

ALBERTA SECURITIES COMMISSION NOTICE

Expiry of Transitional Relief Previously Granted to Certain CDNX Issuers from Certain Continuous Disclosure Obligations

In Fall 2000, the Alberta Securities Commission (ASC) and the British Columbia Securities Commission (BCSC) issued the transitional orders listed in Appendix A. These orders relieved certain issuers that listed on the Canadian Venture Exchange Inc. (CDNX) in connection with the Canadian exchange restructuring from certain filing requirements and fees.

This transitional relief will expire on **June 30, 2001**. After that time, affected issuers will have full reporting issuer obligations in Alberta and BC (and in BC, full exchange issuer obligations, unless they are also listed and posted on another stock exchange or quotation system in Canada) and must comply with all the applicable securities laws in both provinces.

Filings after June 30 - General

Any filing that an issuer makes after June 30, 2001 (other than the quarterly report filing, discussed below) must comply with all standard requirements in both Alberta and B.C. If an issuer is eligible for transitional relief under one of the blanket orders and wishes to rely on that blanket order, it must actually file the required document by June 30, 2001. Otherwise, the issuer must comply with the generally applicable disclosure obligations under Alberta and BC securities law, including the payment of any applicable fee.

For example, an issuer that traded on the former Canadian Dealing Network Inc. that has a period end of June 30, 2001 will likely be unable to comply by June 30 with the provisions in ASC Blanket Order #51-503 and BOR#51-503 (BC) relating to interim financial statements. Consequently, the issuer must comply with sections 144 and 149 of the BC *Securities Rules*, section 120 of the Alberta *Securities Act* and sections 146 and 147 of the ASC *Rules*. While neither the ASC nor BCSC requires the payment of a fee for this filing if it is made within the prescribed time period, a \$200 fee is payable to the BCSC, if the interim financial statements are filed late.

Filings after June 30 - Quarterly Reports

Quarterly report filings (BC Form 51-901F *Quarterly and Year End Report*, formerly Form 61) will be treated differently than other filings. The BCSC has said that an issuer with a period end date of June 30, 2001 or earlier will not have to file the BC quarterly report form for the period ended June 30, 2001. An issuer with a June 30 period end and December 31 year end will first have to file a BC Form 51-901F for the fiscal quarter ending September 30, 2001.

Unique or Unusual Requirements

There are certain continuous disclosure filing requirements that are unusual or unique to Alberta or BC. Some of the most significant of these unique requirements are:

In British Columbia -

1. PIFs (section 90 of BC Act and NIN 2000/29)

Persons who become directors or officers of an exchange issuer (ie. an issuer listed and posted for trading on CDNX but not on any other stock exchange or trade quotation system in Canada) must file with the BCSC a BC Form 51-902F *Personal Information for Directors, Officers, Promoters & Control Persons* (formerly Form 4B) within 30 days of assuming that position.

The BCSC has advised that it will not require the filing of a BCF 51-902F by a person who became a director or officer of an exchange issuer before June 30, 2001, if the exchange issuer was entitled to rely on one of the Appendix A orders.

2. Change in Financial Year End (section 146 of BC Rules)

A reporting issuer that intends to change its financial year end must file a notice of this change and the reasons for it on or before the earlier of

- the new year end date and
- the 360th day after the issuer's last year end.

(These requirements are similar to those in National Policy 51, *Changes in the ending date of a financial year and in reporting issuer status*, as it relates to financial year end changes.)

3. Quarterly Report (section 152 of BC Rules)

An exchange issuer must file with both the BCSC and CDNX a BC Form 51-901F on or before

- the 60th day after the issuer's first, second and third quarters and
- the 140th day after the issuer's fourth quarter.

Please note that, if an exchange issuer's year end is before January 1, 2001, its first, second and third quarter interim financial statements (Schedule A to BCF 51-901F only) may comply with the old Form 61 requirements (see NIN 2000/67 in BC). However, all issuers must file using BCF 51-901F and must disclose the information required in Schedules B and C to that form.

For guidance regarding Schedule C (*Management Discussion & Analysis*) to BCF 51-901F, see the BCSC *Continuous Disclosure Review Program – April 2000 Staff Report* (BCN 51-701) which is available on the BCSC website.

In Alberta –

1. Information Circulars (section 163 of ASC Rules and Form 30)

Alberta requires a specific certificate at the end of an information circular certifying the accuracy of the disclosure in the circular.

2. Insider Reports (section 147 of Alberta Securities Act)

An insider must file an insider report within 10 days of any change in ownership (eg. within 10 days of a trade). This is consistent with the requirements under the securities laws of Ontario, Quebec and Saskatchewan. However, currently, under BC securities law, an insider must file a report within 10 days of the end of the month in which a trade occurs. We expect that insider trading requirements will be harmonized once we implement proposed National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*.

Additional Reminders for Manitoba Companies

We remind Manitoba companies that many of the continuous disclosure requirements that will be applicable to them under Alberta and BC securities law may differ significantly from those under Manitoba securities law.

For example, under Alberta and BC securities law, reporting issuers must file their annual financial statements within 140 days of their year end, rather than 170 days as the Manitoba *Securities Act* requires and interim quarterly financial statements must be filed within 60 days of the end of the quarter.

In addition, both Alberta (Form 40) and BC (Form 41) have separate forms that specify executive compensation disclosure requirements in an information circular. BCSC Form 41 requires more detailed executive compensation disclosure than Alberta; however, Alberta reporting issuers may have the option under ASC Blanket Order 93/11/17 of satisfying ASC Form 40 requirements by complying with Ontario Securities Commission Form 40 (which is substantially similar to BC's Form 41).

Fees

For full details regarding the fees you will have to pay in Alberta and BC after June 30, 2001, please see

– the Fee Schedule to the Alberta *Securities Regulation* available on the ASC website at www.albertasecurities.com (under the headings “Policies & Legislation - Act & Regulations - Securities Regulations”) and

– the BC *Fee Checklist* (effective January 1, 2001) available on the BCSC website at www.bcsc.bc.ca

This Notice only provides a summary of some of the unique requirements in Alberta and British Columbia. Before June 30, 2001, issuers and their legal counsel should review and familiarize themselves with the provisions of Alberta and British Columbia securities law applicable to reporting issuers (and in BC, also to exchange issuers). The BCSC has issued a similar notice, BCN 2001/38, which is available on the BCSC website.

Questions

Please refer questions to:

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**Appendix A
Transitional Orders**

In Alberta –

Blanket Order #51-502 Transitional Order Relating to Former VSE Issuers Listed on CDNX that Became Reporting Issuers in Connection with the Recognition of CDNX and Revocation of Blanket Order #51-501 (AB)

Blanket Order #51-503 Transitional Order Relating to Former CDN Quoted Issuers and Former TSE Issuers that Became Reporting Issuers Upon Having Securities Listed and Posted for Trading on CDNX

Blanket Order #51-504 Transitional Order Relating to Former WSE Issuers and Prospective WSE Issuers That Become Reporting Issuers Upon Having Securities Listed and Posted for Trading on CDNX

In British Columbia –

Blanket Order 51-502 (BC) Transitional Orders Relating To Former Alberta Stock Exchange Issuers

Blanket Order 51-502A (BC) Transitional Orders Relating To Former Alberta Stock Exchange Issuers That Are “New Exchange Issuers”

Blanket Order 51-503 (BC) Transitional Orders Relating To Former CDN Quoted Issuers And Former TSE Issuers

Blanket Order 51-503A (BC) Transitional Orders Relating To Former CDN Quoted Issuers And Former TSE Issuers That Are “New Exchange Issuers”

BC Instrument 51-504 Transitional Exemptions Relating To WSE Issuers

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