a statement in substantially the following form, with the bracketed information completed:

> Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] {T/t]he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price of damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revision of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser.".

44. Item 21 is repealed and the following is substituted:

"**Item 21 Certificates**

21.1 Certificates – Include the certificates required by Part 5 of NI 41-101 or by other securities legislation.

21.2 Issuer Certificate Form – An issuer certificate form must state

> "This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short

form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

21.3 Underwriter Certificate Form – An underwriter certificate form must state

"To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified]."

21.4 Amendments

(1) For an amendment to a short form prospectus that does not restate the short form prospectus, change "short form prospectus" to "short form prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 21.2 and 21.3.

(2) For an amended and restated short form prospectus, change "short form prospectus" to "amended and restated short form prospectus" wherever it appears in the statements in sections 21.2 and 21.3.".

45. This Instrument comes into force on March 17, 2008.

APPENDIX E

Schedule 1

AMENDMENT INSTRUMENT FOR NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

1. This Instrument amends National Instrument 44-102 *Shelf Distributions*.

2. National Instrument 44-102 *Shelf Distributions* is amended by striking out "security holder" **wherever it occurs and substituting** "securityholder".

3. Section 1.1(1) is amended

(a) in the definition of "method 1", **by adding** "forms of" **before** "prospectus certificates";

(b) in the definition of "method 2", **by adding** "forms of" **before** "prospectus certificates";

(c) by repealing the definition of "NI 44-101"; **and**

(d) by repealing the definition of "novel" **and substituting the following:**

""novel" means,

(a) for a specified derivative proposed to be distributed using the shelf procedures and that has an underlying interest that is not a security of the issuer,

(i) a derivative of a type that has not been distributed by the issuer by way of prospectus in a jurisdiction of Canada before the proposed distribution, or

(ii) a derivative of a type that has been distributed by the issuer by way of prospectus in a jurisdiction of Canada before the proposed distribution if

(A) the attributes of the derivative differ materially from the attributes of derivatives of the same type previously distributed by the issuer by way of prospectus,

(B) the structure and contractual arrangements underlying the derivative differ materially from the structure and contractual arrangements underlying derivatives of the

same type previously distributed by the issuer by way of prospectus, or

(C) the type of the underlying interest for the derivative differs materially from the type of underlying interest for derivatives of the same type previously distributed by the issuer by way of prospectus, and

(b) for an asset-backed security proposed to be distributed using the shelf procedures,

(i) a security of a type that has not been distributed by way of prospectus in a jurisdiction of Canada before the proposed distribution, or

(ii) a security of a type that has been distributed by way of prospectus in a jurisdiction of Canada before the proposed distribution if

(A) the attributes of the security differ materially from the attributes of securities of the same type previously distributed by way of prospectus,

(B) the structure and contractual arrangements underlying the security differ materially from the structure and contractual arrangements underlying securities of the same type previously distributed by way of prospectus, or

(C) the type of financial assets servicing the security differ materially from the type of financial assets servicing securities of the same type previously distributed by way of prospectus;".

4. Section 1.1(2) is repealed and the following is substituted:

"**(2)** Every term that is defined or interpreted in NI 41-101 or NI 44-101, the definition or interpretation of which is not restricted to a specific portion of NI 41-101 or NI 44-101, has, if used in this Instrument, the meaning ascribed to it in NI 41-101 or NI 44-101, unless otherwise defined or interpreted in this Instrument.".

5. Part 2 is amended by striking out "the lapse date, if any, prescribed by securities legislation" **wherever it occurs and substituting** "in Ontario, the lapse date prescribed by securities legislation".

6. Section 2.8 is repealed.

7. Subparagraph 4.1(2)(b)(ii) is amended by striking out "21" **and substituting** "10 business".

8. Paragraph 8. of section 5.5 is repealed and the following is substituted:

"8. The prospectus certificates required by Part 5 of NI 41-101 or other securities legislation, in the issuer certificate form or underwriter certificate form prescribed by

(a) method 1, if

(i) the base shelf prospectus is being used to establish an MTN program or other continuous distribution, or

(ii) method 2 has not been elected; or

(b) method 2, if method 2 has been elected."

9. Section 5.8 is repealed and the following is substituted:

"**5.8 Amendments** – if a material change occurs at a time when no securities are being distributed under a base shelf prospectus, the provisions in Part 6 of NI 41-101 or other securities legislation that require the filing of an amendment to a prospectus if a material change occurs are satisfied by

(a) the filing of a material change report, and

(b) the incorporation by reference in the base shelf prospectus of the material change report.".

10. Section 6.1 is amended by striking out "and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.".

11. Section 6.2 is amended

(a) in subsection (3),

(i) by striking out "Any unaudited financial statements of an issuer or an acquired business" **and substituting** "Subject to subsection (4), any unaudited financial statements, other than *pro forma* financial statements,", **and**

(ii) by striking out "an entity's" **and substituting** "a person or company's";

(b) by repealing subsection (4) and substituting the following:

"**(4)** If NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* permits the financial statements of the person or company in subsection (3) to be audited in accordance with

(a) U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards,

(b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements

(i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or

(ii) do not have to be reviewed if

(A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and

(B) the base shelf prospectus includes disclosure that the unaudited financial statements have not been reviewed."; **and**

(c) in subsection (5), by adding ", if applicable," **after** "The review specified in subsection (3)".

12. Subsection 6.3(1) is amended

(a) in paragraph 3., by adding "required by Part 5 of NI 41-101 and other securities legislation, in the issuer certificate form or underwriter certificate form" **after** "The prospectus certificates"; **and**

(b) **in subparagraph 3.(b), by striking out** "certificates" **and substituting** "certificate forms" **before** "prescribed by method 1".

13. **Section 6.7 is amended by striking out** "and, in Quebec, contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed,".

14. **The following section 6.8 is added after section 6.7:**

"**6.8** **Disclosure that may be Omitted** – A shelf prospectus supplement may omit any prospectus certificates required by Part 5 of NI 41-101 or other securities legislation, if the person or company required to sign the certificate signed a prospectus certificate in the issuer certificate form or underwriter certificate form prescribed by method 1 included in a base shelf prospectus or a shelf prospectus supplement qualifying the securities being distributed.".

15. **Subsection 7.2(1) is amended**

(a) **by adding** "notary in Québec," **before** "solicitor";

(b) **by adding** "or business" **after** "whose profession";

(c) **by striking out** "report or valuation" **wherever it occurs and substituting** "report, valuation, statement or opinion"; **and**

(d) **by repealing paragraph (b) and substituting the following:**

"(b) named in the document

(i) as having prepared or certified any part of the base shelf prospectus, amendment or shelf prospectus supplement,

(ii) as having opined on financial statements from which selected information included in the base shelf prospectus, amendment or shelf prospectus supplement has been derived and which audit opinion is referred to in the base shelf prospectus, amendment or

shelf prospectus supplement directly or in a document incorporated by reference, or

(iii) as having prepared or certified a report, valuation, statement or opinion referred to in the base shelf prospectus, amendment or shelf prospectus supplement, directly or in a document incorporated by reference,".

16. Section 9.1 is amended by striking out "percent" **and substituting** "%" **after** "does not exceed 10".

17. Section 9.2 is amended

(a) by repealing subsection 9.2(2) and substituting the following:

"(2) For the purposes of subsection (1), in calculating the total number of equity securities of a class outstanding, an issuer shall exclude those equity securities of the class that are beneficially owned, or controlled or directed, directly or indirectly, by persons or companies that, alone or together with their respective affiliates and associated parties, beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding equity securities of the issuer."; **and**

(b) by repealing subsection 9.2(3) and substituting the following:

"(3) Despite subsection (2), if a portfolio manager of a pension fund or investment fund, alone or together with its affiliates and associated parties, exercises control or direction, directly or indirectly, in the aggregate over more than 10% of the outstanding equity securities of an issuer, and the fund beneficially owns, or controls or directs, directly or indirectly, 10% or less of the issued and outstanding equity securities of the issuer, the securities that the fund beneficially owns, or controls or directs, directly or indirectly, are not excluded unless the portfolio manager is an affiliate of the issuer.".

18. Section 11.1 is amended by adding the following subsection (2.1) after subsection (2):

"**(2.1)** Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.".

19. Subsection 11.2(2) is repealed and the following is substituted:

"**(2)** The issuance of a receipt for a base shelf prospectus or an amendment to a base shelf prospectus is not evidence that the exemption is being granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in subsection 11.1(3), on or before the date of the filing of the base shelf prospectus or an amendment to a base shelf prospectus, or

(ii) the letter or memorandum referred to in subsection 11.1(3) after the date of the filing of the base shelf prospectus or an amendment to a base shelf prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).".

20. Appendix A is amended

(a) in the title,

(i) by adding "Form of" **before** "Shelf Prospectus Certificates", **and**

(ii) by adding "*FORM OF*" **before** "*CERTIFICATES*";

(b) by repealing section 1.1 and substituting the following:

"**1.1 Issuer Certificate Form –** If a base shelf prospectus establishes an MTN program or other continuous distribution, or if method 2 has not been elected by an issuer, an issuer certificate form in the preliminary base shelf prospectus and the base shelf prospectus must state:

"This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified]."";

(c) by repealing section 1.2 and substituting the following:

"**1.2 Underwriter Certificate Form** – If the base shelf prospectus establishes an MTN program or other continuous distribution or if method 2 has not been elected by the underwriter, an underwriter

certificate form in the preliminary base shelf prospectus and the base shelf prospectus must state:

> "To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified]."";

(d) by repealing section 1.3;

(e) by repealing section 1.4 and substituting the following:

"**1.4 Amendments**

(1) For an amendment to a base shelf prospectus in respect of a base shelf prospectus that included the issuer certificate form and underwriter certificate form in sections 1.1 and 1.2, and if the amendment does not restate the prospectus, change "this short form prospectus" to "the short form prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 1.1 and 1.2.

(2) For an amended and restated base shelf prospectus in respect of a base shelf prospectus that included the issuer certificate form and underwriter certificate form in sections 1.1 and 1.2, change "this short form prospectus" and replace it with "this amended and restated short form prospectus" wherever it appears in the statements in sections 1.1 and 1.2.";

(f) by repealing section 2.1 and substituting the following:

"**2.1 Issuer Certificate Form** – If an issuer certificate form described in section 1.1 was not included in the corresponding base shelf prospectus, an issuer certificate form in a shelf prospectus supplement that establishes an MTN program or other continuous distribution must state:

> "The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities

offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s) as required by the securities legislation of [insert name of each jurisdiction in which qualified].””;

(g) by repealing section 2.2 and substituting the following:

“**2.2 Underwriter Certificate Form** – If an underwriter’s certificate form described in section 1.2 was not included in the corresponding base shelf prospectus, an underwriter certificate form in a shelf prospectus supplement that establishes an MTN program or other continuous distribution must state:

“To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of [insert name of jurisdiction in which qualified].””;

(h) by repealing section 2.3; **and**

(i) by repealing section 2.4 and substituting the following:

“**2.4 Amendments**

(1) For an amendment to a shelf prospectus supplement in respect of a shelf prospectus supplement that included the issuer certificate form and underwriter certificate form in sections 2.1 and 2.2, and if the amendment does not restate the prospectus, add “, as it amends the shelf prospectus supplement dated [insert date]” after “the foregoing,” wherever it appears in the statements in sections 2.1 and 2.2.

(2) For an amended and restated shelf prospectus supplement in respect of a shelf prospectus supplement that included the issuer certificate form and underwriter certificate form in sections 2.1 and 2.2, include the issuer certificate form and the underwriter certificate form in sections 2.1 and 2.2.”.

21. Appendix B is amended

(a) in the title,

(i) by adding "Form of" **before** "Shelf Prospectus Certificates", **and**

(ii) by adding "*FORM OF*" **before** "*PROSPECTUS CERTIFICATES*";

(b) by repealing section 1.1 and substituting the following:

"**1.1 Issuer Certificate Form** – If method 2 is elected by an issuer, an issuer certificate form in the preliminary base shelf prospectus and the base shelf prospectus must state:

> "This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]."";

(c) by repealing section 1.2 and substituting the following:

"**1.2 Underwriter Certificate Form** – If method 2 is elected by an underwriter, an underwriter certificate form in the preliminary base shelf prospectus and the base shelf prospectus must state:

> "To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]."";

(d) by repealing section 1.3;

(e) by repealing section 1.4 and substituting the following:

"**1.4 Amendments**

(1) For an amendment to a base shelf prospectus in respect of a base shelf prospectus that included the issuer certificate

form and underwriter certificate form in sections 1.1 and 1.2, and if the amendment does not restate the prospectus, change "this short form prospectus" to "the short form prospectus dated [insert date] as amended by this amendment" wherever it appears in the statements in sections 1.1 and 1.2.

(2) For an amended and restated base shelf prospectus in respect of a base shelf prospectus that included the issuer certificate form and underwriter certificate form in sections 1.1 and 1.2, change "this short form prospectus" to "this amended and restated short form prospectus" wherever it appears in the statements in sections 1.1 and 1.2.";

(f) by repealing section 2.1 and substituting the following:

"**2.1 Issuer Certificate Form** – If method 2 is elected by an issuer, an issuer certificate form in a shelf prospectus supplement must state:

"The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of [insert name of each jurisdiction in which qualified]."";

(g) by repealing section 2.2 and substituting the following:

"**2.2 Underwriter Certificate Form** – If method 2 is elected by an underwriter, an underwriter certificate form in a shelf prospectus supplement must state:

"To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of [insert name of jurisdiction in which qualified]."";

(h) by repealing section 2.3; **and**

(i) by repealing section 2.4 and substituting the following:

"**2.4 Amendments**

(1) For an amendment to a shelf prospectus supplement in respect of a shelf prospectus supplement that included the issuer certificate form and underwriter certificate form in sections 2.1 and 2.2, and if the amendment does not restate the prospectus, add ", as it amends the shelf prospectus supplement dated [insert date]" after "the foregoing," wherever it appears in the statements in sections 2.1 and 2.2.

(2) For an amended and restated shelf prospectus supplement in respect of a shelf prospectus supplement that included the issuer certificate form and underwriter certificate form in sections 2.1 and 2.2, include the issuer certificate form and the underwriter certificate form in sections 2.1 and 2.2..

22. This Instrument comes into force on March 17, 2008.

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APPENDIX E

Schedule 2

AMENDMENTS TO COMPANION POLICY 44-102CP TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* is amended as follows:

1. Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* is amended by striking out "security holder" **wherever it occurs and substituting** "securityholder".

2. Subsection 1.1(2) is repealed and the following is substituted:

"**(2)** A distribution under a short form prospectus using the shelf procedures is subject to all the requirements of National Instrument 44-101 *Short Form Prospectus Distributions*, some of the requirements of National Instrument 41-101 *General Prospectus Requirements*, and other provisions of securities legislation, as supplemented or varied by NI 44-102 and the implementing law of the jurisdiction. Reference is made to section 1.5 of the Companion Policy to NI 44-101 for a discussion of the relationship between NI 44-101 and NI 44-102, and to subsection 1.2(5) of the Companion Policy to NI 41-101 for a discussion of the relationship among NI 41-101, NI 44-101 and NI 44-102.".

3. Subsection 2.2(1) is amended by striking out "the lapse date of the receipt, if any, prescribed by securities legislation" **and substituting the following** "in Ontario, the lapse date of the receipt prescribed by securities legislation".

4. Section 2.4 is amended

(a) in subsection (2), by striking out "Particularly in the area of distributions of novel specified derivatives and asset-backed securities, the securities regulatory authorities wish to encourage adequate prospectus disclosure, either in the base shelf prospectus or the shelf prospectus supplement, of the attributes of and the risks associated with these products" **and substituting** "All material attributes of the products, and the risks associated with them, should be disclosed in either the base shelf prospectus or the shelf prospectus supplement";

(b) in subsection (3), by striking out "section 4.1" **and substituting** "section 4.1 of NI 44-102"; **and**

(c) by repealing subsections (4) and (5) and substituting the following:

"**(4)** The term "novel" has a different meaning depending on whether it pertains to specified derivatives or asset-backed securities. In the case of asset-backed securities, the term is intended to apply to a distribution of asset-backed securities that is structured in a manner that differs materially from the manner in which any public distribution that has previously taken place in a jurisdiction was structured. In the case of specified derivatives, an issuer or selling securityholder must pre-clear any distribution of derivative securities that are of a type that have not previously been distributed to the public by the issuer.

(5) The securities regulatory authorities are of the view that the definition of the term "novel" should be read relatively restrictively. A security would not be novel merely because a new underlying interest was used. For example, where the underlying interest is a market index, the use of a different market index would not be considered "novel", provided that information about the index methodology, the constituents that make up the index, as well as the daily index level, are available to the public. However, in circumstances where an issuer or its advisor is uncertain if a product is novel, the securities regulatory authorities encourage the issuer to either treat products as novel or to seek input from staff prior to filing a base shelf prospectus or prospectus supplement, as the case may be.

(6) If the product is not novel, then the shelf prospectus supplements concerning the product need not be reviewed by the securities regulatory authorities. The securities regulatory authorities are of the view that the disclosure in shelf prospectus supplements in such circumstances should be no less comprehensive than the disclosure that has previously been reviewed by a securities regulatory authority in a jurisdiction. The securities regulatory authorities also believe that the rights provided to investors in such products should be no less comprehensive than the rights provided in offerings previously reviewed by a securities regulatory authority in a jurisdiction.

(7) The securities regulatory authorities have a particular interest in reviewing novel specified derivatives that are functionally similar to investment fund products. These products have generally taken the form of linked notes issued under a medium term note program. These derivatives provide returns that are similar to investment fund products but are not necessarily subject to the investment funds regulatory regime. As a result, the securities

regulatory authorities will review such offerings while keeping investment fund conflicts and disclosure concerns in mind.

(8) In circumstances where it is apparent to the issuer or selling securityholder that a specified derivative that is subject to the pre-clearance process is similar to a specified derivative that has already been subject to the pre-clearance process, the issuer or selling securityholder is encouraged, for the purpose of expediting the pre-clearance process, to file along with the shelf prospectus supplement a blackline to the relevant precedent shelf prospectus supplement. The issuer or selling securityholder is also encouraged to provide a cover letter setting out the material attributes of the specified derivative that differ from the securities offered under the precedent shelf prospectus.".

5. Section 2.6.1 is amended by striking out "opinion, report or valuation" **and substituting** "report, valuation, statement or opinion".

6. Section 3.1 is amended

(a) in subsection (1), by striking out "Securities legislation in a number of jurisdictions" **and substituting** "Part 6 of NI 41-101 or other securities legislation";

(b) by repealing subsection (2) and substituting the following:

"**(2)** Section 5.8 of NI 44-102 permits, in limited circumstances, the requirement in Part 6 of NI 41-101 or other securities legislation to file an amendment to be satisfied by the incorporation by reference of material change reports filed after the base shelf prospectus has been receipted. This is an exception to the general principle set out in section 3.6 of the Companion Policy to NI 44-101. That section provides that the requirement in NI 41-101 or other securities legislation to file an amendment is not satisfied by the incorporation by reference of material change reports filed after the short form prospectus has been receipted. The exception in section 5.8 of the NI 44-102 is limited to periods in which no securities are being distributed under the base shelf prospectus."; **and**

(c) in subsection (3), by adding "NI 41-101 or other" **after** "The requirement of".

7. Subsection 4.1(1) is amended

(a) in subsection (1),

(i) **by striking out** "executing" **and substituting** "preparing forms of" and by striking out "by an issuer, credit supporter and underwriter", **and**

(ii) **by striking out** "The method selected by an issuer applies to a promoter.";

(b) **by repealing subsection (2) and substituting the following:**

"**(2)** Method 1 requires that forward-looking forms of prospectus certificates be included in a base shelf prospectus. Doing so allows the use of shelf prospectus supplements that do not contain prospectus certificates as set out in section 6.8 of NI 44-102. Method 2 requires forms of prospectus certificates that speak only to the present to be included in both the base shelf prospectus and each shelf prospectus supplement."; **and**

(c) **in subsection (3), by striking out** "forward looking certificates" **and substituting** "forward-looking forms of certificates".

APPENDIX F

Schedule 1

AMENDMENT INSTRUMENT FOR
NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING*

1. This Instrument amends National Instrument 44-103 *Post-Receipt Pricing*.

2. National Instrument 44-103 *Post-Receipt Pricing* is amended by striking out "security holder" **wherever it occurs and substituting** "securityholder".

3. Subsection 1.1(2) is repealed and the following is substituted:

"**(2)** Every term that is defined or interpreted in NI 41-101 or NI 44-101, the definition or interpretation of which is not restricted to a specific portion of NI 41-101 or NI 44-101, has, if used in this Instrument, the meaning ascribed to it in NI 41-101 or NI 44-101, unless otherwise defined or interpreted in this Instrument.".

4. Subsection 3.2(1) is amended

(a) by repealing paragraph 7. and substituting the following:

"7. The prospectus certificates required by Part 5 of NI 41-101 and other securities legislation,

(a) in the following issuer certificate form:

"The [insert, if applicable, "short form"] prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute, full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of [insert name of each jurisdiction in which qualified].”; and

(b) in the following underwriter certificate form:

"To the best of our knowledge, information and belief, this [insert, if applicable "short form"] prospectus, together with the documents and information incorporated by reference, will, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities

legislation of [insert name of each jurisdiction in which qualified].””;

(b) by repealing paragraph 8.; **and**

(c) by repealing paragraph 9.

5. Paragraph 8. of section 3.3 is repealed and the following is substituted:

“8. The identity of the members of the underwriting syndicate, other than the lead underwriter and any co-lead underwriter, and the disclosure required under Item 14 of Form 44-101F1 or Item 25 of Form 41-101F1.”.

6. Section 3.6 is repealed and the following is substituted:

“**3.6 Amendment to a Base PREP Prospectus**

(1) For an amendment to a base PREP prospectus, other than an amendment filed under section 2.4 to opt out of the PREP procedures, in respect of a base PREP prospectus that included the issuer certificate form or the underwriter certificate form in subsection 3.2(1), and if the amendment is not a restatement of the base PREP prospectus, insert the phrase “as amended by this amendment” after the reference in each certificate form to the prospectus.

(2) For an amended and restated base PREP prospectus, other than an amended and restated base PREP prospectus filed under section 2.4 to opt out of the PREP procedures, in respect of a base PREP prospectus that included the issuer certificate form or the underwriter certificate form in subsection 3.2(1), preface the reference to the prospectus in each certificate form with the phrase “this amended and restated”.”.

7. Section 4.1 is amended by striking out “and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed”.

8. Section 4.4 is amended

(a) in subsection (1), by striking out “percent” **and substituting** “%”;

(b) in subsection (2),

(i) by striking out “percent” **and substituting** “%”, **and**

(ii) by adding “Part 6 of NI 41-101 or other” **before** “securities legislation that require the filing”; **and**

(c) in subsection (3),

(i) by adding "Part 6 of NI 41-101 or other" **before** "securities legislation that require the filing", **and**

(ii) by striking out "certificates" **wherever it occurs and substituting** "issuer certificate form and underwriter certificate form".

9. Subsection 4.5(2) is amended

(a) by repealing paragraph 3. and substituting the following:

"3. The prospectus certificates required by Part 5 of NI 41-101 or other securities legislation,

(a) in the following issuer certificate form:

"This [insert, if applicable, "short form"] prospectus [insert in the case of a short form prospectus distribution – ", together with the documents incorporated by reference"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]."; and

(b) in the following underwriter certificate form:

"To the best of our knowledge, information and belief, this [insert, if applicable, "short form"] prospectus [insert in the case of a short form prospectus distribution – ", together with the documents incorporated by reference,"] constitutes full, true and plain disclosure of all material facts relating to securities offered by this prospectus as required under the securities legislation of [insert name of each jurisdiction in which qualified].";";

(b) by repealing paragraph 4.; **and**

(c) by repealing paragraph 5.

10. Section 4.7 is repealed and the following is substituted:

"**4.7 Amendment to a Supplemented PREP Prospectus** – An amendment to a supplemented PREP prospectus shall contain the form of certificates set out in subsection 4.5(2) for a supplemented PREP prospectus with the following changes:

1. If the amendment is not a restatement of the supplemented PREP prospectus, the phrase "as amended by this amendment" inserted after the reference in each certificate form to the prospectus.

2. If the amendment is an amended and restated supplemented PREP prospectus, the reference in each certificate form to the prospectus prefaced by the phrase "this amended and restated".".

11. Section 4.10 is amended

(a) by striking out "securities legislation" **wherever it occurs and substituting** "Part 9 of NI 41-101"; **and**

(b) by striking out "or delivered to the regulator", "or delivered, as the case may be," and "or redelivered, as the case may be,".

12. Section 6.1 is amended by adding the following subsection (2.1) after subsection (2):

"(2.1) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.".

13. Subsection 6.2(2) is repealed and the following is substituted:

"(2) The issuance of a receipt for a base PREP prospectus or an amendment to a base PREP prospectus is not evidence that the exemption is being granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in subsection 6.1(3), on or before the date of the filing of the preliminary base PREP prospectus, or

(ii) the letter or memorandum referred to in subsection 6.1(3) after the date of the filing of the preliminary base PREP prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).".

14. This Instrument comes into force on March 17, 2008.

APPENDIX F

Schedule 2

AMENDMENTS TO
COMPANION POLICY 44-103CP TO
NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING*

Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* is amended as follows:

1. Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* is amended by striking out "security holder" **wherever it occurs and substituting** "securityholder".

2. Section 1.3 is amended

(a) by repealing subsection (2) and substituting the following:

"**(2)** A distribution under a short form prospectus using the PREP procedures is subject to all the requirements of National Instrument 44-101 *Short Form Prospectus Distributions*, some of the requirements of National Instrument 41-101 *General Prospectus Requirements* and other provisions of securities legislation, as supplemented or varied by the Instrument and the implementing law of the jurisdiction. Reference is made to Part 1 of the Companion Policy to NI 44-101 for a discussion of the relationship between NI 44-101 and various other pieces of securities legislation and section 1.2 of the Companion Policy to NI 41-101 for a discussion of the relationship between NI 41-101 and various other pieces of securities legislation."; **and**

(b) by repealing subsection (3) and substituting the following:

"**(3)** Similarly, a distribution using the PREP procedures not made under a short form prospectus is subject to securities legislation, as supplemented or varied by the Instrument and the implementing law of the jurisdiction, including NI 41-101.".

3. Subsection 2.1(1) is repealed and the following is substituted:

"**(1)** Section 4.4 of the Instrument provides that the size of an offering may be increased or decreased by up to 20% between the filing of the prospectus and the filing of the supplemented PREP prospectus. The section further provides that, in cases where such a change in the size of the offering constitutes a material change, the requirement in Part 6 of NI 41-101 or other securities legislation to file an amendment if a material change

occurs may be satisfied by filing the supplemented PREP prospectus. The form of certificates required in the supplemented PREP prospectus are those set out in subsection 4.5(2) of the Instrument. For changes in the size of the offering by more than 20% that constitute a material change, this flexibility in filing of the amendment is not available.".

4. Section 3.4 is amended by adding "Part 6 of NI 41-101 or other" **before** "securities legislation".

5. Section 3.5 is repealed.

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APPENDIX G

AMENDMENT INSTRUMENT FOR FORM 45-101F *INFORMATION REQUIRED IN A RIGHTS OFFERING CIRCULAR OF* NATIONAL INSTRUMENT 45-101 *RIGHTS OFFERINGS*

1. This Instrument amends Form 45-101F *Information Required in a Rights Offering Circular*.

2. Section 3.1 is amended

(a) by striking out "for" **and substituting** "of" **before** "agent(s) for service";

(b) by striking out "collect from the issuer, judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation" **and substituting** "enforce judgements obtained in Canada against [the issuer].".

3. Section 3.2 is repealed.

4. Section 11.2 is repealed and the following is substituted:

"**11.2 – Underwriting Conflicts**

Comply with the requirements of National Instrument 33-105 *Underwriting Conflicts*.

INSTRUCTION:

Disclose any information concerning conflicts of interest, including, without limitation, underwriting conflicts, as required by securities legislation.".

5. Section 13.1 is amended

(a) by striking out "is the direct or indirect beneficial owner of or exercises control or direction over more than 10 percent" **and substituting** "beneficially owns, or controls or directs, directly or indirectly, more than 10%"; **and**

(b) by adding ", directly or indirectly" **after** "owned, controlled or directed" **wherever it occurs.**

6. This Instrument comes into force on March 17, 2008.

Appendix H

Schedule 1

Amendment Instrument to
National Instrument 51-102 *Continuous Disclosure Obligations*

1. This Instrument amends National Instrument 51-102 *Continuous Disclosure Obligations*.

2. Subsection 1.1(1) is amended

(a) by adding the following definition after "material change":

""material contract" means any contract that an issuer or any of its subsidiaries is a party to, that is material to the issuer;";

(b) by repealing the definition of "restricted security**" and substituting the following:**

""restricted security" means an equity security of a reporting issuer if any of the following apply:

(a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security;

(b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities; or

(c) the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities;"; **and**

(c) in paragraph (c) of the definition of "informed person"**, by striking out** "beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over" **and substituting** "beneficially owns, or controls or directs, directly or indirectly,".

3. Subsection 1.1(3) is amended by striking out ", directly or indirectly, beneficially owns or exercises control or direction over" **and substituting** "beneficially owns, or controls or directs, directly or indirectly,".

4. Paragraph 8.4(5)(b) is amended by striking out "after the ending date" **and substituting** "since the beginning".

5. Subparagraph 8.10(3)(e)(ii) is amended by striking out "after the ending date" **and substituting** "since the beginning".

6. Section 12.2 is repealed and the following is substituted:

"**12.2 Filing of Material Contracts**

(1) Unless previously filed, a reporting issuer must file a material contract entered into

(a) within the last financial year; or

(b) before the last financial year if that material contract is still in effect.

(2) Despite subsection (1), a reporting issuer is not required to file a material contract entered into in the ordinary course of business unless the material contract is

(a) a contract to which directors, officers, or promoters are parties other than a contract of employment;

(b) a continuing contract to sell the majority of the reporting issuer's products or services or to purchase the majority of the reporting issuer's requirements of goods, services, or raw materials;

(c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name;

(d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;

(e) an external management or external administration agreement; or

(f) a contract on which the reporting issuer's business is substantially dependent.

(3) A provision in a material contract filed pursuant to subsections (1) or (2) may be omitted or marked to be unreadable if an executive officer of the

reporting issuer reasonably believes that disclosure of that provision would be seriously prejudicial to the interests of the reporting issuer or would violate confidentiality provisions.

(4) Subsection (3) does not apply if the provision relates to

(a) debt covenants and ratios in financing or credit agreements;

(b) events of default or other terms relating to the termination of the material contract; or

(c) other terms necessary for understanding the impact of the material contract on the business of the reporting issuer.

(5) If a provision is omitted or marked to be unreadable under subsection (3), the reporting issuer must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision in the copy of the material contract filed by the reporting issuer.

(6) Despite subsections (1) and (2), a reporting issuer is not required to file a material contract entered into before January 1, 2002.".

7. Section 13.4 is amended

(a) in subsection (1)

(i) in the definition of "designated credit support securities"

(A) in paragraph (a), by adding "non-convertible" **before** "securities of the credit supporter";

(B) in between paragraphs (b) and (c), by striking out "in respect of which a credit supporter has provided" **and substituting** "in respect of which a parent credit supporter has provided;";

(ii) by adding the following definitions after the definition of "designated credit support securities":

""parent credit supporter" means a credit supporter of which the reporting issuer is a subsidiary;

"subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter;";

(b) in subsection (1.1)

(i) by adding "parent" **before** "credit supporter" **wherever it occurs**;

(ii) in paragraph (b), by striking out "of consolidating summary financial information";

(iii) by repealing paragraph (c) and substituting the following:

"(c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.";

(c) in subsection (2)

(i) by striking out "subsection" **and substituting** "section";

(ii) by adding "parent" **before "**credit supporter**" wherever it occurs**;

(iii) by striking out "and" **at the end of paragraph (i),**

(iv) by striking out "." **and substituting** "; and" **at the end of paragraph (j),**

(v) by adding the following paragraph (k) after paragraph (j):

"(k) no person or company other than the parent credit supporter has provided a guarantee or alternative credit support for the payments to be made under any issued and outstanding securities of the credit support issuer.";

(d) by adding the following subsections (2.1) and (2.2) after subsection (2):

"(2.1) A credit support issuer satisfies the requirements of this Instrument where there is a parent credit supporter and one or more subsidiary credit supporters if

(a) the conditions in paragraphs (2)(a) to (f), (i), and (j) are complied with;

(b) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are filed or referred to under paragraph (2)(d);

(c) the credit support issuer files, in electronic format, in the notice referred to in clause (2)(d)(ii)(A) or in or with the copy of the interim and annual consolidated financial statements filed under subparagraph (2)(d)(i) or clause (2)(d)(ii)(B), for a period covered by any interim or annual consolidated financial statements of the parent credit supporter filed by the parent credit supporter, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(i) the parent credit supporter;

(ii) the credit support issuer;

(iii) each subsidiary credit supporter on a combined basis;

(iv) any other subsidiaries of the parent credit supporter on a combined basis;

(v) consolidating adjustments; and

(vi) the total consolidated amounts;

(d) no person or company, other than the parent credit supporter or a subsidiary credit supporter has provided a guarantee or alternative credit support for the payments to be made under the issued and outstanding designated credit support securities; and

(e) the guarantees or alternative credit supports are joint and several.

(2.2) Despite paragraph (2.1)(c), the information set out in a column in accordance with

(a) subparagraph (2.1)(c)(iv), may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if each item of the summary financial information set out in a column in accordance with subparagraph (2.1)(c)(iv) represents less than 3% of the corresponding items on the consolidated financial statements of the parent credit supporter being filed or referred to under paragraph (2)(d),

(b) subparagraph (2.1)(c)(ii) may be combined with the information set out in accordance with any of the other columns in paragraph (2.1)(c) if the credit support issuer has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (2)(c).";

(e) in subsection (3), by repealing paragraphs (a) through (e) and substituting the following:

"(a) the conditions in paragraphs (2)(a) to (c) are complied with;

(b) if the insider is not a credit supporter,

(i) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning a credit supporter before the material facts or material changes are generally disclosed, and

(ii) the insider is not an insider of a credit supporter in any capacity other than by virtue of being an insider of the credit support issuer; and

(c) if the insider is a credit supporter, the insider does not beneficially own any designated credit support securities."; **and**

(f) in subsection (4), by adding "parent" **before** "credit supporter" **wherever it occurs**.

8. This Instrument comes into force on March 17, 2008.

APPENDIX H

Schedule 2

AMENDMENT INSTRUMENT FOR FORM 51-102F2
***ANNUAL INFORMATION FORM* OF**
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. This Instrument amends Form 51-102F2 *Annual Information Form*.

2. Section 3.2 is amended

(a) by striking out "beneficially owned, controlled or directed," **wherever it occurs and substituting** "beneficially owned, or controlled or directed, directly or indirectly,"; **and**

(b) in paragraph 3.2(c), by striking out "or continued" **and substituting** ", continued, formed or organized".

3. Section 5.2 is amended by striking out "Risks should be disclosed in the order of their seriousness".

4. The following Instructions (i) and (ii) are added to section 5.2:

"*INSTRUCTIONS*

(i) Disclose the risks in order of seriousness from the most serious to the least serious.

(ii) A risk factor must not be de-emphasized by including excessive caveats or conditions.".

5. Subsection 5.3(2) is amended by striking out "information on the" **and substituting** "financial disclosure that described the underlying" **before** "pool of financial assets".

6. Paragraph 5.3(2)(e) is amended by striking out "(a), (b), (c), or (d)" **and substituting** "(a) through (d)".

7. The following subsection 5.3(2.1) is added after subsection 5.3(2):

"(2.1) If any of the financial disclosure disclosed in accordance with subsection (2) has been audited, disclose the existence and results of the audit.".

8. Section 6.1 is amended

(a) by adding "or distribution" **after** "dividend" **wherever it occurs**;

(b) by adding "or distributions" **after** "dividends" **wherever it occurs**;

(c) by striking out "share**" and substituting** "security";

(d) by striking out "shares" **and substituting** "securities".

9. Section 7.3 is amended by striking out "if you receive" **and substituting** "if you are aware that you have received" **before** "any other kind of rating".

10. Paragraph 7.3(g) is repealed and the following is substituted:

"(g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.".

11. Subsection 8.1(2) is amended by adding "but is traded or quoted on a foreign marketplace," **after** "If a class of securities of your company is not traded or quoted on a Canadian marketplace,".

12. Section 8.2 is repealed and the following is substituted:

"**8.2 Prior Sales**

For each class of securities of your company that is outstanding but not listed or quoted on a marketplace, state the price at which securities of the class have been issued during the most recently completed financial year by your company, the number of securities of the class issued at that price, and the date on which the securities were issued.".

13. Item 9 is repealed and the following is substituted:

"**Item 9 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer**

9.1 Escrowed Securities and Securities Subject to Contractual Restriction on Transfer

(1) State, in substantially the following tabular form, the number of securities of each class of your company held, to your company's knowledge, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class for your company's most recently completed financial year.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class

(2) In a note to the table disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow or the date the contractual restriction on transfer ends, as applicable.

INSTRUCTIONS

(i) For the purposes of this section, escrow includes securities subject to a pooling agreement.

(ii) For the purposes of this section, securities subject to contractual restrictions on transfer as a result of pledges made to lenders are not required to be disclosed.".

14. Section 10.1 is amended

(a) in subsection 10.1(3), by striking out "beneficially owned, directly or indirectly, or over which control or direction is exercised," **and substituting** "beneficially owned, or controlled or directed, directly or indirectly,"; **and**

(b) by repealing the Instruction and substituting the following:

"*INSTRUCTION*

For the purposes of subsection (3), securities of subsidiaries of your company that are beneficially owned, or controlled or directed, directly or indirectly, by directors or executive officers through ownership, or control or direction, directly or indirectly, over securities of your company, do not need to be included.".

15. Section 10.3 is amended by adding "of" **before the second occurrence of** "a subsidiary of your company.".

16. Section 11.1 is amended

(a) by striking out "three" **wherever it occurs and substituting** "two"; **and**

(b) in paragraph 11.1(b), by striking out "beneficially owned, directly or indirectly, or over which control is exercised" **and substituting** "beneficially owned, or controlled or directed, directly or indirectly,".

17. Section 12.1 is repealed and the following is substituted:

"**12.1 Legal Proceedings**

(1) Describe any legal proceedings your company is or was a party to, or that any of its property is or was the subject of, during your company's financial year.

(2) Describe any such legal proceedings your company knows to be contemplated.

(3) For each proceeding described in subsections (1) and (2), include the name of the court or agency, the date instituted, the principal parties to the proceeding, the nature of the claim, the amount claimed, if any, whether the proceeding is being contested, and the present status of the proceeding.

INSTRUCTION

You do not need to give information with respect to any proceeding that involves a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten per cent of the current assets of your company. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, you must include the amount involved in the other proceedings in computing the percentage.".

18. Paragraph 12.2(c) is amended by striking out "with" **and substituting** "before" **before** "a court".

19. Section 13.1 is amended

(a) by striking out "will" **and substituting** "is reasonably expected to" **before** "materially affect your company:"; **and**

(b) **in paragraph 13.1(b), by striking out** "is the direct or indirect beneficial owner of, or who exercises control or direction over," **and substituting** "beneficially owns, or controls or directs, directly or indirectly,".

20. Section 15.1 is repealed and the following is substituted:

"**15.1 Material Contracts**

Give particulars of any material contract

(a) required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, or

(b) that would be required to be filed under section 12.2 of the Instrument at the time this AIF is filed, as required under section 12.3 of the Instrument, but for the fact that it was previously filed.

INSTRUCTIONS

(i) You must give particulars of any material contract that was entered into within the last financial year or before the last financial year but is still in effect, and that is required to be filed under section 12.2 of the Instrument or would be required to be filed under section 12.2 of the Instrument but for the fact that it was previously filed. You do not need to give particulars of a material contract that was entered into before January 1, 2002 because these material contracts are not required to be filed under section 12.2 of the Instrument.

(ii) Set out a complete list of all contracts for which particulars must be given under this section, indicating those that are disclosed elsewhere in the AIF. Particulars need only be provided for those contracts that do not have the particulars given elsewhere in the AIF.

(iii) Particulars of contracts must include the dates of, parties to, consideration provided for in, and general nature and key terms of, the contracts.".

21. Item 16 is amended by striking out "statement, report or valuation" **wherever it occurs and substituting** "report, valuation, statement or opinion".

22. This Instrument comes into force on March 17, 2008.

APPENDIX H

Schedule 3

AMENDMENT INSTRUMENT FOR FORM 51-102F5 *INFORMATION CIRCULAR* OF NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. This Instrument amends Form 51-102F5 *Information Circular*.

2. Section 6.5 is amended

(a) by striking out "beneficially owns, directly or indirectly, or controls or directs" **and substituting** "beneficially owns, or controls or directs, directly or indirectly,";

(b) in paragraph (a), by striking out "beneficially owned, directly or indirectly, or controlled or directed" **and substituting** "beneficially owned, or controlled or directed, directly or indirectly,";

(c) in paragraph (b), by adding ", directly or indirectly" **after** "owned, controlled or directed".

3. Paragraphs 7.1(f) and (g) are amended by striking out "beneficially owned, directly or indirectly, or controlled or directed" **wherever it occurs and by substituting** "beneficially owned, or controlled or directed, directly or indirectly,".

4. This Instrument comes into force on March 17, 2008.

APPENDIX H

Schedule 4

AMENDMENTS TO COMPANION POLICY 51-102CP TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

Companion Policy 51-102CP to National Instrument 51-102 *Continuous Disclosure Obligations* is amended as follows:

1. Section 1.5 is repealed and the following is substituted:

"**1.5 Plain Language Principles**

You should apply plain language principles when you prepare your disclosure including:

- using short sentences
- using definite everyday language
- using the active voice
- avoiding superfluous words
- organizing the document in clear, concise sections, paragraphs and sentences
- avoiding jargon
- using personal pronouns to speak directly to the reader
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure
- not relying on boilerplate wording
- avoiding abstract terms by using more concrete terms or examples
- avoiding multiple negatives
- using technical terms only when necessary and explaining those terms
- using charts, tables and examples where it makes disclosure easier to understand.

Question and answer bullet point formats are consistent with the disclosure requirements of the Instrument.".

2. Section 6.2 is repealed and the following is substituted:

"**6.2 AIF Disclosure of Asset-backed Securities**

(1) **Factors to consider** – Issuers that have distributed asset-backed securities under a prospectus are required to provide disclosure in their AIF under section 5.3 of Form 51-102F2. Issuers of asset-backed securities must determine which other prescribed disclosure is applicable and ought to be included in the AIF. Disclosure for a special purpose issuer of asset-backed securities will generally explain

- the nature, performance and servicing of the underlying pool of financial assets;
- the structure of the securities and dedicated cash flows; and
- any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment.

The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

An issuer of asset-backed securities should consider the following factors when preparing its AIF:

1. The extent of disclosure respecting an issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash and the distribution of cash to securityholders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.

2. Disclosure about the business and affairs of the issuer should relate to the financial assets underlying the asset-backed securities.

3. Disclosure about the originator or the seller of the underlying financial assets will often be relevant to investors in the asset-backed securities particularly where the originator or seller has an on-going involvement with the financial assets comprising the

pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision.

To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirement applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

Financial information respecting the pool of assets to be described and analyzed in the AIF will consist of information commonly set out in servicing reports prepared to describe the performance of the pool and the specific allocations of income, loss and cash flows applicable to outstanding asset-backed securities made during the relevant period.

(2) **Underlying pool of assets** – Paragraph 5.3(2)(a) of Form 51-102F2 requires issuers of asset-backed securities that were distributed by way of prospectus to include financial disclosure relating to the composition of the underlying pool of financial assets, the cash flows from which service the asset-backed securities. Disclosure respecting the composition of the pool will vary depending upon the nature and number of the underlying financial assets. For example, in a geographically dispersed pool of financial assets, it may be appropriate to provide a summary disclosure based on the location of obligors. In the context of a revolving pool, it may be appropriate to provide details relating to aggregate outstanding balances during a year to illustrate historical fluctuations in asset origination due, for example, to seasonality. In pools of consumer debt obligations, it may be appropriate to provide a breakdown within ranges of amounts owing by obligors in order to illustrate limits on available credit extended.".

3. Subsection 8.7(6) is repealed and the following is substituted:

"(6) **Multiple Acquisitions** – If a reporting issuer has completed multiple acquisitions then, under subsection 8.4(5) of the Instrument, the pro forma financial statements must give effect to each acquisition completed since the beginning of the most recently completed financial year. The pro

forma adjustments may be grouped by line item on the face of the pro forma financial statements provided the details for each transaction are disclosed in the notes.".

4. The following subsection 8.7(8) is added after subsection 8.7(7):

"(8) **Indirect Acquisitions** – Under the securities legislation of certain jurisdictions, it is generally an offence to make a statement in a document that is required to be filed under securities legislation, and that does not state a fact that is necessary to make the statement not misleading. When a reporting issuer acquires a business that has itself recently acquired another business or related businesses (an "indirect acquisition"), the reporting issuer should consider whether it needs to provide disclosure of the indirect acquisition in the business acquisition report, including historical financial statements, and whether the omission of these statements would cause the business acquisition report to be misleading, untrue or substantially incomplete. In making this determination, the reporting issuer should consider the following factors:

- if the indirect acquisition would meet any of the significance tests in section 8.3 of the Instrument when the reporting issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business, and

- if the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the reporting issuer is acquiring.".

5. Section 12.1 is amended

(a) by striking out "This is a very narrow exception." **and substituting** "This carve out for a statutory or regulatory instrument is very narrow.";

(b) by striking out "it" **and substituting** "the carve out" **after** "For example,".

6. Section 12.2 is repealed and the following is substituted:

"**12.2 Contracts that Affect the Rights or Obligations of Securityholders –** Paragraph 12.1(1)(e) of the Instrument requires reporting issuers to file copies of contracts that can reasonably be regarded as materially affecting the rights of their securityholders generally. A warrant indenture is one example of this type of contract. We would expect that contracts entered into in the ordinary course of business would not usually affect the rights of securityholders generally, and so would not have to be filed under this paragraph.".

7. Section 12.3 is repealed and the following is substituted:

"**12.3 Material Contracts**

(1) **Definition –** Under subsection 1.1(1) of the Instrument, a material contract is defined as a contract that a reporting issuer or any of its subsidiaries is a party to, that is material to the reporting issuer. A material contract generally includes a schedule, side letter or exhibit referred to in the material contract and any amendment to the material contract. The redaction and omission provisions in subsections 12.2(3) and (4) of the Instrument apply to these schedules, side letters, exhibits or amendments.

(2) **Filing Requirements –** Subject to the exceptions in paragraphs 12.2(2)(a) through (f) of the Instrument, subsection 12.2(2) of the Instrument provides an exemption from the filing requirement for a material contract entered into in the ordinary course of business. Whether a reporting issuer entered into a contract in the ordinary course of business is a question of fact that the reporting issuer should consider in the context of its business and industry.

Paragraphs 12.2(2)(a) through (f) of the Instrument describe specific types of material contracts that are not eligible for the ordinary course of business exemption. Accordingly, if subsection 12.2(1) of the Instrument requires a reporting issuer to file a material contract of a type described in these paragraphs, the reporting issuer must file that material contract even if the reporting issuer entered into it in the ordinary course of business.

(3) **Contract of Employment** – Paragraph 12.2(2)(a) of the Instrument provides that a material contract with certain individuals is not eligible for the ordinary course of business exemption, unless it is a "contract of employment". One way for reporting issuers to determine whether a contract is a contract of employment is to consider whether the contract contains payment or other provisions that are required disclosure under Form 51-102F6 as if the individual were a named executive officer or director of the reporting issuer.

(4) **External Management and External Administration Agreements –** Under paragraph 12.2(2)(e) of the Instrument, external management and external administration agreements are not eligible for the ordinary course of business exemption. External management and external administration agreements include agreements between the reporting issuer and a third party, the reporting issuer's parent entity, or an affiliate of the reporting issuer, under which the latter provides management or other administrative services to the reporting issuer.

(5) **Material Contracts on which the Reporting Issuer's Business is Substantially Dependent –** Paragraph 12.2(1)(f) of the Instrument provides that a material contract on which the "reporting issuer's business is substantially dependent" is not eligible for the ordinary course of business exemption. Generally, a contract on which the reporting issuer's business is substantially dependent is a contract so significant that the reporting issuer's business depends on the continuance of the contract. Some examples of this type of contract include:

(a) a financing or credit agreement providing a majority of the reporting issuer's capital requirements for which alternative financing is not readily available at comparable terms;

(b) a contract calling for the acquisition or sale of substantially all of the reporting issuer's property, plant and equipment, long-lived assets, or total assets; and

(c) an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the reporting issuer's business.

(6) **Confidentiality Provisions –** Under subsection 12.2(3) of the Instrument, a reporting issuer may omit or redact a provision of a material contract that is required to be filed if an executive officer of the reporting issuer has reasonable grounds to believe that disclosure of the omitted or redacted provision would violate a confidentiality provision. A provision of the type described in paragraphs 12.2(4)(a), (b) or (c) of the Instrument may not be omitted or redacted even if disclosure would violate a confidentiality provision, including a blanket confidentiality provision covering the entire material contract.

When negotiating material contracts with third parties, reporting issuers should consider their disclosure obligations under securities legislation. A regulator or securities regulatory authority may consider granting an exemption to permit a provision of the type listed in subsection 12.2(4) of the Instrument to be redacted if:

(a) the disclosure of that provision would violate a confidentiality provision; and

(b) the material contract was negotiated before the adoption of the exceptions in subsection 12.2(4) of the Instrument.

The regulator may consider the following factors, among others, in deciding whether to grant an exemption:

(c) whether an executive officer of the reporting issuer reasonably believes that the disclosure of the provisions would be prejudicial to the interests of the reporting issuer; and

(d) whether the reporting issuer is unable to obtain a waiver of the confidentiality provision from the other party.

(7) **Disclosure Seriously Prejudicial to Interests of Reporting Issuer –** Under subsection 12.2(3) of the Instrument, a reporting issuer may omit or redact certain provisions of a material contract that is required to be filed if an executive officer of the reporting issuer reasonably believes that disclosure of the omitted or redacted provision would be seriously prejudicial to the interests of the reporting issuer. One example of disclosure that may be seriously prejudicial to the interests of the reporting issuer is disclosure of information in violation of applicable Canadian privacy legislation. However, in situations where securities legislation requires disclosure of the particular type of information, applicable privacy legislation generally provides an exemption for the disclosure. Generally, disclosure of information that a reporting issuer or other party has already publicly disclosed is not seriously prejudicial to the interests of the reporting issuer.

(8) **Terms Necessary for Understanding Impact on Business of Reporting Issuer –** A reporting issuer may not omit or redact a provision of a type described in paragraph 12.2(4)(a), (b), or (c) of the Instrument. Paragraph 12.2(4)(c) of the Instrument provides that a reporting issuer may not omit or redact "terms necessary for understanding the impact of the material contract on the business of the reporting issuer". Terms that may be necessary for understanding the impact of the material contract on the business of the reporting issuer include the following:

(a) the duration and nature of a patent, trademark, license, franchise, concession, or similar agreement;

(b) disclosure about related party transactions; and

(c) contingency, indemnification, anti-assignability, take-or-pay clauses, or change-of-control clauses.

(9) **Summary of Omitted or Redacted Provisions –** Under subsection 12.2(5) of the Instrument, a reporting issuer must include a description of the type of information that has been omitted or redacted in the copy of the material contract filed by the reporting issuer. A brief one-sentence description immediately following the omitted or redacted information is generally sufficient."

APPENDIX I

Schedule 1

AMENDMENT INSTRUMENT FOR
NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. This Instrument amends National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

2. Section 1.1 is amended

(a) by adding the following definition before "commodity pool":

""business day" means any day other than a Saturday, a Sunday or a statutory holiday;";

(b) by adding the following definition before "financial year":

""executive officer" means, for a mutual fund, a manager of a mutual fund or a promoter of a mutual fund, an individual who is

(a) a chair, vice-chair or president,

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or product development, or

(c) performing a policy-making function;" **and**

(c) by adding the following definition before "plain language":

""Personal Information Form and Authorization" means the Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information set out in Appendix A to National Instrument 41-101 *General Prospectus Requirements*;".

3. Section 2.1 is amended

(a) by striking out "and" **at the end of paragraph 2.1(c);**

(b) by striking out "form." **at the end of subparagraph 2.1(d)(ii) and substituting** "form; and"; **and**

(c) by adding the following paragraph 2.1(e) after paragraph 2.1(d):

"(e) must not file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus that relates to the prospectus.**".**

4. The following sections 2.2.1, 2.2.2, and 2.2.3 are added after section 2.2:

"**2.2.1 Amendment to a Preliminary Simplified Prospectus** – (1) Except in Ontario, if, after a receipt for a preliminary simplified prospectus is issued but before a receipt for the simplified prospectus is issued, a material adverse change occurs, an amendment to the preliminary simplified prospectus must be filed as soon as practicable, but in any event within 10 days after the change occurs.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a preliminary prospectus.][1]

(2) The regulator must issue a receipt for an amendment to a preliminary simplified prospectus as soon as practicable after the amendment is filed.

2.2.2 Delivery of Amendments -- Except in Ontario, a mutual fund must deliver an amendment to a preliminary simplified prospectus as soon as practicable to each recipient of the preliminary simplified prospectus according to the record of recipients required to be maintained under securities legislation.

[**Note:** In Ontario, subsection 57(3) of the *Securities Act* (Ontario) imposes similar requirements regarding the delivery of amendments to a preliminary prospectus.]

2.2.3 Amendment to a Simplified Prospectus – (1) Except in Ontario, if, after a receipt for a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus, a material change occurs, a mutual fund must file an amendment to the simplified prospectus as soon as practicable, but in any event within 10 days after the day the change occurs.

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[1] In Ontario, a number of prospectus related requirements in this Instrument are set out in the *Securities Act* (Ontario). We have identified carve-outs from the Instrument where a similar requirement is set out in the *Securities Act* (Ontario). Notes included in this Instrument have been inserted for convenience of reference only and do not form part of this Instrument or have any force or effect as a rule or policy.

[**Note:** In Ontario, subsection 57(1) of the *Securities Act* (Ontario) imposes a similar obligation to file an amendment to a final prospectus where there has been a material change.]

(2) Except in Ontario, if, after a receipt for a simplified prospectus or an amendment to a simplified prospectus is issued but before the completion of the distribution under the simplified prospectus or the amendment to the simplified prospectus, securities in addition to the securities previously disclosed in the simplified prospectus or the amendment to the simplified prospectus are to be distributed, an amendment to the simplified prospectus disclosing the additional securities must be filed, as soon as practicable, but in any event within 10 days after the decision to increase the number of securities offered.

[**Note:** In Ontario, subsection 57(2) of the *Securities Act* (Ontario) imposes a similar requirement to file an amendment to a prospectus any time there is a proposed distribution of securities in addition to that disclosed under the prospectus.]

(3) Except in Ontario, the regulator must issue a receipt for an amendment to a simplified prospectus filed under this section unless the regulator considers that there are grounds set out in securities legislation that would cause the regulator not to issue the receipt for a simplified prospectus.

[**Note:** In Ontario, subsection 57(2.1) of the *Securities Act* (Ontario) imposes a similar obligation for the Director to issue a receipt for an amendment to a prospectus unless there are proper grounds for refusing the receipt.]

(4) Except in Ontario, the regulator must not refuse to issue a receipt under subsection (3) without giving the mutual fund that filed the simplified prospectus an opportunity to be heard."

[**Note:** In Ontario, subsections 57(2.1) and 61(3) of the *Securities Act* (Ontario) impose a similar restriction on the Director to refuse to issue a receipt for a prospectus without first giving an issuer an opportunity to be heard.]

5. Section 2.3 is amended

(a) by repealing paragraph 2.3(1)(a) and substituting the following:

"(a) file with a preliminary simplified prospectus and a preliminary annual information form

(i) a copy of the preliminary annual information form certified in accordance with Part 5.1,

(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada,

(iii) a copy of any material contract and a copy of any amendment to a material contract that have not previously been filed, other than a contract entered into in the ordinary course of business,

(iv) a copy of the following documents and a copy of any amendment to the following documents that have not previously been filed:

(A) by-laws or other corresponding instruments currently in effect,

(B) any securityholder or voting trust agreement that the mutual fund has access to and that can reasonably be regarded as material to an investor in securities of the mutual fund, and

(C) any other contract of the mutual fund that creates or can reasonably be regarded as materially affecting the rights or obligations of the mutual fund's securityholders generally, and

(v) any other supporting documents required to be filed under securities legislation; and";

(b) by repealing subparagraphs 2.3(1)(b)(i), (ii) and (iii) and substituting the following:

"(i) for

(A) a new mutual fund, a copy of a draft opening balance sheet of the mutual fund, and

(B) an existing mutual fund, a copy of the latest audited financial statements of the mutual fund,

(ii) personal information in the form of the Personal Information Form and Authorization for:

(A) each director and executive officer of the mutual fund,

(B) each director and executive officer of the manager of the mutual fund,

(C) each promoter of the mutual fund, and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

unless

(E) a completed Personal Information Form and Authorization,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B of NI 44-101,

(II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*, or

(III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation,

was previously delivered in connection with the simplified prospectus of another mutual fund managed by the manager of the mutual fund,

(iii) a signed letter to the regulator from the auditor of the mutual fund prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of the mutual fund incorporated by reference in the preliminary simplified prospectus is accompanied by an unsigned auditor's report, and

(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.**";**

(c) by striking out "and" **at the end of subparagraph 2.3(2)(a)(i) and adding the following:**

"(ii) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements,* if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed, and

(iii) any other supporting documents required to be filed under securities legislation; and";

(d) by striking out "and" **at the end of subparagraph 2.3(2)(b)(iii), repealing subparagraph 2.3(2)(b)(iv) and substituting the following:**

"(iv) personal information in the form of the Personal Information Form and Authorization for:

(A) each director and executive officer of the mutual fund,

(B) each director and executive officer of the manager of the mutual fund,

(C) each promoter of the mutual fund, and

(D) if the promoter is not an individual, each director and executive officer of the promoter,

unless

(E) a completed Personal Information Form and Authorization,

(F) before March 17, 2008, a completed authorization in

(I) the form set out in Appendix B of NI 44-101,

(II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*, or

(III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*, or

(G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation,

was previously delivered in connection with a simplified prospectus of the mutual fund or another mutual fund managed by the manager of the mutual fund, and

(v) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.";

(e) by striking out "and" **at the end of subparagraph 2.3(3)(a)(ii), repealing subparagraph 2.3(3)(a)(iii) and substituting the following:**

"(iii) a copy of the annual information form certified in accordance with Part 5.1,

(iv) a submission to the jurisdiction and appointment of an agent for service of process of the manager of the mutual fund in the form set out in Appendix C to National Instrument 41-101 *General Prospectus Requirements*, if the manager of the mutual fund is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada and if that document has not already been filed,

(v) any consents required by section 2.6,

(vi) a copy of each report or valuation referred to in the simplified prospectus, for which a consent is required to be filed under section 2.6 and that has not previously been filed, and

(vii) any other supporting documents required to be filed under securities legislation; and";

(f) by striking out "and" **at the end of subparagraph 2.3(3)(b)(ii), repealing subparagraph 2.3(3)(b)(iii) and substituting the following:**

"(iii) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii) or 2.3(2)(b)(iv), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.";

(g) by repealing subparagraphs 2.3(4)(a)(i) and (ii) and substituting the following:

"(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

(ii) any consents required by section 2.6,

(iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed, and

(iv) any other supporting documents required to be filed under securities legislation;";

(h) by striking out "and" **at the end of subparagraph 2.3(4)(b)(ii), repealing subparagraph 2.3(4)(b)(iii) and substituting the following:**

"(iii) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii), 2.3(2)(b)(iv) or 2.3(3)(b)(iii), in the form of the Personal

Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager, and

(iv) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation.";

(i) by repealing subparagraphs 2.3(5)(a)(i) and (ii) and substituting the following:

"(i) a copy of the amendment to the annual information form certified in accordance with Part 5.1,

(ii) any consents required by section 2.6,

(iii) a copy of any material contract of the mutual fund, and a copy of any amendment to a material contract of the mutual fund, not previously filed, and

(iv) any other supporting documents required to be filed under securities legislation; and";

(j) by repealing paragraph 2.3(5)(b) and substituting the following:

"(b) at the time an amendment to an annual information form is filed, deliver or send to the securities regulatory authority

(i) details of any changes to the personal information required to be delivered under subparagraph 2.3(1)(b)(ii), 2.3(2)(b)(iv) or 2.3(3)(b)(iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager,

(ii) if the amendment is in the form of an amended and restated annual information form, a copy of the amended and restated annual information form blacklined to show changes and the text of deletions from the annual information form; and

(iii) any other supporting documents required to be delivered or sent to the securities regulatory authority under securities legislation."; **and**

(k) by repealing subsection 2.3(6) and substituting the following:

"(6) Despite any other provision of this section, a mutual fund may

(a) omit or mark to be unreadable certain provisions of a material contract or an amendment to a material contract filed under this section

(i) if the manager of the mutual fund reasonably believes that disclosure of those provisions would be seriously prejudicial to the interests of the mutual fund or would violate confidentiality provisions, and

(ii) if a provision is omitted or marked to be unreadable under subparagraph (i), the mutual fund must include a description of the type of information that has been omitted or marked to be unreadable immediately after the provision that is omitted or marked to be unreadable in the copy of the material contract or amendment to the material contract filed by the mutual fund; and

(b) delete commercial or financial information from the copy of an agreement of the mutual fund, its manager or trustee with a portfolio adviser or portfolio advisers of the mutual fund filed under this section if the disclosure of that information could reasonably be expected to

(i) prejudice significantly the competitive position of a party to the agreement, or

(ii) interfere significantly with negotiations in which parties to the agreement are involved.".

6. The following sections 2.5 through 2.8 are added after section 2.4:

"**2.5 Lapse Date**

(1) This section does not apply in Ontario.

(2) In this section, "lapse date" means, with reference to the distribution of a security that has been qualified under a simplified prospectus, the date that is 12 months after the date of the most recent simplified prospectus relating to the security.

(3) A mutual fund must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the mutual fund files a new simplified prospectus that complies with securities legislation and a receipt for that new simplified prospectus is issued by the regulator.

(4) Despite subsection (3), a distribution may be continued for a further 12 months after a lapse date if,

(a) the mutual fund delivers a *pro forma* simplified prospectus within 30 days before the lapse date of the previous simplified prospectus;

(b) the mutual fund files a new final simplified prospectus within 10 days after the lapse date of the previous simplified prospectus; and

(c) a receipt for the new final simplified prospectus is issued by the regulator within 20 days after the lapse date of the previous simplified prospectus.

(5) The continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date in reliance on subsection (4) within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator may, on an application of a mutual fund, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

[**Note:** In Ontario, section 62 of the *Securities Act* (Ontario) imposes similar requirements regarding refiling of prospectuses.]

2.6 Consents of Experts

(1) A mutual fund must file the written consent of

(a) any solicitor, auditor, accountant, engineer, or appraiser;

(b) any notary in Québec; and

(c) any person or company whose profession or business gives authority to a statement made by that person or company

if that person or company is named in a simplified prospectus or an amendment to a simplified prospectus, directly or, if applicable, in a document incorporated by reference,

(d) as having prepared or certified any part of the simplified prospectus or the amendment;

(e) as having opined on financial statements from which selected information included in the simplified prospectus has been derived and which audit opinion is referred to in the simplified prospectus directly or in a document incorporated by reference; or

(f) as having prepared or certified a report, valuation, statement or opinion referred to in the simplified prospectus or the amendment, directly or in a document incorporated by reference.

(2) The consent referred to in subsection (1) must

(a) be filed no later than the time the simplified prospectus or the amendment to the simplified

prospectus is filed or, for the purposes of future financial statements that have been incorporated by reference in a simplified prospectus, no later than the date that those financial statements are filed;

(b) state that the person or company being named consents

(i) to being named, and

(ii) to the use of that person or company's report, valuation, statement or opinion;

(c) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion; and

(d) contain a statement that the person or company being named

(i) has read the simplified prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant must also state

(a) the dates of the financial statements on which the report of the auditor or accountant is made; and

(b) that the auditor or accountant has no reason to believe that there are any misrepresentations in the information contained in the simplified prospectus that are

(i) derived from the financial statements on which the auditor or accountant has reported, or

(ii) within the knowledge of the auditor or accountant as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the simplified prospectus.

2.7 Language of Documents

(1) A mutual fund must file a simplified prospectus and any other document required to be filed under this Instrument in French or in English.

(2) In Québec, a simplified prospectus and any document required to be incorporated by reference into a simplified prospectus must be in French or in French and English.

(3) Despite subsection (1), if a mutual fund files a document only in French or only in English but delivers to a securityholder or prospective securityholder a version of the document in the other language, the mutual fund must file that other version not later than when it is first delivered to the securityholder or prospective securityholder.

2.8 Statement of Rights – Except in Ontario, a simplified prospectus must contain a statement of the rights given to a purchaser under securities legislation in case of a failure to deliver the simplified prospectus or in case of a misrepresentation in the simplified prospectus."

[**Note:** In Ontario, section 60 of the *Securities Act* (Ontario) imposes a similar requirement for the inclusion of a statement of rights in a prospectus.]

7. The following sections 3.1.1, 3.1.2, and 3.1.3 are added after section 3.1:

"**3.1.1 Audit of Financial Statements** – Any financial statements, other than interim financial statements, incorporated by reference in a

simplified prospectus must meet the audit requirements in Part 2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

3.1.2 Review of Unaudited Financial Statements – Any unaudited financial statements incorporated by reference in a simplified prospectus at the date of filing of the simplified prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the mutual fund's auditor or a review of financial statements by a public accountant.

3.1.3 Approval of Financial Statements and Related Documents – A mutual fund must not file a simplified prospectus unless each financial statement and each management report of fund performance incorporated by reference in the simplified prospectus has been approved in accordance with the requirements in Part 2 and Part 4 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.".

8. Section 3.2 is amended by adding the following subsection 3.2(3) after subsection 3.2(2):

"(3) Except in Ontario, any dealer distributing a security during the waiting period must

(a) send a copy of the preliminary simplified prospectus to each prospective purchaser who indicates an interest in purchasing the security and requests a copy of such preliminary simplified prospectus; and

(b) maintain a record of the names and addresses of all persons and companies to whom the preliminary simplified prospectus has been forwarded.".

[**Note:** In Ontario, sections 66 and 67 of the *Securities Act* (Ontario) impose similar requirements regarding the distribution of a preliminary prospectus and maintaining a distribution list.]

9. The following Part 5.1 is added after Part 5:

"**Part 5.1 – Certificates**

5.1.1 Interpretation – For the purposes of this Part,

"manager certificate form" means a certificate in the form set out in Item 20 of Form 81-101F2 and attached to the annual information form,

"mutual fund certificate form" means a certificate in the form set out in Item 19 of Form 81-101F2 and attached to the annual information form,

"principal distributor certificate form" means a certificate in the form set out in Item 22 of Form 81-101F2 and attached to the annual information form, and

"promoter certificate form" means a certificate in the form set out in Item 21 of Form 81-101F2 and attached to the annual information form.

5.1.2 Date of Certificates – The date of the certificates required by this Instrument must be within 3 business days before the filing of the preliminary simplified prospectus, the simplified prospectus, the amendment to the simplified prospectus or the amendment to the annual information form, as applicable.

5.1.3 Certificate of the Mutual Fund

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by the mutual fund.

[**Note:** In Ontario, section 58 of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus contain a certificate of the issuer.]

(2) A mutual fund must certify its simplified prospectus in the form of the mutual fund certificate form.

5.1.4 Certificate of Principal Distributor – A simplified prospectus of a mutual fund must be certified by each principal distributor in the form of the principal distributor certificate form.

5.1.5 Certificate of the Manager – A simplified prospectus of a mutual fund must be certified by the manager of the mutual fund in the form of the manager certificate form.

5.1.6 Certificate of Promoter

(1) Except in Ontario, a simplified prospectus of a mutual fund must be certified by each promoter of the mutual fund.

[**Note:** In Ontario, subsection 58(1) of the *Securities Act* (Ontario) imposes a similar requirement that a prospectus contain a certificate signed by each promoter of the issuer.]

(2) A prospectus certificate required under this Instrument or other securities legislation to be signed by a promoter must be in the form of the promoter certificate form.

(3) Except in Ontario, the regulator may require any person or company who was a promoter of the mutual fund within the two preceding years to sign a certificate in the promoter certificate form.

[**Note:** In Ontario, subsection 58(6) of the *Securities Act* (Ontario) provides the Director with similar discretion to require a person or company who was a promoter of the issuer within the two preceding years to sign a prospectus certificate, subject to such conditions as the Director considers proper.]

(4) Despite subsection (3), in British Columbia, the powers of the regulator with respect to the matters described in subsection (3) are set out in the *Securities Act* (British Columbia).

(5) Except in Ontario, with the consent of the regulator, a certificate of a promoter for a simplified prospectus may be signed by an agent duly authorized in writing by the person or company required to sign the certificate.

[**Note:** In Ontario, subsection 58(7) of the *Securities Act* (Ontario) provides the Director with similar discretion to permit the certificate to be signed by an agent of a promoter.]

5.1.7 Certificates of Corporate Mutual Funds

(1) Except in Ontario, if the mutual fund is a company, the certificate of the mutual fund required under section 5.1.3 must be signed

(a) by the chief executive officer and the chief financial officer of the mutual fund; and

(b) on behalf of the board of directors of the mutual fund, by

(i) any two directors of the mutual fund, other than the persons referred to in paragraph (a) above, or

(ii) if the mutual fund has only three directors, two of whom are the persons referred to in paragraph (a) above, all the directors of the mutual fund.

(2) Except in Ontario, if the regulator is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate in a simplified prospectus, the regulator may accept a certificate signed by another officer.".

[**Note:** In Ontario, section 58 of the *Securities Act* (Ontario) imposes similar requirements regarding who must sign the issuer certificate.]

10. Part 7 is amended

(a) by renaming Part 7 as "Effective Date"; and

(b) by repealing sections 7.2 and 7.3.

11. This Instrument comes into force on March 17, 2008.

#2727006 v1

APPENDIX I

Schedule 2

AMENDMENTS INSTRUMENT FOR
FORM 81-101F1 *CONTENTS OF SIMPLIFIED PROSPECTUS* OF
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. This Instrument amends Form 81-101F1 *Contents of Simplified Prospectus*.

2. Item 6 of Part A is amended

(a) by adding the following subsection (5) after subsection (4):

"(5) Under the sub-heading "Short-term Trading"

(a) describe the adverse effects, if any, that short-term trades in securities of the mutual fund by an investor may have on other investors in the mutual fund;

(b) describe the restrictions, if any, that may be imposed by the mutual fund to deter short-term trades, including the circumstances, if any, under which such restrictions may not apply;

(c) where the mutual fund does not impose restrictions on short-term trades, state the specific basis for the view of the manager that it is appropriate for the mutual fund not to do so; and

(d) if applicable, state that the annual information form includes a description of all arrangements, whether formal or informal, with any person or company, to permit short-term trades of securities of the mutual fund."; **and**

(b) by adding the following Instruction at the end of Item 6:

"INSTRUCTION:

In the disclosure required by subsection (5), include a brief description of the short-term trading activities in the mutual fund that are considered by the manager to be inappropriate or excessive. Where the manager imposes a short-term trading fee, include a cross-reference to the disclosure provided under Item 8 of Part A of this Form.".

3. Item 8 of Part A is amended by adding the following line item in the table after "Redemption Fees" **under the heading** "Fees and Expenses Payable Directly by You":

Short-term Trading Fee	[*specify percentage, as a percentage of .....*]

4. This Instrument comes into force on March 17, 2008.

#2727008 v1

APPENDIX I

Schedule 3

AMENDMENT INSTRUMENT FOR
FORM 81-101F2 *CONTENTS OF ANNUAL INFORMATION FORM OF*
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. This Instrument amends Form 81-101F2 *Contents of Annual Information Form*.

2. The following subsections 12(9) and 12(10) are added after subsection 12(8):

"(9) Describe the policies and procedures of the mutual fund relating to the monitoring, detection and deterrence of short-term trades of mutual fund securities by investors. If the mutual fund has no such policies and procedures, provide a statement to that effect.

(10) Describe any arrangements, whether formal or informal, with any person or company, to permit short-term trades in securities of the mutual fund, including

(a) the name of such person or company, and

(b) the terms of such arrangements, including

(i) any restrictions imposed on the short-term trades; and

(ii) any compensation or other consideration received by the manager, the mutual fund or any other party pursuant to such arrangements.".

3. Paragraph 16(1)(a) is repealed and the following is substituted:

"(a) the articles of incorporation, continuation or amalgamation, the declaration of trust or trust agreement of the mutual fund, the limited partnership agreement or any other constating or establishing documents of the mutual fund;".

4. Subsection 19(1) is repealed and the following is substituted:

"(1) Include a certificate of the mutual fund that states:

(a) for a simplified prospectus and annual information form,

"This annual information form, together with the simplified prospectus required to be sent or delivered to a purchaser

during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.",

(b) for an amendment to a simplified prospectus or annual information form that does not restate the simplified prospectus or annual information form,

"This amendment no. [specify amendment number and date], together with the [amended and restated] annual information form dated [specify], [amending and restating the annual information form dated [specify],] [as amended by (specify prior amendments and dates)] and the [amended and restated] simplified prospectus dated [specify], [amending and restating the simplified prospectus dated [specify],] [as amended by (specify prior amendments and dates)] required to be sent or delivered to a purchaser during the currency of the [amended and restated] annual information form [,as amended,] and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations.", and

(c) for an amendment that amends and restates a simplified prospectus or annual information form,

"This amended and restated annual information form dated [specify], amending and restating the annual information form dated [specify] [,as amended by (specify prior amendments and dates)], together with the [amended and restated] simplified prospectus dated [specify] [, amending and restating the simplified prospectus dated [specify]] [,as amended by (specify prior amendments and dates)] required to be sent or delivered to a purchaser during the currency of this amended and restated annual information form and the documents incorporated by reference into the [amended and restated] simplified prospectus, [as amended,] constitute full, true and plain disclosure of all

material facts relating to the securities offered by the [amended and restated] simplified prospectus, [as amended,] as required by the securities legislation of [insert the jurisdictions in which qualified] and do not contain any misrepresentations."".

5. The following subsection 19(1.1) is added after subsection 19(1):

"(1.1) For a non-offering prospectus, change "securities offered by the simplified prospectus" to "securities previously issued by the mutual fund" wherever it appears in the statement in Item 19(1)(a).".

6. This Instrument comes into force on March 17, 2008.

#2727010 v1

APPENDIX I

Schedule 4

AMENDMENTS TO
COMPANION POLICY 81-101CP TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* is amended by:

(1) renumbering section 2.5 as subsection 2.5(1);

(2) adding the following subsection after subsection 2.5(1):

"(2) Section 1.1 of the Instrument defines "business day" as any day other than a Saturday, Sunday or a statutory holiday. In some cases, a statutory holiday may only be a statutory holiday in one jurisdiction. The definition of business day should be applied in each local jurisdiction in which a prospectus is being filed. For example, section 5.1.2 of the Instrument states that the date of the certificates in a simplified prospectus must be within 3 business days before the filing of the simplified prospectus. The certificates in the simplified prospectus are dated Day 1. Day 2 is a statutory holiday in Québec but not in Alberta. If the simplified prospectus is filed in both Alberta and Québec, it must be filed no later than Day 4 in order to comply with the requirement in section 5.1.2 of the Instrument, despite the fact that Day 2 was not a business day in Québec. If the simplified prospectus is filed only in Québec, it could be filed on Day 5.**";**

(3) repealing subsection 2.6(1); and

(4) adding the following as subsection 2.7(5):

"(5) Securities legislation provides that no person or company shall distribute securities, unless a preliminary prospectus and a prospectus have been filed and receipts have been issued by the securities regulatory authority or regulator. We interpret this requirement to also apply to mutual funds. If a mutual fund adds a new class or series of securities to a simplified prospectus that is referable to a new separate portfolio of assets, a preliminary simplified prospectus must be filed. However, if the new class or series of securities is referable to an existing portfolio of assets, the new class or series may be added by way of amendment.**"**

Appendix J

Schedule 1

Amendment Instrument for
National Instrument 81-104 *Commodity Pools*

1. This Instrument amends National Instrument 81-104 *Commodity Pools*.

2. Part 9 is repealed.

3. This Instrument comes into force on March 17, 2008.

#2727013 v1

APPENDIX J

Schedule 2

AMENDMENTS TO
COMPANION POLICY 81-104CP TO NATIONAL INSTRUMENT 81-104 *COMMODITY POOLS*

1. Companion Policy 81-104CP to National Instrument 81-104 *Commodity Pools* is amended by:

(a) repealing Part 3;

(b) repealing subsection 4.1(4) and substituting the following subsection:

> **"**(4) Mutual funds structured as limited partnerships may raise some concerns about the loss of limited liability if limited partners are viewed as participating in the management or control of the partnership. The statute and case law concerning when limited partners can lose their limited partner status, including the Quebec Civil Code, varies from province to province. The risks associated with this type of structure in the jurisdictions where the prospectus is filed should be disclosed.**"; and**

(c) repealing subsection 4.1(5) and substituting the following subsection:

> **"**(5) Mutual funds structured as trusts are subject to their constitution and the common and civil law of trusts. A commodity pool operator should consider this law, together with the factual circumstances surrounding the establishment of the commodity pool, including the ability of the investors in the commodity pool to influence the administration and management of the commodity pool, to ensure that investors' liability is limited to the amount they have invested in the commodity pool. If applicable, a commodity pool should disclose in the prospectus the risks associated with the structuring of a commodity pool as a trust in relation to the possibility that purchasers of securities of the commodity pool may become liable to make an additional contribution beyond the price of the securities.**"**

APPENDIX K

AMENDMENTS TO
NATIONAL POLICY 12-202 *REVOCATION OF A COMPLIANCE-RELATED CEASE TRADE ORDER*

National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order* is amended as follows:

1. Subsection 4.1(g) is repealed and the following substituted:

"(g) 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.

If the promoter is not an individual, the issuer should provide the information for each director and executive officer of the promoter.

If the issuer is an investment fund, the issuer should also provide personal information for each director and executive officer of the manager of the investment fund.".

#2727015 v1