

**Notice of Amendments to
National Instrument 51-102 *Continuous Disclosure Obligations*,
Form 51-102F2 *Annual Information Form*,
Form 51-102F5 *Information Circular* and
Companion Policy 51-102CP *Continuous Disclosure Obligations***

and

**Notice of Consequential and Other Amendments to
National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and
Reporting Currency*,
Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim
Filings*,
Multilateral Instrument 52-110 *Audit Committees*,
National Instrument 58-101 *Disclosure of Corporate Governance Practices* and
National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to
Foreign Issuers***

and

**Notice and Request for Comment
Proposed Amendments to National Instrument 51-102
Continuous Disclosure Obligations,
Companion Policy 51-102CP *Continuous Disclosure Obligations* and
National Instrument 52-108 *Auditor Oversight***

October 12, 2007

This notice is in two parts. Part A of this notice sets out amendments that we have made to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and other instruments.

Part B of this notice sets out additional proposed amendments to NI 51-102 and other instruments.

PART A: NOTICE OF ADOPTION

Introduction

We, the Canadian Securities Administrators (CSA), are implementing amendments to:

- NI 51-102,

- its related Form 51-102F2 *Annual Information Form* and Form 51-102F5 *Information Circular* (the Forms), and
- its companion policy (CP 51-102).

The text of these amendments is set out in Appendices C to F.

We are also implementing consequential and other amendments to:

- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107),
- Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109),
- Multilateral Instrument 52-110 *Audit Committees* (MI 52-110),
- National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102).

The text of these amendments is set out in Appendices G to K.

The amendments have been made or are expected to be made by each member of the CSA.

In Ontario, the amendments to NI 51-102 and the Forms (together, the Rules) and the consequential and other amendments set out in Appendices G to K have been made. Also, in Ontario, the amendments to CP 51-102 have been adopted. The amendments to the Rules, the consequential and other amendments, and other required materials were delivered to the Minister of Government Services on October 12, 2007. If the Minister does not approve or reject the amendments to the Rules and the consequential and other amendments or return them for further consideration, they will come into force on December 31, 2007.

In Québec, the national and multilateral instruments described above are regulations made under section 331.1 of the Quebec Securities Act and the amendments to the instruments must be approved, with or without amendment, by the Minister of Finance. The amendments to the instruments will come into force on the date of their publication in the *Gazette officielle du Québec* or on any later date specified in the regulation. They must also be published in the Bulletin.

In Alberta, the consequential amendments set out in Appendices H, I and J require Ministerial approval. Subject to receipt of Ministerial approval, those consequential amendments will come into force on December 31, 2007. The Alberta Securities Commission will issue a separate notice advising of whether the Minister has approved or rejected the consequential amendments.

Provided all necessary ministerial approvals are obtained, the amendments will come into force on December 31, 2007. The amendments to CP 51-102 will come into effect at the same time as the amendments to NI 51-102.

Substance and Purpose

The amendments to the instruments that we are adopting will:

- reduce the requirement for issuers to disclose cease trade orders and similar orders issued against companies that the directors, executive officers and significant shareholders of the issuer were involved with.
- update some provisions in the instruments, including
 - revising the definition of *venture issuer* to reflect the change of name of OFEX to the PLUS markets.
 - revising the definition of *approved rating organization* to reflect the change of name of Dominion Bond Rating Service Limited to DBRS Limited.
 - repealing the definition of *investment fund* and *non-redeemable investment fund* since each jurisdiction has adopted or is expected to adopt harmonized definitions of investment fund and non-redeemable investment fund in their local securities legislation.
- clarify some provisions in the instruments, including:
 - clarifying the prospectus-level disclosure required in certain continuous disclosure documents for reverse take-overs, significant acquisitions and restructuring transactions.
 - clarifying what information an issuer needs to include in an annual information form if that issuer is not required to send an information circular to any of its shareholders.
 - making other drafting and “housekeeping” changes.

To the extent that these amendments were made to NI 51-102 and the Forms, consequential amendments were also made to other CSA instruments having similar provisions.

The amendments to CP 51-102 will give guidance on the interpretation of:

- the terms chief executive officer and chief financial officer.
- section 14.2 of Form 51-102F5 regarding the prospectus-level disclosure required in certain continuous disclosure documents for significant acquisitions and restructuring transactions.

Background

We published the amendments for comment on March 29, 2007 together with the proposed amendments relating to executive compensation. The comment period expired on June 30, 2007.

The CSA will be publishing a notice on the proposed executive compensation amendments at a later date.

Summary of Written Comments Received by the CSA

We received submissions from 15 commenters on the proposed amendments. We have considered the comments received and thank all the commenters. The names of the 15 commenters and a summary of the comments on the proposed amendments, together with our responses, are in Appendix B to this notice.

After considering the comments, we have decided not to proceed with certain proposed amendments.

We also made changes to other proposed amendments and decided to make additional amendments. However, as these changes are not material, we are not republishing the amendments for a further comment period.

Summary of Changes to the Proposed Amendments

See Appendix A for a summary of the changes made to the amendments as originally published.

PART B: NOTICE AND REQUEST FOR COMMENT

Introduction

The CSA is also publishing for comment proposed amendments to the proxy solicitation and information circular provisions of NI 51-102 and CP 51-102.

Background

In 2001, amendments to the *Canada Business Corporations Act* (CBCA) relaxed the rules relating to proxy solicitation. Similar amendments to the *Business Corporations Act* (Ontario)(OBCA) came into force in 2007. Among these corporate law reforms, a dissident shareholder may solicit proxies without preparing and sending an information circular to shareholders if the solicitation is, in the prescribed circumstances, conveyed by public broadcast, speech or publication.

However, even though this corporate legislation provides exemptions for these types of solicitations, dissident shareholders of reporting issuers governed by that legislation are unable to take advantage of the exemptions because there is no corresponding exemption from the proxy solicitation and information circular provisions of NI 51-102.

Substance and Purpose and Summary of the Proposed Amendments

The amendments we are publishing for comment would:

- add a new exemption from the information circular requirements in NI 51-102 for certain proxy solicitations conveyed by public broadcast, speech or publication.
- provide guidance in CP 51-102 on what constitutes a public solicitation.
- revise the existing exemption in section 9.5 of NI 51-102 so that it applies to a person or company that solicits proxies, not just reporting issuers.

The text of these amendments is set out in Appendix L and M.

The policy rationale for these amendments is that if corporate law has evolved to increase shareholder rights, then securities legislation should not prevent shareholders from exercising these rights.

Solicitations by public broadcast, speech or publication

The proposed exemption from the information circular requirements for certain proxy solicitations conveyed by public broadcast, speech or publication generally corresponds to the exemption in subsection 150(1.2) of the CBCA, subsection 112(1.2) of the OBCA and the regulations under those statutes. In order to have the benefit of the exemption, a dissident shareholder must:

- include certain information in the solicitation, and
- file the information with securities regulators before soliciting proxies.

Since the proposed exemption will only apply if the solicitation is public, the proposed amendment to CP 51-102 gives guidance on how a solicitation will be considered to be public if it is disseminated in a manner calculated to effectively reach the marketplace.

Furthermore, the proposed exemption will not apply to a person or company that is proposing a significant acquisition or restructuring transaction under which securities of the person or company are to be changed, exchanged, issued or distributed unless the person or company has filed certain information with securities regulators for posting on www.sedar.com.

Similarly, the proposed exemption will not apply to a person or company that is proposing a nominee for election as a director of the reporting issuer unless the person or company has filed certain information about the proposed nominee with securities regulators for posting on www.sedar.com.

Compliance with substantially similar requirements

Section 9.5 of NI 51-102 currently exempts any reporting issuer from the proxy solicitation and information circular provisions of NI 51-102 where it is complying with substantially similar requirements under the laws of the jurisdiction under which it is incorporated, organized or continued. The proposed revised version of section 9.5 would extend the exemption to a person or company that solicits proxies and complies with substantially similar requirements of the laws under which the relevant reporting issuer is incorporated, organized or continued.

Alternatives considered

Instead of proposing the amendments, we considered issuing a notice indicating that we would be willing to grant relief to dissident shareholders of CBCA and OBCA corporations that wanted to solicit proxies by public broadcast, speech or publication. However, we believe that dissident shareholders should not have to incur the costs and time delays of filing an application for exemptive relief in order to have the benefit of an exemption that is available to them under corporate law.

Anticipated costs and benefits

The proposed amendments will permit securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement, or over the Internet. This will allow securityholders and their representatives a greater level of participation in decision-making at annual and special meetings of securityholders. The proposed amendments will allow securityholders to engage in these activities without incurring substantial financial costs by having to mail formal proxy requests and information circulars to all securityholders.

The proposed amendments will not impose any additional obligations or costs on reporting issuers.

Unpublished materials

In proposing these amendments to NI 51-102 and CP 51-102, we have not relied on any significant unpublished study, report or other written materials.

Local amendments

We also propose to:

- amend subsection 4.11(8) of NI 51-102 so that it will apply in Alberta and Manitoba.
- amend National Instrument 52-108 *Auditor Oversight* (NI 52-108) so that section 2.1 and Part 3 of that instrument will apply in Alberta, British Columbia and Manitoba.

The text of these amendments appears in section 2 of Appendix L and in Appendix N.

The amendments to subsection 4.11(8) of NI 51-102 are required to be published for comment in Alberta and Manitoba, but not in the other jurisdictions. Similarly, the amendments to NI 52-108 are required to be published for comment in Alberta, British Columbia and Manitoba, but not in the other jurisdictions. However, the other members of the CSA intend to make the same amendments so that the text of NI 51-102 and NI 52-108 will be the same in each jurisdiction.

Comments on Part B of the Notice

We request your comments on the proposed amendments outlined above. Please provide your comments by January 11, 2008. Please address your submissions to all of the CSA member commissions.

Please deliver your comments to the addresses below. Your comments will be distributed to the other participating CSA members.

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Ontario Securities Commission
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Fax: (416) 593-2318
E-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin, Secrétaire
Autorité des marchés financiers
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C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

If you do not submit your comments by e-mail, a diskette or CD-ROM containing the submissions in Word should also be provided.

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Please refer your questions to any of:

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Appendix A

Summary of Changes to Published Amendments

NI 51-102

Part 1 Definitions

- We decided not to amend the definition of *venture issuer* to remove large debt-only issuers from the definition. However, we revised the definition of venture issuer to reflect the change of name of OFEX to the PLUS markets.
- We revised the definition of *approved rating organization* to reflect the change of name of Dominion Bond Rating Service Limited to DBRS Limited.
- We repealed the definition of *investment fund* and *non-redeemable investment fund* since each jurisdiction has adopted or is expected to adopt harmonized definitions of investment fund and non-redeemable investment fund in their local securities legislation.

Part 4 Financial Statements

- We amended subclause 4.10(2)(a)(ii) to clarify the reference to the financial statements required by the applicable form of prospectus that a reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction.

Form 51-102F2 Annual Information Form

- We decided not to reduce the disclosure period for cease trade and similar orders from 10 years to 5 years. However, we proceeded with the change published for comment to eliminate the disclosure requirements for significant shareholders. Similarly, we also revised the requirements to require the disclosure only for directors and executive officers who were directors, chief executive officers or chief financial officers of any company when a cease trade order or similar order was actually issued, or when the event occurred that led to the order being issued, in respect of any company. We also clarified some of the wording from that published for comment.
- We revised item 18.1 to clarify what information from Form 51-102F5 *Information Circular* an issuer needs to include in an annual information form if that issuer is not required to send an information circular to any of its securityholders.

Form 51-102F5 Information Circular

- We revised the requirements to disclose cease trade and similar orders in a manner that corresponds to the changes made to Form 51-102F2.

- We revised section 14.2 to clarify the reference to the disclosure required by the applicable form of prospectus that an entity would be eligible to use immediately prior to the sending and filing of an information circular in respect of a significant acquisition or a restructuring transaction, for a distribution of securities in the jurisdiction.

CP 51-102

- We revised the policy to give guidance on the interpretation of the terms chief executive officer and chief financial officer, as well as section 14.2 of Form 51-102F5.

Consequential and Other Amendments

NI 52-107, MI 52-109, MI 52-110 and NI 71-102

- We repealed the definition of investment fund.

MI 52-110 and NI 58-101

- We revised the definition of venture issuer in a manner that corresponds to the changes made to the definition of venture issuer in NI 51-102.
- We have made certain drafting changes to various definitions.

Appendix B

Summary of Comments

List of Commenters

407 International

Blake, Cassels & Graydon LLP

British Columbia Investment Management Corporation

Canada Pension Plan Investment Board

Canadian Coalition for Good Governance

Credit Union Central of British Columbia

Desjardins Group

Enbridge Inc.

Enersource Corporation

Institutional Shareholder Services Canada Corp.

Ontario Teachers' Pension Plan

Pension Investment Association of Canada

Shareholders Association for Research and Education (SHARE)

Stikeman Elliott LLP

TransCanada Pipelines Limited

Summary of Comments

Issue	Summary of Comments	CSA Response
<p>Report of voting results</p>	<p>We received responses from 10 commenters on this issue.</p> <p>Eight commenters support disclosure of the results of proxies received for each matter voted upon, even if the vote is not conducted by ballot. These commenters indicated that disclosing the results of proxies will provide investors with a significant amount of information about the items voted on and will improve the transparency of voting results.</p> <p>Two commenters stated that the results of proxies voted on non-ballot initiatives have no legal force, and this disclosure would be inappropriate. The commenters also stated that it would be misleading as it would not cover shares voted in person, for example.</p> <p>One commenter believes that a ballot should be held on all matters where 5% or more of the shares voted are “withheld” or voted “against” on the matter.</p>	<p>We acknowledge that the majority of commenters support enhanced disclosure for the report of voting results. We will be studying the issue further.</p>
<p>Definition of Venture Issuer</p>	<p>We received responses from 6 commenters on this proposal. None of the commenters supported the proposed change.</p> <p>Five commenters stated that investors in debt securities have different information needs and primarily rely on the issuers credit ratings, capacity to repay and compliance with the deed of trust or similar agreement.</p> <p>One commenter recommended that debt-only venture issuers be required to file bond rating reports prepared by independent third-party bond rating</p>	<p>As a result of the comments, we decided not to proceed with the proposed amendment to exclude all debt-only issuers with assets over \$25 million from the definition of venture issuer.</p>

	<p>agencies on SEDAR. Another recommended that we continue to treat debt-only issuers as at present.</p> <p>One commenter indicated that the proposed change to exclude all debt-only issuers with assets over \$25 million from the definition of venture issuer would result in unfairly categorizing some small financial institutions and co-operatives as non-venture issuers.</p>	
<p>Disclosure of Cease Trade Orders</p>	<p>We received responses from two commenters on this proposal. Both of these commenters were opposed to the amendment that would reduce from 10 years to 5 years the look-back period under which directors and executive officers of a company must disclose whether they were subject to a cease trade order. Both commenters stated that this information never becomes unimportant to shareholders.</p> <p>One commenter stated that they support a lifetime requirement for this disclosure.</p>	<p>We agree that the disclosure of cease trade orders provides important information to investors and decided to maintain the look-back period at 10 years.</p> <p>We think that a 10 year look-back provides a sufficient period and do not agree that a lifetime disclosure obligation is necessary.</p>

Appendix C

Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*

- 1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.**
- 2. Subsection 1.1(1) is amended by,**
 - a. in the definition of “approved rating organization”, striking out “Dominion Bond Rating Service Limited” and substituting “DBRS Limited”.**
 - b. repealing the definition of “investment fund”,**
 - c. repealing the definition of “non-redeemable investment fund”,**
 - d. in the the definition of “venture issuer”, striking out “the market known as OFEX” and substituting “the PLUS markets operated by PLUS Markets Group plc”.**
- 3. Subparagraph 4.10(2)(a)(ii) is repealed and the following substituted:**
 - (ii) if the reporting issuer did not file a document referred to in subparagraph (i), or the document does not include the financial statements for the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements prescribed under securities legislation and described in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction;
- 4. This amendment comes into force December 31, 2007.**

Appendix D

Amendments to Form 51-102F2 *Annual Information Form*

1. Form 51-102F2 *Annual Information Form* is amended by this Instrument.

2. Form 51-102F2 is amended by,

a. repealing subsection 10.2(1) and substituting the following:

- (1) If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including your company), 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.

(1.1) For the purposes of subsection (1), “order” means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(1.2) If a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company

- (a) is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including your company) 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 AIF, 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, executive officer or shareholder, state the fact.

b. in Instruction (i) after subsection 10.2(3), adding “, (1.2)” after “subsections (1)”, wherever it appears,

c. repealing Instruction (ii) after subsection 10.2(3) and substituting the following:

(ii) A management cease trade order which applies to directors or executive officers of a company is an “order” for the purposes of paragraph 10.2(1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

d. adding the following as Instruction (iv) after subsection 10.2(3):

(iv) The disclosure in paragraph 10.2(1)(a) only applies if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. You do 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.

e. repealing section 18.1 and substituting the following:

18.1 Additional Disclosure

For companies that are not required to send a Form 51-102F5 to any of their securityholders, disclose the information required under Items 6 to 10, 12 and 13 of Form 51-102F5, as modified below, if applicable:

<u>Form 51-102F5 Reference</u>	<u>Modification</u>
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase “entitled to be voted at the meeting”. Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 – Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word “proposed” throughout. Do not include the disclosure specified in section 7.3.
Item 8 – Executive Compensation	Disregard the preamble and paragraphs (a), (b) and (c) of Item 8. A company that does not send a management information circular to its securityholders must provide the disclosure required by Form 51-102F6.
Item 9 – Securities Authorized for Issuance under Equity Compensation Plans	Disregard subsection 9.1(1).
Item 10 – Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase “date of the information circular” with “date of the AIF” throughout. Disregard paragraph 10.3(a).
Item 12 – Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.”

3. This amendment comes into force December 31, 2007.

Appendix E

Amendments to Form 51-102F5 *Information Circular*

1 Form 51-102F5 *Information Circular* is amended by this Instrument.

2. Form 51-102F5 is amended by,

a. repealing section 7.2 and substituting the following:

7.2 If a proposed director

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director, chief executive officer or chief financial officer of any company (including the company in respect of which the information circular is being prepared) that,
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director 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; or

- (b) is, as at the date of the information circular, or has been within 10 years before the date of the information circular, a director or executive officer of any company (including the company in respect of which the information circular is being prepared) 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
- (c) has, within the 10 years before the date of the information circular, 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 proposed director, state the fact.

b. repealing Instruction (ii) after section 7.2.2 and substituting the following:

(ii) A management cease trade order which applies to directors or executive officers of a company is an “order” for the purposes of paragraph 7.2(a)(i) and must be disclosed, whether or not the proposed director was named in the order.

c. adding the following as Instruction (iv) after section 7.2.2:

(iv) The disclosure in paragraph 7.2(a)(i) only applies if the proposed director was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the proposed director became a director, chief executive officer or chief financial officer after the order was issued.

d. adding the following as section 7.2.3:

7.2.3 For the purposes of subsection 7.2(a), “order” means

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

e. repealing the last paragraph of section 14.2 and substituting the following:

The disclosure must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

3. This amendment comes into force December 31, 2007.

Appendix F

Amendments to Companion Policy 51-102CP *Continuous Disclosure Obligations*

1. **Companion Policy 51-102CP *Continuous Disclosure Obligations* is amended by,**
 - a. **adding the following after subsection 1.4(3):**

Similarly, 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.

- b. **adding the following after section 9.1:**

9.2 Prospectus-level Disclosure in Certain Information Circulars

Section 14.2 of Form 51-102F5 *Information Circular* requires an issuer to provide prospectus-level disclosure about certain entities if securityholder approval is required in respect of a significant acquisition under which securities of the acquired business are being exchanged for the issuer's securities or in respect of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed.

Section 14.2 provides that the disclosure must be the disclosure (including financial statements) prescribed by the form of prospectus that the entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

For example, if disclosure was required in an information circular of Company A for both Company A (an issuer that was only eligible to file a long form prospectus) and Company B (an issuer that was eligible to file a short form prospectus), the disclosure for Company A would be that required by the long form prospectus rules and the disclosure for Company B would be that required by the short form prospectus rules. Any information incorporated by reference in the information circular of Company A would have to comply with paragraph (c) of Part 1 of Form 51-102F5 and be filed under Company A's profile on SEDAR.

2. **This amendment comes into force December 31, 2007.**

Appendix G

Consequential Amendments to National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*

1. **National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* is amended by this Instrument.**
2. **National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* is amended in section 1.1 by repealing the definition of “investment fund”.**
3. **This amendment comes into force December 31, 2007.**

Appendix H

Consequential Amendments to Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*

1. **Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* is amended by this Instrument.**
2. **Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* is amended in section 1.1 by repealing the definition of “investment fund”.**
3. **This amendment comes into force December 31, 2007.**

Appendix I

Consequential and Other Amendments to Multilateral Instrument 52-110 *Audit Committees*

1. **Multilateral Instrument 52-110 *Audit Committee* is amended by this Instrument.**
2. **Multilateral Instrument 52-110 *Audit Committees* is amended:**

(a) in section 1.1 by,

(i) repealing the definition of “AIF” and substituting the following:

“AIF” has the meaning ascribed to it in NI 51-102;

(ii) repealing the definition of “asset-backed security” and substituting the following:

“asset-backed security” has the meaning ascribed to it in NI 51-102;

(iii) repealing the definition of “credit support issuer” and substituting the following:

“credit support issuer” has the meaning ascribed to it in section 13.4 of NI 51-102;

(iv) repealing the definition of “exchangeable security issuer” and substituting the following:

“exchangeable security issuer” has the meaning ascribed to it in section 13.3 of NI 51-102;

(v) repealing the definition of “investment fund”,

(vi) repealing the definition of “National Instrument 51-102”,

(vii) adding the following definition of “NI 51-102”:

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

(viii) repealing the definition of “venture issuer” and substituting the following:

“venture issuer” means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of 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.

(b) in section 1.2 by striking out “National Instrument 51-102” and substituting “NI 51-102” wherever it appears.

3. This amendment comes into force December 31, 2007.

Appendix J

Consequential and Other Amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices*

1. **National Instrument 58-101 *Disclosure of Corporate Governance Practices* is amended by this Instrument.**
2. **National Instrument 58-101 *Disclosure of Corporate Governance Practices* is amended:**
 - (a) **in section 1.1 by,**
 - (i) **repealing the definition of “AIF” and substituting the following:**

“AIF” has the same meaning as in NI 51-102;
 - (ii) **adding the following definition of “asset-backed security”:**

“asset-backed security” has the same meaning as in NI 51-102;
 - (iii) **repealing the definition of “executive officer” and substituting the following:**

“executive officer” has the same meaning as in NI 51-102;
 - (iv) **repealing the definition of “MD&A” and substituting the following:**

“MD&A” has the same meaning as in NI 51-102;
 - (v) **adding the following definition of “NI 51-102”:**

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (vi) **repealing the definition of “venture issuer” and substituting the following:**

“venture issuer” means a reporting issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of 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.
 - (b) **in section 1.3 by striking out “National Instrument 51-102” and substituting “NI 51-102” wherever it appears.**
3. **This amendment comes into force December 31, 2007.**

Appendix K

Consequential Amendments to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*

1. **National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended by this Instrument.**
2. **National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended in section 1.1 by repealing the definition of “investment fund”.**
3. **This amendment comes into force December 31, 2007.**

Appendix L

Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*

1. **National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.**
2. **Subsection 4.11(8) is amended by striking out “Except in Alberta and Manitoba, if” and substituting “If”.**
3. **Section 9.2 is amended by adding the following after subsection (3):**
 - (4) Despite paragraph 9.1(2)(b), a person or company may solicit proxies, other than by or on behalf of management of the reporting issuer, without sending an information circular, if the solicitation
 - (a) is conveyed by public broadcast, speech or publication;
 - (b) is permitted by the laws under which the reporting issuer is incorporated, organized or continued and the person or company making the solicitation complies with the requirements, if any, of those laws relating to the solicitation; and
 - (c) contains the following information:
 - (i) the name and address of the reporting issuer to which the solicitation relates;
 - (ii) the information required under item 2, sections 3.2, 3.3 and 3.4 and paragraphs (b) and (d) of item 5 of Form 51-102F5 *Information Circular*; and
 - (iii) any information required in respect of the solicitation by the laws under which the reporting issuer is incorporated, organized or continued.
 - (5) A person or company making a solicitation referred to in subsection (4) must file the information required by paragraph 4(c) and a copy of any related written communication before soliciting proxies.
 - (6) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a significant acquisition or restructuring transaction involving the reporting issuer and the person or company, under which securities of the person or company, or securities of an

affiliate of the person or company, are to be changed, exchanged, issued or distributed unless

- (a) the person or company has filed an information circular or other document containing the information required by section 14.4 of Form 51-102F5 *Information Circular*; and
 - (b) the solicitation refers to that information circular or other document and discloses that it is on SEDAR.
- (7) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a nominee, including himself or herself, for election as a director of the reporting issuer unless
- (a) the person or company has filed an information circular or other document containing the information required by Form 51-102F5 *Information Circular* in respect of the proposed nominee; and
 - (b) the solicitation refers to that information circular or other document and discloses that it is on SEDAR.

3. Section 9.5 is repealed and the following substituted:

9.5 Exemption

Sections 9.1 to 9.4 do not apply to a reporting issuer, or a person or company that solicits proxies from registered holders of voting securities of a reporting issuer, if

- (a) the reporting issuer, person or company complies with the requirements of the laws under which the reporting issuer is incorporated, organized or continued;
- (b) the requirements referred to in subsection (a) are substantially similar to the requirements of this Part; and
- (c) the reporting issuer, person or company promptly files a copy of any information circular and form of proxy, or other documents that contain substantially similar information, sent by the reporting issuer, person or company in connection with the meeting.

4. This amendment comes into force •, 2008.

Appendix M

Proposed Amendments to Companion Policy 51-102CP *Continuous Disclosure Obligations*

1. **Part 9 of Companion Policy 51-102CP *Continuous Disclosure Obligations* is amended by adding the following after section 9.2:**

9.3 Solicitations Conveyed by Public Broadcast, Speech or Publication

Subsection 9.2(4) of the Instrument provides an exemption from the proxy solicitation and information circular requirements for certain proxy solicitations conveyed by public broadcast, speech or publication. The exemption permits securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement or over the Internet (provided that the solicitation contains certain information and that information is filed on SEDAR). The exemption will only apply if the solicitation is a public one. Securities regulatory authorities generally consider a solicitation to be public if it is disseminated in a manner calculated to effectively reach the marketplace. A public solicitation would generally include a solicitation that is made by:

- (a) a speech in a public forum; or
- (b) a press release, a statement or an advertisement provided through a broadcast medium or by a telephone conference call or electronic or other communication facility generally available to the public, or appearing in a newspaper, a magazine, a website or other publication generally available to the public.

A public solicitation would not include a solicitation made by phone, mail or email to only a select group of securityholders of a reporting issuer.

2. **This amendment comes into force ●, 2008.**

Appendix N

Proposed Amendments to National Instrument 52-108 *Auditor Oversight*

- 1. National Instrument 52-108 *Auditor Oversight* is amended by this Instrument.**
- 2. Subsection 1.2(2) is repealed.**
- 3. This amendment comes into force ●, 2008.**

APPENDIX O
Repeal of
ASC Rule 46-501
Junior Capital Pool Offerings

- 1. ASC Rule 46-501 *Junior Capital Pool Offering* is repealed.**
- 2. This Rule comes into force on ●.**

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