

AMENDMENTS TO POLICY STATEMENT TO REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS

1. *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements* is amended by inserting, after section 2.10, the following:

“2.11 Rights offerings

(1) The regulator or, in Québec, the securities regulatory authority may refuse to issue a receipt for a prospectus filed for a rights offering under which rights are issued if the rights are exercisable into convertible securities that require an additional payment by the holder on conversion and the securities underlying the convertible securities are not qualified under the prospectus. This will ensure that the remedies for misrepresentation in the prospectus are available to the person who pays value.

(2) Subparagraph 8A.2(1)(d)(ii) of the Regulation provides that if there is no published market for the securities, the subscription price must be lower than fair value unless the issuer restricts all insiders from increasing their proportionate interest in the issuer through the rights offering or a stand-by commitment. Under subsection 8A.2(2), the issuer must deliver to the regulator or, in Québec, the securities regulatory authority evidence of fair value. For this purpose, the regulator or the securities regulatory authority will consider such things as fairness opinions, valuations and letters from registered dealers as evidence of the fair value.

(3) Under paragraph 8A.4(b) of the Regulation, if there is a stand-by commitment for a rights offering, the issuer must deliver to the regulator or, in Québec, the securities regulatory authority evidence that the person providing the stand-by commitment has the financial ability to carry out the stand-by commitment. For this purpose, the regulator or, in Québec, the securities regulatory authority may consider any of the following:

- a statement of net worth attested to by the person making the commitment,
- a bank letter of credit,
- the most recent audited financial statements of the person making the commitment,
- other evidence that provides comfort to the regulator or, in Québec, the securities regulatory authority.”.

2. Section 6.5B of the Policy Statement is amended by replacing, wherever they appear in the French text of paragraph (11), the words “des informations fausses ou trompeuses” with the words “de l’information fausse ou trompeuse”.