Draft Regulations

Securities Act
(R.S.Q. c. V-1.1, s. 331.1, pars. (1), (2), (3), (6), (6.1), (8), (9), (11), (16), (19), (19.1) and (34), and s. 331.2)

Regulation to amend Regulation 41-101 respecting General Prospectus Requirements and concordant regulations

Notice is hereby given by the *Autorité des marchés financiers* (the "Authority") that, in accordance with section 331.2 of the *Securities Act*, R.S.Q. c. V-1.1, the following Regulations, the texts of which are published hereunder, may be made by the Authority and subsequently submitted to the Minister of Finance for approval, with or without amendment, after 90 days have elapsed since their publication in the Bulletin of the Authority:

- *Regulation to amend Regulation 41-101 respecting General Prospectus Requirements.*

Draft amendments the following regulations are also publidhed hereunder :

- *Regulation to amend Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR)*;

- *Regulation to amend Regulation 44-101 respecting Shorf Form Prospectus Distributions*;

- *Regulation to amend Regulation 44-102 respecting Shelf Distributions*;

- *Regulation to amend Regulation 51-102 respecting Continuous Disclosure Obligations*;

- *Regulation to amend Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*;

- *Regulation to amend Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*.

Draft amendments to the following policy statement are also published hereunder:

- *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements*;

- Amendments to *Policy Statement to Regulation 44-101 respecting Shorf Form Prospectus Distributions*;

- Amendments to *Policy Statement to Regulation 44-102 respecting Shelf Distributions*

- Amendments to *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*.

Request for comment

Comments regarding the above may be made in writing before **October 14, 2001**, to the following:

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July 15, 2011

Notice and Request for Comment

Draft *Regulation to amend Regulation 41-101 respecting General Prospectus Requirements*

Draft Amendments to *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements*

Draft *Regulation to amend Regulation 44-101 respecting Short Form Prospectus Distributions*

Draft Amendments to *Policy Statement to Regulation 44-101respecting Short Form Prospectus Distributions*

Draft *Regulation to amend Regulation 44-102 respecting Shelf Distributions*

Draft Amendments to *Policy Statement to Regulation 44-102 respecting Shelf Distributions*

Draft *Regulation to amend Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*

Draft related amendments

July 15, 2011

Introduction

We, the Canadian Securities Administrators (**CSA**), are publishing for a 90-day comment period draft amendments to:

- *Regulation 41-101 respecting General Prospectus Requirements* (Regulation 41-101);
- *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements* (Policy Statement 41-101);
- *Regulation 44-101 respecting Short Form Prospectus Distributions* (Regulation 44-101);
- *Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions* (Policy Statement 44-101);
- *Regulation 44-102 respecting Shelf Distributions* (Regulation 44-102);
- *Policy Statement to Regulation 44-102 respecting Shelf Distributions* (Policy Statement 44-102); and
- *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure* (Regulation 81-101).

We are also publishing draft consequential amendments to:

- *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (Regulation 52-107);
- *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (Policy Statement 52-107);

- *Regulation 51-102 respecting Continuous Disclosure Obligations* (Regulation 51-102); and

- *Regulation 13-101 respecting System for Electronic Document and Analysis Retrieval* (Regulation 13-101).

The references above to a Regulation include its form(s).

The draft amendments to Regulation 41-101, Policy Statement 41-101, Regulation 44-101, Policy Statement 44-101, Regulation 44-102, Policy Statement 44-102 and Regulation 81-101 are collectively referred to in this notice as the "Draft Amendments".

Proposed Text

The text of the Draft Amendments is published with this notice.

We invite comment on the Draft Amendments.

Background

Regulation 41-101 provides a comprehensive set of prospectus requirements for issuers. Regulation 44-101 sets out requirements for an issuer intending to file a prospectus in the form of a short form prospectus. Regulation 44-102 sets out requirements for a distribution under a short form prospectus using shelf procedures. Regulation 81-101 sets out requirements for an issuer that is a mutual fund to file a simplified prospectus, annual information form and fund facts document. Regulation 41-101, Regulation 44-101, Regulation 44-102 and Regulation 81-101 are collectively referred to in this notice as the "Prospectus Regulations".

Purpose of the Draft Amendments

The primary purpose of the Draft Amendments is to amend the Prospectus Regulations and their related policy statements to address user experience and the CSA's experience with the Prospectus Regulations since the implementation of the general prospectus rule, Regulation 41-101, on March 17, 2008. As part of a post-adoption process following implementation of Regulation 41-101, the CSA has tracked issues that have arisen in connection with Regulation 41-101 and other Prospectus Regulations and has developed amendments to address those issues where warranted.

The Draft Amendments to the Prospectus Regulations are intended to:

- clarify certain provisions of the Prospectus Regulations;

- address significant identified gaps in the Prospectus Regulations;

- modify certain requirements in the Prospectus Regulations to enhance their effectiveness;

- remove or streamline certain requirements in the Prospectus Regulations that are burdensome for issuers and of limited utility for investors or securityholders; and

- codify prospectus relief that has been granted in the past.

Summary of Key Draft Amendments

This section describes the key Draft Amendments. It is not a complete list of all the Draft Amendments.

Certain key Draft Amendments apply to all issuers other than investment funds. These are described below in Part I under sections (a) through (k). Other key Draft

Amendments apply specifically to investment funds. These are described below in Part II under sections (l) through (s).

Part I - Key Draft Amendments Generally Applicable to Issuers

(a) No Minimum Offering Amount

In the course of conducting prospectus reviews, the CSA identified concerns with certain best effort offerings that were not subject to a minimum offering amount by issuers that:

- faced significant short-term non-discretionary expenditures or significant short-term capital or contractual commitments, and

- did not appear to have other readily accessible resources to satisfy those expenditures or commitments.

While an issuer may not propose to provide a minimum offering amount, the CSA has determined that additional disclosure is warranted in such cases. The CSA therefore proposes enhanced requirements in connection with the issuer's use of proceeds, as set out in proposed new subsections 6.3(3) and (4) of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) and equivalent new subsections 4.2(3) and (4) of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**). However, regulators may still expect an issuer to provide a minimum offering amount in certain circumstances depending on the severity of the issuer's financial situation, results of the regulator's review and the application of receipt refusal provisions under securities law. This is clarified in a Draft Amendment to section 2.2.1 of Policy Statement 41-101.

(b) Personal Information Form Reforms

In order to help regulators determine the suitability of directors and executive officers of an issuer filing a prospectus, the CSA introduced a detailed personal information form (**PIF**) for directors and executive officers in 2008. Since that time, we have identified a number of issues with the PIF filing requirement. For instance, under the current rules, an issuer is not required to submit a new PIF for an individual even if a number of years has passed since the filing of the previous PIF, nor is an issuer required to confirm that the previously filed PIF is still correct. Additionally, the rules do not permit us to accept the PIF that a different issuer may have filed for the same individual.

The CSA therefore proposes the following changes to the PIF:

1. We propose to define a "personal information form" in Regulation 41-101 to formally include a TSX or TSX Venture Exchange PIF, provided that an Regulation 41-101 certificate and consent is appended to it and the information contained in the PIF continues to be correct at the time that the Regulation 41-101 certificate and consent is executed.

2. We propose to require that an issuer file a PIF with the regulator for an individual (i.e. director, executive officer, etc. as prescribed under subparagraph 9.1(b)(ii) of Regulation 41-101) at the time of each prospectus filing.

3. We propose to exempt the issuer from the requirement described in paragraph 2 above if, at the time of the prospectus filing:

(a) an issuer filed a PIF of that individual with the regulator within the past 3 years;

(b) the responses of that individual to certain key questions in his or her PIF (questions 4(b) and (c) and questions 6 through 9 of the current PIF and questions 6 through 10 of the proposed amended PIF) have not changed; and

(c) a certificate is filed by the issuer identifying the previous PIF filing (by either appending the previously filed PIF to the certificate or providing certain information) and giving the confirmation in paragraph (b) above.

4. We propose to make minor amendments to the PIF to remove certain personal questions that are of limited utility and to align with the TSX and TSX Venture Exchange PIFs.

(c) Contractual Rights of Rescission

The CSA has identified an investor protection concern that arises where the distribution of a convertible, exchangeable or exercisable security is qualified under a prospectus and the subsequent conversion, exchange or exercise is made on a prospectus-exempt basis within a short period of time following the purchase of the original security under the prospectus. Under provincial securities legislation in effect in most provinces, the purchaser does not have a right of rescission in respect of the underlying security.

For this reason, we propose to modify the guidance in section 2.9 of Policy Statement 41-101 to clarify that in certain circumstances, the issuer should provide the purchaser with a contractual right of rescission in respect of the issuance of the underlying security where the conversion, exchange or exercise of the security could occur within a short period of time (generally within 180 days) of the purchase of the security under the prospectus.

(d) Interaction of Items 32 and 35 in Form 41-101F1: Significant Acquisitions that Are Also Acquisitions of a Primary Business or Predecessor Entity

A proposed or completed significant acquisition by an issuer filing a prospectus in the form of Form 41-101F1 may also constitute an acquisition of a primary business for the issuer or a predecessor entity of the issuer. For example, this is generally the case where the significance of the acquisition to the issuer exceeds 100%. In these circumstances, the issuer must include financial statements pursuant to Item 32 of Form 41-101F1 (by operation of section 32.1 of Form 41-101F1), rather than Item 35 of Form 41-101F1.

However, the interaction of Items 32 and 35 of Form 41-101F1 – both of which could apply to a significant acquisition by an issuer have been confusing to some users, particularly in the case of reporting issuers.

We have therefore clarified in both Items 32 and 35 of Form 41-101F1 that a non-reporting issuer or a shell reporting issuer that has carried out a significant acquisition that constitutes the acquisition of a primary business or predecessor entity of the issuer is required to disclose the financial statements under Item 32 and not under Item 35. The imposition of this clarifying provision regarding subsequent prospectus filings by shell reporting issuers does not represent a substantive new requirement because these issuers would generally have already had to report the significant acquisition in a previously filed information circular containing Item 32 prospectus-level disclosure for the significant acquisition.

The Draft Amendments also clarify the circumstances when an issuer must provide pro forma financial statements if it has made an acquisition that constitutes the acquisition of a primary business or predecessor entity of the issuer.

Pursuant to new proposed section 32.7 of Form 41-101F1, we will only require the pro forma financial statement disclosure to reflect the effect of a proposed or completed acquisition of a primary business or predecessor entity by an issuer if such pro forma statements are necessary for full, true and plain disclosure of all material facts relating to the securities being distributed.

(e) Exemption from Incorporation by Reference of Reports/Opinions Produced in Information Circular

The CSA proposes to codify relief we have granted to issuers allowing them to exclude from their prospectuses reports or opinions of experts that are incorporated by reference into the prospectus indirectly through the incorporation by reference of a special meeting information circular. These circulars generally relate to a restructuring transaction or other special business of the issuer where the issuer or its board of directors engaged an expert to provide advice that is specific to the business transacted at the special meeting.

For example, a board may retain a firm to provide a fairness opinion to assist the board in determining whether to recommend that a proposed transaction be approved by the issuer's shareholders. Similarly, an issuer may include a tax opinion that is specific to the proposed transaction. Given the limited purpose and nature of the expert's engagement, the CSA has determined that in some cases it is not necessary to incorporate by reference those types of reports or opinions that are specific in nature and scope. This proposed exemption is set out in proposed new subsection 11.1(3) of Form 44-101F1.

(f) Prior Sales and Trading Price and Volume Disclosure

The CSA proposes to modify the prospectus disclosure relating to prior sales information and trading price and volume information contained in Item 13 of Form 41-101F1 and Item 7A of Form 44-101F1 as follows:

- clarify that if an issuer is distributing a series of debt under the prospectus, it must provide prior sales and trading price and volume disclosure in respect of that series of debt; and

- streamline the prior sales and trading price and volume disclosure so that it only applies to the class or series of securities that is being distributed under the prospectus, as that information is the most relevant to the investor purchasing that security.

(g) Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

We propose to amend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service contained in subparagraph 9.2(a)(vii) of Regulation 41-101, Appendix C of Regulation 41-101 and subparagraph 4.2(a)(vi) of Regulation 44-101. Under the current requirement in subparagraph 9.2(a)(vii) of Regulation 41-101, a person residing outside Canada that is required to sign or provide a certificate must submit to our jurisdiction and appoint an agent in Canada.

We propose to expand the existing requirement to all foreign directors of the issuer, as all directors are liable in our statutory liability regime for misrepresentations contained in the prospectus. The proposed amendments will be made to subparagraph 9.2(a)(vii) of Regulation 41-101 and subparagraph 4.2(a)(vi) of Regulation 44-101.

We also propose amendments to clarify the related disclosure on enforceability of judgments against foreign persons in sections 1.12 of Form 41-101F1 and 1.11 of Form 44-101F1 accordingly.

Potential further extension of filing requirement to foreign experts

CSA staff are also considering, as part of the Draft Amendments, to further extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts (such as, for example, "qualified persons" or auditors) who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them. These persons are liable under our statutory liability

regime for misrepresentations in the prospectus that are derived from report, opinion or statement.

In order to effect this potential amendment subparagraph 9.2(a)(vii) of Regulation 41-101 would be amended to include "each person required to file a consent under section 10.1" and section 1.12 of Form 41-101F1 would be amended to encompass "a person who is required to file a consent under section 10.1 of the Regulation". Corresponding changes would also be made to Regulation 44-101 and Form 44-101F1.

We are interested in your comments on this potential change. Please refer to the "Comments" section of this Notice for our specific questions on the potential extension of the non-issuer's submission to the jurisdiction and appointment of an agent for service form filing requirement to all foreign experts. Upon consideration of public comments, CSA staff may determine to implement this change as part of the Draft Amendments.

(h) Successor Issuer

Based on our prospectus reviews, we have reconsidered the successor issuer criteria for purposes of short-form eligibility. In the Draft Amendments we have modified the successor issuer definition to address areas where further clarification was required, including:

- in circumstances where the successor issuer acquired a business from a predecessor that represented less than all of the predecessor's business, we have clarified that substantially all of the business must have been divested by the predecessor to the successor in order for the issuer to be considered a successor issuer. This amendment is intended to ensure that an issuer will only be considered a successor issuer (and thereby become short-form eligible despite its fairly recent status as a reporting issuer) if the historical financial statements of its predecessor are a relevant, accurate proxy for the successor issuer's financial statements; and

- we have clarified that a successor issuer can include a reverse takeover (**RTO**) acquiree, i.e. an issuer can be a successor to itself.

We have also expanded the application of section 2.7 of Regulation 44-101 to permit a capital pool company listed on the TSX Venture Exchange to be considered short-form eligible under this provision if it is a successor issuer and has filed a filing statement in connection with an RTO or a qualifying transaction.

(i) Primary Business Oil & Gas Exemption to Provide Operating Statements

We propose to extend the exemption available to oil and gas issuers carrying out acquisitions that would be considered acquisitions of a primary business or predecessor entity to rely on operating statements (in lieu of financial statements) when providing financial statement disclosure about the acquisition. This proposed exemption is found in new proposed section 32.9 of Form 41-101F1.

Also, based on prior requests for relief which we have granted, we have developed a provision to exempt an oil and gas issuer from having to provide an audited operating statement the third year back if a recent independent reserves evaluation (in the forms of Form 51-101F1 *Statement of Reserves Data and Other Oil and Gas Information*, Form 51-101F2 *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and Form 51-101F3 *Report of Management and Directors on Oil and Gas Disclosure*) has been prepared (and included in the prospectus) with an effective date within 6 months of the preliminary prospectus receipt date.

(j) Notice of Intention Exemption

Presently an issuer that is new to the short form prospectus regime must file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of the preliminary short form prospectus. We propose to exempt a successor issuer from having to wait the 10 business day period to file its preliminary prospectus if its predecessor issuer previously filed the notice of intention. The successor issuer would still need to file the notice of intention either prior to or concurrently with the filing of the preliminary prospectus. We also propose a similar exemption for a credit support issuer which relies upon the continuous disclosure record of its credit supporter.

(k) Time to File Final Prospectus

Presently, pursuant to subsection 2.3(1) of Regulation 41-101, an issuer must file its final prospectus no later than 90 days after the date of the receipt of its preliminary prospectus. We propose to clarify that if an issuer files an amendment to a preliminary prospectus, the 90-day time period will recommence from the date of the receipt of the amendment to the preliminary prospectus. However, irrespective of the filing of one or more amendments to the preliminary prospectus, an issuer shall not be permitted to file the final prospectus more than 180 days after the date of the receipt for the preliminary prospectus.

Part II - Key Draft Amendments Applicable to Investment Funds

(l) Non-Canadian Investment Funds

We propose to extend the existing disclosure requirement for foreign investment fund managers to foreign investment funds and any other non-Canadian entity required to provide a certificate under Part 5 of Regulation 41-101 or other securities legislation.

(m) Leverage Disclosure for Investment Funds

We propose to enhance the disclosure requirements relating to the use of leverage as an investment strategy in the prospectus summary and body of a prospectus in the form of Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2)**. The enhanced disclosure requirements are intended to provide investors with a better understanding of how the investment fund intends to utilize leverage and the nature of the leverage that may be used by the investment fund.

We propose to modify the prospectus disclosure in paragraph 3.3(1)(e) of Form 41-101F2 and paragraph 6.1(1)(b) of Form 41-101F2 as follows:

- for leverage created through borrowing or the issuance of preferred securities, the investment fund must disclose the maximum amount of leverage it may use as a ratio of its maximum total assets divided by its net asset value; and

- if leverage is created through the use of specified derivatives or similar instruments, the investment fund must disclose the maximum amount of leverage the investment fund may use as a multiple of net assets and explain how the investment fund uses the term “leverage” and the significance of the maximum and minimum amounts of leverage to the investment fund.

An instruction in Form 41-101F2 states that for the purposes of the above disclosure requirements, the term “specified derivative” has the same meaning as in *Regulation 81-102 respecting Mutual Funds*.

(n) Investment Fund Trading Expense Ratio Disclosure

In addition to the current requirement to disclose an investment fund’s annual returns and management expense ratio for the past five years in subsection 3.6(4) of Form

41-101F2 and Item 11 of Form 41-101F2, we propose a requirement that the investment fund's trading expense ratio for the past five years be disclosed. An investment fund's trading expense ratio represents the total trading commissions and costs of the investment fund as a percentage of its net assets. This disclosure requirement will better enable investors to determine the full costs of owning an investment fund or compare the historical costs of different investment funds.

(o) Organization and Management Details of the Investment Fund

We propose to amend the current disclosure required by Item 19 of Form 41-101F2 relating to the organizational and management details of an investment fund to require the disclosure of the following additional information:

- an expanded requirement to disclose current or past bankruptcies of and cease trade orders against any issuer, as opposed to the current disclosure requirement that only applies to investment fund issuers, where the directors or executive officers of the investment fund or its investment fund manager were directors of or held specified executive positions with the issuer,

- enhanced disclosure of ownership interests in the investment fund and its investment fund manager for directors and executive officers of the investment fund and investment fund manager and members of the investment fund's independent review committee; and

- a new disclosure requirement relating to principal distributors of investment funds and a requirement that principal distributors of investment funds sign a prospectus certificate in the same form as the investment fund.

(p) Principal Securityholders

We propose to amend the disclosure of principal securityholders of the investment fund as required by subsection 28.1(1) of Form 41-101F2, to limit disclosure to circumstances where this information is known or ought to be known by the investment fund or its investment fund manager. This amendment will predominantly affect exchange traded funds in continuous distribution (**ETFs**), who may not be able to readily determine their beneficial owners. Disclosure of this information has less utility for ETFs because it would only reflect ownership at a moment in time and beneficial securityholders of ETFs may change very quickly. The amendment is also consistent with exemptive relief from certain takeover bid requirements that many ETFs have received.

(q) Mutual Fund Personal Information Form Reforms

We have drafted reforms to the PIF delivery requirements in Regulation 81-101 that correspond with the draft Regulation 41-101 reforms relating to the PIF. These amendments are intended to address the issues described above and conform the PIF delivery requirements for conventional mutual funds with those for other issuers.

(r) Documents Incorporated by Reference in a Mutual Fund Prospectus

We propose to amend section 3.1 of Regulation 81-101 to require the incorporation by reference, where a mutual fund has not yet filed interim or annual financial statements, of the audited balance sheet filed with the mutual fund's simplified prospectus. We also propose to require the incorporation by reference of a mutual fund's interim financial statements and interim management report of fund performance (**MRFP**), where the mutual fund has not yet filed its annual comparative financial statements and annual MRFP.

(s) Principal Distributor Certificate for Mutual Funds

We propose to amend the principal distributor certificate required by Form 81-101F2 *Contents of Annual Information Form* to require a principal distributor of a mutual fund to provide the same certificate as the mutual fund and the manager of the mutual fund.

Consequential Amendments

(a) Consequential Amendments to Regulation 52-107

We propose amendments to Regulation 52-107 to ensure that the operating statements which a prospectus filer is permitted to provide under new proposed section 32.9 of Form 41-101F1 (described under section (i) in Part I of the **Summary of Key Draft Amendments** above) can benefit from the financial reporting framework available in Regulation 52-107 for oil and gas operating statements.

We also propose to repeal the financial reporting framework for carve-out financial statements presently found in subsection 3.11(6) of Regulation 52-107. As corroborated by external feedback, we do not feel it is necessary for the CSA to prescribe a separate financial reporting framework for carve-out financial statements. It is our view that auditors will generally be able to confirm that the carve-out financial statements have been prepared in accordance with International Financial Reporting Standards, and that instances in which this is not the case will be relatively rare.

(b) Consequential Amendments to Regulation 51-102

Presently an issuer is permitted to utilize operating statements, in lieu of financial statements, if it complies with the requirements of section 8.10 of Regulation 51-102. One requirement is that the acquisition must be an asset acquisition. We propose to expand this provision's application to a share acquisition in certain restricted circumstances. Specifically, the vendor must have transferred the applicable oil and gas assets to a corporation that will be considered the transferor of the transaction and was created for the sole purpose of facilitating the acquisition, and this transferor had no assets or operations other than those attributable to the transferred oil and gas assets. A parallel draft amendment is provided in section 32.9 of Form 41-101F1 for an acquisition that constitutes the acquisition of a primary business of the issuer.

(c) Consequential Amendments to Regulation 13-101

We propose amendments to Regulation 13-101 to update the terminology used for various types of prospectus forms referenced in Appendix A of Regulation 13-101. Certain of these references are out-of-date.

Anticipated Costs and Benefits

We are proposing the Draft Amendments to the Prospectus Regulations because of issues identified in prospectus reviews, applications for exemptive relief from prospectus requirements and recurring inquiries from prospectus filers or CSA staff concerning certain prospectus requirements.

The Draft Amendments are designed to enhance the effectiveness of the prospectus disclosure standards, clarify the requirements, address significant identified gaps, and modify or streamline requirements where warranted. The CSA anticipates that these modifications will ease the process and burden of prospectus disclosure for issuers while at the same time delivering effective, relevant and meaningful disclosure to investors.

Alternatives Considered

We considered maintaining the status quo. However, as discussed above, many of the Draft Amendments are intended to clarify the Prospectus Regulations or to modify or streamline Prospectus Rule requirements where warranted.

Therefore, to provide the appropriate degree of certainty, clarity and consistency among affected issuers, we considered it preferable to amend, replace and add provisions to the Prospectus Regulations and associated guidance.

Unpublished Materials

In developing the Draft Amendments to the Prospectus Regulations, we have not relied on any significant unpublished study, report, or other written materials.

Local Notices

Certain jurisdictions will publish other information required by local securities legislation with this notice.

Comments

We request your comments on the Draft Amendments to the Prospectus Regulations. In addition to any general comments you have, we also invite comments on the following specific topic:

Questions relating to Non-Issuer's Submission to the Jurisdiction and Appointment of Agent for Service

As described in paragraph (g) of the "Summary of Key Draft Amendments" section of this Notice, we are considering further extending the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to all foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them.

We are interested in your general comments on this potential change. In particular, we welcome your comments on the following questions:

(a) Do you believe that it is appropriate to extend the requirement to file a non-issuer's submission to the jurisdiction and appointment of an agent for service form to foreign experts who have consented to the disclosure in a prospectus of information from a report, opinion or statement made by them given that these persons are liable under our statutory liability regime for misrepresentations in the prospectus that are derived from that report, opinion or statement? Why or why not?

(b) If foreign experts are required to file a non-issuers' submission to the jurisdiction and appointment of an agent for service form, do you anticipate that this obligation will impose any significant practical or financial burden on these experts or issuers? If so, please explain why. Would your response change if the form requirement for foreign experts only concerned either submission to the jurisdiction or an appointment of an agent for service?

Please provide your comments in writing by **October 14, 2011**. Regardless of whether you are sending your comments by email, you should also send or attach your submissions in an electronic file in Microsoft Word, Windows format.

Address your submissions to the following Canadian securities regulatory authorities:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Deliver your comments **only** to the address that follows. Your comments will be distributed to the other participating CSA member jurisdictions.

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Please note that comments received will be made publicly available and posted at **www.albertasecurities.com** and the websites of certain other securities regulatory authorities. 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

A. Questions relating to Investment Funds

Certain Draft Amendments apply only to investment funds. These amendments are found in Form 41-101F2 *Information Required in an Investment Fund Prospectus* and Regulation 81-101 including Form 81-101F2 *Contents of Annual Information Form*. Also, the key Draft Amendments applicable to investment funds are described above under Part II of the **Summary of Key Draft Amendments**. If your questions relate to these Draft Amendments, please refer your questions to any of:

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B. All Other Questions relating to the Draft Amendments

Certain Draft Amendments apply to issuers other than investment funds. These amendments are found in Regulation 41-101 including Form 41-101F1 *Information Required in a Prospectus*, Regulation 44-101 including Form 44-101F1 *Short Form Prospectus*, Regulation 44-102 and the Consequential Amendments to Regulation 52-107, Regulation 51-102 and Regulation 13-101. Also, the key Draft Amendments applicable to such issuers are described above under Part I of the **Summary of Key Draft Amendments**. If your questions relate to these Draft Amendments, please refer your questions to any of:

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REGULATION TO AMEND REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (6), (6.1), (8), (11), (16) and (34))

1. Section 1.1 of Regulation 41-101 respecting General Prospectus Requirements is amended:

(1) by inserting, after the definition of the term "over-allotment option", the following:

""personal information form" means in respect of an individual,

(a) a completed Schedule 1 of Appendix A, or

(b) A TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A, if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individual;";

(2) in the definition of the term "executive officer":

(a) by inserting, after the words "means, for an issuer", the words "or an investment fund manager,";

(b) by inserting, after paragraph (a), the following:

"(a.1) a chief executive officer or chief financial officer,";

(c) by inserting, in paragraph (c) and after the word "issuer", the words "or investment fund manager";

(3) by inserting, after the definition of "transition year", the following:

""TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time;".

2. Section 2.3 of the Regulation is amended by replacing paragraph (1) with the following:

"(1) An issuer must not file an amendment to a preliminary prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

"(1.1) An issuer must not file a final prospectus more than 90 days after the date of the receipt for the preliminary prospectus or an amendment to the preliminary prospectus which relate to the final prospectus.

"(1.2) If an issuer files an amendment pursuant to subsection (1), the total period of time permitted to file the final prospectus under subsection (1.1) must not exceed 180 days from the date of the receipt of the preliminary prospectus.".

3. The Regulation is amended by inserting, after section 5.10, the following:

"**5.10.1. Certificate of principal distributor**

(1) If the issuer is an investment fund that has a principal distributor, a prospectus must contain a certificate, in the applicable issuer certificate form, signed by the principal distributor.

(2) If the principal distributor is a company, the certificate must be signed by any officer or director of the principal distributor duly authorized to sign.".

4. Section 9.1 of the Regulation is replaced with the following:

"**9.1. Required documents for filing a preliminary or pro forma long form prospectus**

(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) in the case of a preliminary long form prospectus, a signed copy of the preliminary long form prospectus;

(ii) 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) a copy of any material contract required to be filed under section 9.3;

(iv) 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) if the issuer has a mineral project, the technical reports required to be filed with a preliminary long form prospectus under Regulation 43-101 respecting Standards of Disclosure for Mineral Projects (M.O. 2005-23, 05-11-30); and

(vi) 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 or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary or pro forma long form prospectus, the following:

(i) 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) a completed personal information form 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; and

(iii) 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 or, in Québec, the securities regulatory authority 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.

(2) Despite subparagraph 9.1(1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary or pro forma long form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to

Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04) in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remains correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) or (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remains correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary or pro forma long form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary or pro forma long form prospectus.".

5. Section 9.2 of the Regulation is amended, in paragraph (a):

(1) by replacing, in the French text of subparagraph (iii), the words "en vertu du du" with the words "en vertu du";

(2) in subparagraph (vii):

(a) by inserting, after subparagraph (A), the following, and making the necessary changes:

"(A.1) each director of the issuer, and";

(b) by replacing subparagraph (B) with the following:

"(B) any other person that provides or signs a certificate under Part 5 or other securities legislation, other than an issuer,";

(3) by replacing subparagraph (xii) with the following:

"(xii) if an agreement, contract or declaration of trust under subparagraph (ii) or (iv) or a material contract under subparagraph (iii) has not been executed before the filing of the final long form prospectus but will be executed 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 agreement, contract, declaration of trust or material contract promptly and in any event no later than 7 days after execution of the agreement, contract, declaration of trust or material contract;

"(xii.1) if a document referred to in subparagraph (ii) will not be executed in order to become effective and has not become effective before the filing of the final long form prospectus, but will 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 no later than 7 days after the document becomes effective; and".

6. Section 10.1 of the Regulation is amended by replacing paragraph (1) with the following:

"(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 whose profession or business gives authority to a statement made by that person.

"(1.1) Subsection (1) only applies if the person is named in a prospectus or an amendment to a prospectus, directly or, if applicable, in a document incorporated by reference,

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

(b) 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

(c) 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.".

7. Section 11.2 of the Regulation is amended:

(1) by replacing, in the part preceding paragraph (a), the words "No person" with "Except as required under section 11.3, no person";

(2) by inserting, in paragraph (b) and after the word "offering", the words "on an as-if converted basis".

8. Section 13.3 of the Regulation is amended:

(1) by replacing, in paragraph (d), the words "the investment objective(s)" with the words "the fundamental investment objective(s)";

(2) by adding, after paragraph (h), the following:

"(i) whether the security is or will be a qualified investment for a registered retirement savings plan, registered retirement income fund, registered education savings plan or tax free savings account or qualifies or will qualify the holder for special tax treatment.".

9. Section 14.5 of the Regulation is amended:

(1) in paragraph (1):

(a) by replacing, in the part preceding subparagraph (a), the words "agreements between the investment fund and the custodian or the custodian and the sub-custodian" with the words "custodian agreements and sub-custodian agreements";

(b) by replacing, in subparagraph (g), "sub-custodian," with the word "sub-custodian";

(2) by replacing, in paragraph (3), the words "An agreement between an investment fund and a custodian or a custodian and a sub-custodian respecting the portfolio

assets" with the words "A custodian agreement or sub-custodian agreement concerning the portfolio assets of an investment fund".

10. Section 19.3 of the Regulation is amended by adding, after the words "the filing of the" and wherever they occur in subparagraphs (i) and (ii) of subparagraph (a) of paragraph (2), the words "pro forma or".

11. Appendix A of the Regulation is replaced with the following:

"**APPENDIX A**

SCHEDULE 1

PART A 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 Regulation 41-101 respecting General Prospectus Requirements, Part 4 of Regulation 44-101 respecting Short Form Prospectus Distributions or Part 2 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure.

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" will not be accepted for any questions, except Questions 1(B), 2(iii) and (v) and 5.

For the purposes of answering the questions in this Form, the term **"issuer"** includes an **investment fund manager**.

Questions 6 to 10
Please place a checkmark (√) in the appropriate space provided. If your answer to any of questions 6 to 10 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 (R.S., 1985, c. C-46);

(b) a quasi-criminal offence (for example under the *Income Tax Act* (R.S.C. 1985, c. 1 (5th Suppl.)), the *Immigration and Refugee Protection Act* (S.C., 2001, c. 27) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any Canadian or foreign 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 other foreign jurisdiction;

NOTE: If you have received a pardon under the *Criminal Records Act* (R.S., 1985, c. C-47) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, 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 which is currently 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 entity authorized by law to regulate the operations and the standards of practice and business conduct of its members (including where applicable, issuers listed on a stock exchange) and individuals associated with those members and issuers, in which the self-regulatory entity is required under its by-laws, rules or policies to hold or afford the parties the opportunity to be heard 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 Canadian or foreign jurisdiction to administer securities law, regulation and policy (e.g. securities commission), but does not include an exchange or other self regulatory entity;

"self regulatory entity" or "SRE" means:

(a) a stock, derivatives, 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 organization, recognized by a securities regulatory authority, that is responsible for the enforcement of rules, policies, disciplines or codes under any applicable legislation, or considered an SRE in another country.

1. IDENTIFICATION OF INDIVIDUAL COMPLETING FORM

A.

LAST NAME(S)	**FIRST NAME(S)**	**FULL MIDDLE NAME(S) (No initials. 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***	

* Please provide an email address that the regulator or, in Québec, the securities regulatory authority may use to contact you regarding this PIF. This email address may be used to exchange personal information relating to you.

F.

RESIDENTIAL HISTORY – Provide all residential addresses for the past 10 YEARS starting with your current principal residential address. If you are unable to recall 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 or, in Québec, the securities regulatory authority 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

	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 2(ii), the number of years of continuous residence in Canada:		
(iv) Do you hold citizenship in any country other than Canada?		
(v) If "Yes" to Question 2(iv), the name of the country(ies):		

3. EMPLOYMENT HISTORY

Provide your complete employment history for the **5 YEARS** immediately prior to the date of this Form starting with your current employment. Use an attachment if necessary. If you were unemployed during this period of time, please state this and identify the period of unemployment.

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

4. INVOLVEMENT WITH ISSUERS

		YES	NO
A.	Are you or have you during the last 10 years ever been a director, officer, promoter, insider or control person for any reporting issuer?		

B. **If "YES" to 4A 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

		YES	NO
C.	While you were a director, officer or insider of an issuer, did any exchange or other self-regulatory entity ever refuse approval for listing or quotation of the issuer, including (i) a listing resulting from a business combination, reverse take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, (ii) a backdoor listing or qualifying acquisition involving the issuer (as those terms are defined in the TSX Company Manual as amended) or (iii) a Qualifying Transaction, Reverse Take Over or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)? If yes, attach full particulars.		

5. EDUCATIONAL HISTORY

A.

PROFESSIONAL DESIGNATION(S) – Identify 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., CFA, etc. and indicate which organization and the date the designations were granted.			
PROFESSIONAL DESIGNATION and MEMBERSHIP NUMBER	**GRANTOR OF DESIGNATION and CANADIAN OR FOREIGN JURISDICTION**	**DATE GRANTED**	
		MM	**YY**

Describe the current status of any designation and/or association (e.g. active, retired, non-practicing, suspended)

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. **If you have received a pardon under the Criminal Records Act (R.S.C., 1985, c. C-47) for an Offence that relates to fraud (including any type of fraudulent activity), misappropriation of money or other property, theft, forgery, falsification of books or documents or similar Offences, you must disclose the pardoned Offence in this Form.**

		YES	NO
A.	Have you ever, in any Canadian or foreign jurisdiction, pled guilty to or been found guilty of an Offence?		
B.	Are you the subject of any current charge, indictment or proceeding for an Offence, in any Canadian or foreign jurisdiction?		
C.	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, in any Canadian or foreign jurisdiction, at the time of events, where the issuer:		
(i) pled guilty to or was found guilty of an Offence?		
(ii) is now the subject of any 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. You must answer "YES" or "NO" for EACH of (A), (B) and (C), below.

		YES	NO
A.	Have you, in any Canadian or 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 currently or have you **ever** been a director, officer, promoter, insider or control person of an issuer, in any Canadian or 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 ENTITY. Are you now, in any Canadian or foreign jurisdiction, the subject of:**		
	(i) a notice of hearing or similar notice issued by an SRA or SRE?		
	(ii) a proceeding or to your knowledge, under investigation, by an SRA or SRE?		
	(iii) settlement discussions or negotiations for settlement of any nature or kind whatsoever with an SRA or SRE?		

		YES	NO
B.	**PRIOR PROCEEDINGS BY SECURITIES REGULATORY AUTHORITY OR SELF REGULATORY ENTITY. Have you ever:**		
	(i) been reprimanded, suspended, fined, been the subject of an administrative penalty, or been the subject of any proceedings of any kind whatsoever, in any Canadian or foreign jurisdiction, by an SRA or SRE?		
	(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, by an SRA or SRE?		
	(iii) been prohibited or disqualified by an SRA or SRE under securities, corporate or any other legislation from acting as a director or officer of a reporting issuer or been prohibited or restricted by an SRA or SRE from acting as a director, officer or employee of, or an agent or consultant to, a reporting issuer?		
	(iv) had a cease trading or similar order issued against you or an order issued against you by an SRA or SRE 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 by an SRA or SRE?		

		YES	NO
C.	**SETTLEMENT AGREEMENT(S)**		
	Have you ever entered into a settlement agreement with an SRA, SRE, attorney general or comparable official or body, in any Canadian or 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 Canadian or foreign jurisdiction or the rules, by-laws or policies of any SRE?		

		YES	NO
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 Canadian or foreign jurisdiction, for which a securities regulatory authority or self regulatory entity has:**		
	(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) commenced any other proceeding of any nature or kind against the issuer, including a trading halt, suspension or delisting of the issuer, in connection with an alleged or actual contravention of an SRA's or SRE's rules, regulations, policies or other requirements, but excluding halts imposed (i) in the normal course for proper dissemination of information, or (ii) pursuant to a business combination, reverse take-over or similar transaction involving the issuer that is regulated by an SRE or SRA, including a Qualifying Transaction, Reverse Takeover or Change of Business involving the issuer (as those terms are defined in the TSX Venture Corporate Finance Manual as amended)?		
	(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 any other violation of securities legislation or the rules, by-laws or policies of an SRE?		

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 Canadian or 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 of 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?		

		YES	NO
B.	**CURRENT CLAIMS**		
	(i) Are you now subject, in any Canadian or foreign jurisdiction, to 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 that is now subject, in any Canadian or foreign jurisdiction, to 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?		

		YES	NO
C.	**SETTLEMENT AGREEMENT**		
	(i) Have you ever entered into a settlement agreement, in any Canadian or 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 Canadian or 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?		

10. INVOLVEMENT WITH OTHER ENTITIES

		YES	NO
A.	Has your employment in a sales, investment or advisory capacity with any employer engaged in the sale of real estate, insurance or mutual funds ever been suspended or terminated for cause? If yes, attach full particulars.		

B.	Has your employment with a firm or company registered under the securities laws of any Canadian or foreign jurisdiction as a securities dealer, broker, investment advisor or underwriter, ever been suspended or terminated for cause? If yes, attach full particulars.		

C.	Has your employment as an officer of an issuer ever been suspended or terminated for cause? If yes, attach full particulars.		

SCHEDULE 1

PART B 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 the personal information form to which this certificate and consent is attached or of which this certificate and consent forms part (the "Form"), and the answers I have given to the questions in the Form and in any attachments to it are correct, except where stated to be to the best of my knowledge, in which case I believe the answers to be correct;

(b) I have been provided with and have read and understand the Personal Information Collection Policy (the "Personal Information Collection Policy") in Schedule 2 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements;

(c) I consent to the collection, use and disclosure by a regulator or a securities regulatory authority listed in Schedule 3 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements (collectively the "regulators") of the information in the Form and to the collection, use and disclosure by the regulators of further personal information in accordance with the Personal Information Collection Policy including the collection, use and disclosure by the regulators of the information in the Form in respect of the prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where I am or will be:

(i) a director, executive officer or promoter of such issuer,

(ii) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or

(iii) where the issuer is an investment fund, a director or executive officer of the investment fund manager; and

(d) I understand that I am providing the Form to the regulators and I am under the jurisdiction of the regulators to which I submit the Form, and it is a breach of securities legislation to provide false or misleading information to the regulators, whenever the Form is provided in respect of the prospectus filings of the Issuer or the prospectus filings of any other issuer of which I am or will be a director, executive officer or promoter.

Date [within 30 days of the date of the preliminary prospectus]

Signature of Person Completing this Form

SCHEDULE 2
PERSONAL INFORMATION COLLECTION POLICY

The regulators and securities regulatory authorities (the "regulators") listed in Schedule 3 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements collect the personal information in the personal information form as this term is defined in Regulation 41-101 respecting General Prospectus Requirements (the "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 the Personal Information Form public.

The regulators collect the personal information in the Personal Information Form 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 the Personal Information Form, you are consenting to the Issuer submitting your personal information in the Personal Information Form (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. Your consent would also extend to the collection, use and disclosure of the Information as described above in respect of other prospectus filings of the Issuer and the prospectus filings of any other issuer in a situation where you are or will be a:

(a) a director, executive officer or promoter of such issuer,

(b) a director or executive officer of a promoter of such issuer, if the promoter is not an individual, or

(c) where the issuer is an investment fund, a director or executive officer of the investment fund manager.

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.

SCHEDULE 3
REGULATORS AND SECURITIES REGULATORY AUTHORITIES

Local Jurisdiction	**Regulator**
Alberta	Securities Review Officer Alberta Securities Commission Suite 600 250 – 5th Street S.W Calgary, Alberta T2P 0R4 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	Superintendent of Securities 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
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	Superintendent of Securities 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 800, square Victoria, 22e étage C.P. 246, tour de la Bourse Montréal (Québec) H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: 514-395-0337 Toll Free in Québec: 1-877-525-0337 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	Superintendent of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 – 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: 867-667-5005

SCHEDULE 4 PREVIOUSLY FILED PERSONAL INFORMATION FORMS

CERTIFICATE

In connection with the issuer's (the "Issuer") filing of a prospectus, the personal information forms of the individuals named in the table below (the "Individuals") were previously delivered to one or more regulators or securities regulatory authorities (the "Regulators") listed in Schedule 3 of Appendix "A" to Regulation 41-101 respecting General Prospectus Requirements (the "Personal Information Forms"). The Personal Information Forms contain information concerning the Individuals for whom an issuer was previously required to provide the information under Part 9 of Regulation 41-101 respecting General Prospectus Requirements, Part 4 of Regulation 44-101 respecting Short Form Prospectus Distributions or Part 2 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure.

The Issuer confirms that

(a) a true copy of the Personal Information Form of each of the Individuals

(i) is attached to this certificate, as noted in the table below, or

(ii) was filed under the issuer name and associated SEDAR project number referenced in the table below*;

Name of Individual	Issuer Name and Associated SEDAR project number (if known)	Personal Information Form (check the box if attached)

(b) each of the Individuals has advised the Issuer that the individual's responses to the following questions in his/her Personal Information Form remain correct as at the date noted below:

(i) questions 4(B) and (C) and questions 6 through 9 if the Personal Information Form was delivered to the Regulator before [insert effective date of amendments]; and

(ii) all of questions 6 through 10 if the Personal Information Form was delivered to the Regulator after [insert effective date of amendments]; and

(c) each Individual has advised the Issuer of the Individual's understanding that his or her statement as to the correctness of the above-noted responses in the Individual's Personal Information Form under paragraph (b) is provided to a Regulator listed in Schedule 3 of Appendix "A" to Regulation 41-101 respecting General Prospectus Requirements and that it is a breach of securities legislation to provide false or misleading information to such Regulator.

Date: _____ [within 30 days of the date of the preliminary prospectus]

_____
Name of Issuer

Per: _____

_____
Name

_____
Official Capacity

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

* If the Personal Information Form for an Individual was not previously filed with the principal regulator of the Issuer (as the term "principal regulator" is defined in Regulation 11-102 respecting Passport System), the Issuer must attach a true copy of the Personal Information Form to this Certificate in accordance with subparagraph (a)(i) above, and may not rely on the option available under subparagraph (a)(ii) above. If such form was not previously filed with a non-principal regulator and the Issuer wishes to file its prospectus with the non-principal regulator, the non-principal regulator may request a copy of the Personal Information Form as contemplated in subparagraph (a)(i) above.".

12. Appendix C of the Regulation is amended by replacing the words "The undersigned accepts the appointment as agent for service of process of [insert name of Issuer]" with the words "The undersigned accepts the appointment as agent for service of process of [insert name of Filing Person]".

13. Form 41-101F1 of the Regulation is amended:

(1) by replacing, in item 1.4, paragraphs (2) and (3) with the following:

"(2) If there may be an over allocation position,

(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires *[insert type of securities qualified for distribution under the prospectus]* 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.".

"(3) If the distribution of the securities is to be on a best efforts basis and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**"."";

(2) by inserting, in paragraph (1) of item 1.9 and after the word "class", the words "or series";

(3) by replacing item 1.12 with the following:

"**1.12. Enforcement of judgments against foreign persons**

If the issuer, a director of the issuer, a selling securityholder, or any other person that is signing or providing a certificate under Part 5 of the Regulation 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, director of the issuer, selling securityholder, or any other person signing or providing a certificate under Part 5 of the Regulation 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 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 described above].";

(4) by adding, at the end of item 5.4, the following sentence:

"For the purposes of this section, the alternative disclosure permitted in Instruction (ii) to section 5.4 of Form 51-102F2 does not apply.";

(5) by replacing, in item 6.3, paragraph (2) with the following:

"(2) If the closing of the distribution is subject to a minimum offering amount, provide disclosure of the use of proceeds for the minimum and maximum offering amounts.

"(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;

(b) the distribution of the securities is to be on a best efforts basis; and

(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

"(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

"*INSTRUCTIONS*

If the issuer is required to disclose the use of proceeds at various thresholds under subsections 6.3(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.".

(6) by replacing, in item 8.5, "1" with "2";

(7) by replacing, in item 10.5, the first paragraph with the following:

"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, provide the following disclosure in the prospectus to indicate that holders of such securities have been provided with a contractual right of rescission:";

(8) by replacing, in item 13.1, the first paragraph with the following:

"For each class or series of securities of the issuer distributed under the prospectus and for securities that are convertible or exchangeable into those classes or series of securities, state, for the 12-month period before the date of the prospectus,";

(9) by replacing, in item 13.2, paragraphs (1) and (2) with the following:

"(1) For the following securities of the issuer that are 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 for the securities generally occurs;

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

"(2) For the following securities of the issuer that are not traded or quoted on a Canadian marketplace but are 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 for the securities generally occurs;

(a) each class or series of securities of the issuer distributed under the prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.";

(10) by inserting, after item 30.2, the following:

"**30.3. Convertible, exchangeable or exercisable securities**

In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

"In an offering of [*state name of convertible, exchangeable or exercisable securities*], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [*state name of convertible, exchangeable or exercisable securities*] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."."";

(11) by replacing item 32.1 with the following:

"**32.1. Interpretation of "issuer"**

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 3 years,

(b) the financial statements of a business or businesses acquired by the issuer within 3 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 3 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 combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not temporary.

(2) A reporting issuer is not required to include the financial statements for an acquisition to which paragraph (1)(a) or (b) applies if

(a) the issuer was a reporting issuer in any jurisdiction of Canada

(i) on the date of the acquisition, in the case of a completed acquisition; or

(ii) immediately before the filing of the prospectus, in the case of a proposed acquisition;

(b) the issuer's principal asset is not cash, cash equivalents, or its exchange listing; and

(c) the issuer provides disclosure in respect of the proposed or completed acquisition in accordance with Item 35.";

(12) by replacing item 32.4 with the following:

"**32.4. Exceptions to financial statement requirements**

(1) Despite section 32.2, an issuer is not required to include the following financial statements in a prospectus

(a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows 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 statement of comprehensive income, the statement of changes in equity, and the statement of cash flows 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 statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position 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 statement of comprehensive income, the statement of changes in equity, and the statement of cash flows 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 9 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 9 months,

(e) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, and the statement of financial position for the second most recently completed financial year, if

(i) the issuer includes audited financial statements for a period of at least 9 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 9 months, or

(f) the separate financial statements of the issuer and the other entity for periods prior to the date of the transaction, if the restated combined financial statements of the issuer and the other entity are included in the prospectus under paragraph 32.1(c).

(2) Paragraphs (1)(a), (b) and (d) do not apply to an issuer

(a) whose principal asset is cash, cash equivalents or its exchange listing; or

(b) in respect of financial statements of a reverse takeover acquirer for a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover.";

(13) by inserting, in item 32.5 and after subparagraph (i) of paragraph (b), the following, and making the necessary changes:

"(i.1) an auditor has not issued an auditor's report on those financial statements, and";

(14) by adding, after item 32.6, the following:

"**32.7. Pro forma financial statements for an acquisition**

(1) Include the pro forma financial statements prescribed in subsection (2) in respect of a completed or proposed acquisition for which financial statement disclosure is required under section 32.1 if

(a) less than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; and

(b) the inclusion of the pro forma financial statements is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed.

(2) For the purposes of subsection (1), include the following:

(a) a pro forma statement of financial position of the issuer, as at the date of the issuer's most recent statement of financial position included in the prospectus, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the acquisition that has been completed, or that will be completed, but is not reflected in the issuer's most recent statement of financial position for an annual or interim period;

(b) a pro forma income statement of the issuer that gives effect to the acquisition completed, or that will be completed, since the beginning of the issuer's most recently completed financial year for which it has included financial statements in its prospectus, as if it had taken place at the beginning of that financial year, for each of the following periods:

(i) the most recently completed financial year for which the issuer has included financial statements in its prospectus; and

(ii) the interim period for which the issuer has included an interim financial report in its prospectus, that started after the after the financial year referred to in subparagraph (i) and ended

(A) in the case of a completed acquisition, immediately before the acquisition date or, in the issuer's discretion, after the acquisition date; and

(B) in the case of a proposed acquisition, immediately before the date of the filing of the prospectus, as if the acquisition had been completed before the filing of the prospectus and the acquisition date were the date of the prospectus; and

(c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).

(3) If an issuer is required to include pro forma financial statements in its prospectus under subsections (1) and (2),

(a) the issuer must identify in the pro forma financial statements each acquisition, if the pro forma financial statements give effect to more than one acquisition,

(b) the issuer must include in the pro forma financial statements

(i) adjustments attributable to the acquisition for which there are firm commitments and for which the complete financial effects are objectively determinable;

(ii) adjustments to conform amounts for the business to the issuer's accounting policies; and

(iii) a description of the underlying assumptions on which the pro forma financial statements are prepared, cross-referenced to each related pro forma adjustment;

(c) if the financial year-end of the business differs from the issuer's year-end by more than 93 days, for the purpose of preparing the pro forma income statement of the issuer's most recently completed financial year, the issuer must construct an income statement of the business for a period of 12 consecutive months ending no more than 93 days before or after the issuer's year-end, by adding the results for a subsequent interim period to a completed financial year of the business and deducting the comparable interim results for the immediately preceding year;

(d) if a constructed income statement is required under paragraph (c), the pro forma financial statements must disclose the period covered by the constructed income statement on the face of the pro forma financial statements and must include a note stating that the financial statements of the business used to prepare the pro forma financial statements were prepared for the purpose of the pro forma financial statements and do not conform with the financial statements for the business included elsewhere in the prospectus;

(e) if an issuer is required to prepare a pro forma income statement for an interim period required by paragraph (2)(b), and the pro forma income statement for the most recently completed financial year includes results of the business which are also included in the pro forma income statement for the interim period, the issuer must disclose in a note to the pro forma financial statements the revenue, expenses, and

profit or loss from continuing operations included in each pro forma income statement for the overlapping period; and

(f) a constructed period referred to in paragraph (c) does not have to be audited.

"**32.8. Pro forma financial statements for multiple acquisitions**

Despite subsection 32.7(1), 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, and

(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.

"**32.9. Exemption from financial statement disclosure for oil & gas acquisitions**

(1) The issuer is exempt from sections 32.2, 32.3 and 32.7 that apply to a completed or proposed acquisition by operation of section 32.1 if

(a) the acquisition is an acquisition of a business which is an interest in an oil and gas property;

(b) the acquisition is an acquisition to which section 32.1 applies;

(c) the acquisition is not an acquisition of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history;

(d) the issuer is unable to provide the financial statements in respect of the acquisition otherwise required under sections 32.2 and 32.3 because those financial statements do not exist or because the issuer does not have access to those financial statements;

(e) the acquisition does not constitute a reverse takeover;

(f) subject to subsections (2) and (3), in respect of the business for each of the financial periods for which financial statements would, but for this section, be required under sections 32.2 and 32.3, the prospectus includes

(i) an operating statement for the business prepared in accordance with section 3.17 of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards (M.O. 2010-16, 10-12-03);

(ii) a pro forma operating statement of the issuer that gives effect to the acquisition completed or to be completed since the beginning of the issuer's most recently completed financial year for which financial statements are required to have been filed, as if the acquisition had taken place at the beginning of that financial year, for each of the financial periods referred to in paragraph 32.7(2)(b), unless

(A) more than nine months of the acquired business operations have been reflected in the issuer's most recent audited financial statements included in the prospectus; or

(B) the inclusion of the pro forma financial statements is not necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities to be distributed;

(iii) a description of the property or properties and the interest acquired by the issuer; and

(iv) disclosure of the annual oil and gas production volumes from the business;

(g) the operating statement for the three most recently completed financial years has been audited;

(h) the prospectus discloses

(i) the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the vendor of the person who prepared the estimates; and

(ii) the estimated oil and gas production volumes from the business for the first year reflected in the estimated disclosure under subparagraph (i).

(2) An issuer is exempted from subparagraphs (1)(f)(i), (ii) and (iv), if

(a) production, gross revenue, royalty expenses, production costs and operating income were nil, or are reasonably expected to be nil for the business for each financial period; and

(b) the prospectus discloses the applicable facts referred to in paragraph (a).

(3) An issuer is exempted from paragraphs 32.9(1)(f) and (g) in respect of the third most recently completed financial year if the issuer has completed the acquisition and has included in the prospectus the following:

(a) information in accordance with Form 51-101F1 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities as of a date commencing on or after the acquisition date and within 6 months of the date of the preliminary prospectus;

(b) a report in the form of Form 51-101F2 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities on the reserves data included in the disclosure required under paragraph (a);

(c) a report in the form of Form 51-101F3 of Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities that refers to the information disclosed under paragraph (a).";

(15) in item 35.1:

(a) by replacing paragraph (1) with the following:

"(1) This Item does not apply to

(a) a completed or proposed transaction by the issuer that was or will be 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; or

(b) a completed or proposed acquisition

(i) by the issuer if

(A) the issuer's principal asset is cash, cash equivalents or its exchange listing; or

(B) the issuer was not a reporting issuer in any jurisdiction

(I) on the acquisition date, in the case of a completed acquisition; and

(II) immediately before filing the prospectus, in the case of a proposed acquisition; and

(ii) to which Item 32 applies by operation of section 32.1.";

(b) by deleting paragraph (2);

(16) by replacing, in item 35.3, the part preceding subparagraph (i) of subparagraph (d) of paragraph (1) with the following:

"(d) the acquisition date was more than";

(17) by replacing, in the French text of item 35.4, the word "réflétée" with the word "présentée";

(18) in the French text of item 35.7:

(a) by replacing, in the part preceding paragraph (a), the word "inclus" with the word "incluse";

(b) by replacing, in paragraph (a), the words "au cours du dernier exercice" with the words "depuis le début du dernier exercice".

14. Form 41-101F2 of the Regulation is amended:

(1) by replacing instruction (7) with the following:

"*(7) The disclosure required in this Form must be presented in the order and using the headings specified in the Form. If no sub-heading for an Item is stipulated in this Form, an investment fund may include sub-headings, under the required headings, at its option.*";

(2) by replacing, in item 1.4, paragraphs (3) and (4) with the following:

"(3) If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] 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.".

"(4) If the distribution of the securities is to be on a best efforts basis, and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**".";

(3) by inserting, in paragraph (4) of item 1.12 and after "including the execution, delivery and clearing", the word "of";

(4) by replacing item 1.14 with the following:

"**1.14. Non-Canadian Investment Fund**

If the investment fund, investment fund manager or any other person required to provide a certificate under Part 5 of the Regulation 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 [investment fund, investment fund manager or any other person required to provide a certificate under Part 5 of the Regulation or other securities legislation] is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside Canada. Although the [person described above] has appointed [name(s) and address(es) of agent(s) for service] as its agent for service of process in [list jurisdictions], it may not be possible for investors to realize on judgments obtained in Canada against the [person described above].".";

(5) in item 3.3:

(a) by replacing, in paragraph (1), subparagraph (e) with the following:

"(e) the use of leverage, including the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on

the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund,";

b) by adding, after paragraph (2), the following instructions:

"*INSTRUCTIONS*

(1) For the purposes of Item 3.3(1)(e)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

(2) For the purposes of the disclosure required by Item 3.3(1)(e)(ii), the term "specified derivative" has the same meaning as in Regulation 81-102 respecting Mutual Funds. The description of an investment fund's use of leverage under Item 3.3(1)(e)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.";

(6) by replacing, in paragraph (1) of item 3.4, the words "registrar and transfer agent and auditor" with the words "registrar and transfer agent, auditor and principal distributor";

(7) by replacing, in item 3.6, paragraph (4) with the following:

"(4) Under the sub-heading "Annual Returns, Management Expense Ratio and Trading Expense Ratio", provide, in the following table, returns for each of the past five years, the management expense ratio for each of the past five years and the trading 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					
TER					

"MER" means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.";

(8) in item 6.1:

(a) by replacing, in paragraph (1), subparagraph (b) with the following:

"(b) the use of leverage, including the following:

(i) if leverage is created through borrowing or the issuance of preferred securities, disclose any restrictions on the leverage used or to be used and whether the investment fund will borrow a minimum amount. Disclose the maximum amount of leverage the investment fund may use as a ratio calculated by dividing the maximum total assets of the investment fund by the net asset value of the investment fund, and

(ii) if leverage is created through the use of specified derivatives or by other means not disclosed in subparagraph (i), disclose any restrictions on the leverage used or to be used by the investment fund and whether the investment fund will use a minimum amount of leverage. Disclose the maximum amount of leverage the fund may use as a multiple of net assets. Provide a brief explanation of how the investment fund uses the term "leverage" and the significance of the maximum and minimum amounts of leverage to the investment fund, and";

(b) by adding, after paragraph (2), the following instructions:

"*INSTRUCTIONS:*

(1) For the purposes of Item 6.1(1)(b)(i), a fund must calculate its maximum total assets by aggregating the maximum value of its long positions, short positions and the maximum amount that may be borrowed.

(2) For the purposes of the disclosure required by Item 6.1(1)(b)(ii), the term "specified derivative" has the same meaning as in Regulation 81-102 respecting Mutual Funds. The description of an investment fund's use of leverage under Item 6.1(1)(b)(ii) must provide investors with sufficient information to understand the magnitude of the market exposure of the investment fund as compared to the amount of money raised by the investment fund from investors.";

(9) by replacing item 11.1 with the following:

"**11.1. Annual Returns, Management Expense Ratio and Trading Expense Ratio**

Under the heading "Annual Returns, Management Expense Ratio and Trading Expense Ratio", provide, in the following table, returns for each of the past five years, the management expense ratio for each of the past five years and the trading 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					
TER					

"MER" means management expense ratio and is based on total expenses (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net asset value.

"TER" means trading expense ratio and represents total commissions and portfolio transaction costs expressed as an annualized percentage of daily average net asset value.";

(10) in item 19.1:

(a) by deleting subparagraph (c) of paragraph (1);

(b) by replacing, in paragraph (2) and after the words "officer of any other", the words "investment fund" with the word "issuer";

(c) by replacing, in subparagraph (a) of paragraph (4), the words "investment fund" with the word "issuer";

(d) by inserting, after paragraph (9), the following:

"(10) Under the heading "Ownership of Securities of the Investment Fund and of the Manager" disclose

(a) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person that provides services to the investment fund or the manager; and

(b) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the directors and executive officers of the manager of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person that provides services to the investment fund or the manager; and

(c) the percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the independent review committee members of the investment fund

(i) in the investment fund if the aggregate level of ownership exceeds 10 percent,

(ii) in the manager, or

(iii) in any person that provides services to the investment fund or the manager.

"(11) If the management functions of the investment fund are carried out by employees of the investment fund, provide for those employees the disclosure concerning executive compensation that is required to be provided for executive officers of an issuer under securities legislation.

"(12) Describe any arrangements under which compensation was paid or payable by the investment fund during the most recently completed financial year of the investment fund, for the services of directors of the investment fund, members of an independent board of governors or advisory board of the investment fund and members of the independent review committee of the investment fund, including the amounts paid, the name of the individual and any expenses reimbursed by the investment fund to the individual

(a) in that capacity, including any additional amounts payable for committee participation or special assignments; and

(b) as consultant or expert.

"(13) For an investment fund that is a trust, describe the arrangements, including the amounts paid and expenses reimbursed, under which compensation was paid or payable by the investment fund during the most recently

completed financial year of the investment fund for the services of the trustee or trustees of the investment fund.";

(e) by adding, after instruction (4), the following:

"(5) The disclosure required under Item 19.1(10) regarding executive compensation for management functions carried out by employees of an investment fund must be made in accordance with the disclosure requirements of Form 51-102F6 of Regulation 51-102 respecting Continuous Disclosure Obligations (M.O. 2005-03, 05-05-19).";

(11) by adding, after item 19.9, the following:

"**19.10.Principal Distributor**

(1) If applicable, state the name and address of the principal distributor of the investment fund.

(2) Describe the circumstances under which any agreement with the principal distributor of the investment fund may be terminated and include a brief description of the essential terms of this agreement.";

(12) by replacing, in paragraph (f) of item 21.2, the word "dividends" with the word "distributions";

(13) by replacing, in paragraph (1) of item 21.6 and after the words "proposes to distribute under", the words "the prospectus" with the words "a prospectus";

(14) by inserting, in paragraph (1) of item 28.1 and after the words "securityholder of the investment fund", ", if known or if ought to be known by the investment fund or the manager";

(15) by replacing, in the French text of item 32.3, paragraph (b) with the following:

"*b)* soit toute autre amende ou sanction par un tribunal ou un organisme de réglementation ou a conclu avec celui-ci ou devant le tribunal tout autre règlement amiable qui seraient vraisemblablement considérés comme importants par un investisseur raisonnable ayant à prendre une décision d'investissement.";

(16) by inserting, after paragraph (3) of item 33.2, the following:

"(4) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or has performed an audit in accordance with US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.";

(17) by inserting, after item 39.4, the following:

"**39.4.1. Certificate of the Principal Distributor**

If there is a principal distributor of the investment fund, include a certificate in the same form as the certificate of the investment fund.".

15. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

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 2.2, the following:

"**2.2.1. Minimum offering amount**

If the distribution of securities is being done on a best efforts basis, an issuer will need to determine if a minimum offering is required for the issuer to achieve one or more of the stated purposes of the offering, as expressed in the "Use of Proceeds" section of the prospectus. If this is the case, the issuer will need to provide a minimum and maximum offering amount. Otherwise, the issuer is required to provide the cautionary statement prescribed in paragraph 1.4(3)(b) of Form 41-101F1.

Although an issuer may determine that a minimum offering amount is not necessary for the prospectus offering, a regulator may reasonably infer that a minimum offering amount is appropriate in certain circumstances. This could occur, for example, if we have concerns that a minimum amount of proceeds must be raised in order for the issuer to achieve its stated objectives. Also, if we have concerns about an issuer continuing as a going concern, we may take the view that the issuer cannot achieve its stated objectives unless a minimum offering amount is raised. The imposition of a minimum offering amount by a regulator derives from the general responsibility of a regulator under securities laws to refuse a receipt for a prospectus if it appears that the aggregate of the proceeds from the sale of the securities under the prospectus and other resources of the issuer are insufficient to accomplish the purposes stated in the prospectus, or if it would not be in the public interest to issue a receipt. A benefit of the imposition of a minimum offering amount is that if the issuer fails to raise the minimum amount, investors benefit from an investor protection mechanism that facilitates the return of their subscription funds to them, if previously deposited.".

2. The Policy Statement is amended by replacing section 2.9 with the following:

"**2.9. Offerings of convertible, exchangeable or exercisable securities**

Investor protection concerns may arise where the distribution of a convertible, exchangeable or exercisable security is qualified under a prospectus and the subsequent conversion, exchange or exercise of this security is made on a prospectus-exempt basis. Specifically, this concern arises when the subsequent conversion, exchange or exercise occurs within a short period of time – generally 180 days or less - following the purchase of the original security.

The concerns arise because the conversion, exchange or exercise feature of the security may operate to limit or "strip away" the remedies available to an investor for a misrepresentation in a prospectus.

In particular, we are concerned about offerings of subscription receipts, or other types of securities which may be convertible, exchangeable or exercisable within a short period of time following the purchase of the original security (generally 180 days or less), where the investor, when purchasing the subscription receipt, or other similar type of security, is in effect also making an investment decision in respect of the underlying security.

Public interest concerns arise if the subsequent distribution of the underlying security is not part of the initial distribution and is not qualified by the prospectus. These concerns arise because when the security is converted, exchanged or exercised prior to the end of the statutory period for a right of action for rescission under securities legislation (which in many jurisdictions is 180 days from the date of purchase of the original security), the purchaser of a convertible, exchangeable or exercisable security does not retain the

same rights to rescission because the convertible, exchangeable or exercisable security that was issued under the prospectus has been replaced by the underlying security. In these circumstances, the original purchaser should retain the benefit of any remaining statutory right of rescission that would otherwise apply in respect of the convertible, exchangeable or exercisable security. As such, the issuer should provide the original purchaser of the convertible, exchangeable or exercisable security with a contractual right of rescission in respect of the conversion, exchange or exercise transaction.

In some cases, the subsequent distribution of the underlying security may be part of the initial distribution as it is part of a series of transactions involving further purchases and sales in the course of or incidental to a distribution. If this is the case the issuer should consider whether its prospectus should qualify the distribution of both the subscription receipt, or other similar type of security, as well as the underlying security.

The guidance above would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole. For example, in the case of a typical special warrant offering, the special warrant converts into i) a common share, and ii) a common share purchase warrant (or a fraction thereof). In such cases, we have generally accepted that the common share purchase warrant component merely represents a "sweetener", and that the primary investment decision relates to the common share underlying the special warrant. This would also generally be the case with a unit offering where the unit consists of a common share, and a common share purchase warrant. Therefore, the regulator would not generally request that the issuer provide the original purchaser with a contractual right of rescission in respect of the sweetener warrants.".

3. Section 3.4 of the Policy Statement is amended by replacing "10.1(1)" with "10.1(1.1)".

4. Section 4.2 of the Policy Statement is amended by adding the following subsection after subsection (2):

"(3) If a minimum offering amount is not provided and the issuer faces significant short-term expenditures or commitments, the issuer must provide additional disclosure as required under subsections 6.3(3) and (4) of Form 41-101F1 or subsections 4.2(3) and (4) of Form 44-101F1. The issuer must provide disclosure of how it will use the proceeds at different thresholds, describing what business objectives will be accomplished at each threshold as well as the priority of how the proceeds will be used. In describing the use of proceeds under each threshold, the disclosure must also include an assessment of the impact of raising this amount on the issuer's liquidity, operations, capital resources and solvency.

Disclosures that may be necessary to understand this impact may include the following examples:

(a) for issuers without significant revenue and available working capital, disclose the anticipated length of time that the proceeds at each threshold will suffice to meet expected cash requirements;

(b) for issuers that have or anticipate having within the next 12 months any cash flow or liquidity problems, disclose how the proceeds at each threshold may impact the issuer's ability to continue in operation for the foreseeable future and realize assets and discharge liabilities in the normal course of operations;

(c) for issuers that have significant projects that have not yet commenced operations and the projects have therefore not yet generated revenue, describe how the proceeds at each threshold may impact the anticipated timing and costs of the project and other critical milestones;

(d) for issuers that have exploration and development expenditures or research and development expenditures required to maintain properties or agreements in good standing, describe how the proceeds at each threshold may impact these properties or agreements.

If the issuer anticipates additional funds from other sources are to be used in conjunction with the proceeds and the available working capital, the issuer will need to sufficiently describe the amounts of those funds, the source of those funds and whether those funds are firm or contingent. If the funds are contingent, the issuer should describe the nature of the contingency.

Depending on the particular circumstances of the issuer, one or more of the above examples may require the provision of a minimum offering amount in the prospectus. Refer to section 2.2.1 of this Policy Statement for additional guidance.".

5. Section 5.3 of the Policy Statement is amended:

(1) by replacing paragraph (1) with the following:

"(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. However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the primary business represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

An acquisition does not include a reverse takeover, as defined in the Regulation which cross-references the meaning of acquisition as used in Part 8 of *Regulation 51-102 respecting Continuous Disclosure Obligations*. Therefore a reporting issuer cannot rely on the exemption in subsection 32.1(2) if the applicable transaction is a reverse takeover.

Examples of when a reasonable investor would regard the primary business of the issuer to be the acquired business or related businesses, thereby triggering the application of Item 32, 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) by adding, after the second paragraph of paragraph (2), the following:

"The issuer must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of the primary business on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy Statement.".

6. Section 5.4 of the Policy Statement is amended by replacing paragraph (1) with the following:

"(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. However, if the issuer is a reporting issuer whose principal assets are not cash, cash equivalents or an exchange listing, and the acquisition of the predecessor entity represents a significant acquisition for the issuer, the reporting issuer is subject to the requirements of Item 35 in respect of the financial statement and other disclosure for the acquisition.

The issuer must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition of the predecessor entity on the issuer's financial position and results of operations. For additional guidance, an issuer should refer to section 5.10 of this Policy Statement.".

7. Section 5.9 of the Policy Statement is amended by replacing paragraph (7) with the following:

"(7) Section 3.11 of *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* permits acquisition statements included in a business acquisition report or prospectus to be prepared in accordance with Canadian GAAP applicable to private enterprises in certain circumstances. The ability to present acquisition statements using Canadian GAAP applicable to private enterprises would not extend to a situation where an entity acquired or to be acquired is considered the primary business or the predecessor of the issuer and the issuer must provide financial statements for this acquisition under Item 32.".

8. Section 5.10 of the Policy Statement is replaced with the following:

"**5.10. Financial statements for acquisitions of a predecessor entity, a business or businesses acquired by reporting and non-reporting issuers**

(1) The financial statements for acquisitions of a predecessor entity, a business or businesses acquired by the issuer, or other entity must be included in the prospectus under Item 32 of Form 41-101F1, if the entities or businesses satisfy the conditions of paragraph 32.1(1)(a), (b), or (c) of Form 41-101F1 and

(a) the issuer was not a reporting issuer in any jurisdiction on the acquisition date in the case of a completed acquisition or immediately prior to the prospectus filing in the case of a proposed acquisition, as set out in section 35.1 of Form 41-101F1; or

(b) the issuer was a reporting issuer with only cash, cash equivalents or an exchange listing as its principal asset.

If the issuer was a reporting issuer prior to the filing of the prospectus, but its principal asset was not cash, cash equivalents or its exchange listing, the issuer would be eligible to disclose the above-noted acquisitions in accordance with Item 35. The disclosure requirements applicable to a reporting issuer in Item 35 are intended to reflect the requirements that would be prescribed for such acquisitions in the reporting issuer's business acquisition report.

(2) An issuer that is subject to Item 32 must also consider the necessity of including pro forma financial statements pursuant to section 32.7 of Form 41-101F1 to illustrate the impact of the acquisition on the issuer's financial position and results of operations. However, these pro forma financial statements are only required if their inclusion is necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed. Examples of when pro forma financial statements would likely be necessary are in cases where:

(a) the issuer has acquired multiple businesses over the relevant period; or

(b) the issuer has an active business and has acquired another business that will constitute its primary business going forward.

In certain circumstances, an issuer may need to disclose multiple acquisitions in its prospectus where the acquisitions include an acquisition of a primary business or predecessor entity to which section 32.1 of Form 41-101F1 applies and a significant acquisition to which only item 35 of Form 41-101F1 applies. In this case, the issuer may wish to present one set of pro forma financial statements reflecting the results of all of the acquisitions, as contemplated separately in each of sections 32.8 and 35.7 of Form 41-101F1. The securities regulatory authority or regulator would not generally object to providing this relief. However the issuer must request the relief when filing its preliminary prospectus.”.

REGULATION TO AMEND REGULATION 13-101 RESPECTING THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR)

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (2))

1. Appendix A of Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR) is amended, in Division A of Part II:

(1) in paragraph (a):

(a) by repealing subparagraphs 1 to 3;

(b) by deleting, in subparagraphs 4 and 5, "– POP System";

(c) by deleting subparagraph 6;

(d) by inserting, after subparagraph 6, the following:

"6.1. Base Short Form PREP Prospectus

"6.2. Base Long Form PREP Prospectus";

(e) by replacing, in subparagraphs 7 and 8, the words "Short Form" with the words "Base Shelf" and by deleting "– Shelf";

(f) by replacing subparagraph 9 with the following:

"9. Shelf Prospectus Supplement";

(g) by adding, after subparagraph 16, the following:

"16.1. Supplemented Short Form PREP Prospectus";

(2) by deleting paragraphs (b) and (d).

2. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

REGULATION TO AMEND REGULATION 44-101 RESPECTING SHORT FORM PROSPECTUS DISTRIBUTIONS

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (6), (8), (11) and (34))

1. Section 1.1 of Regulation 44-101 respecting Short Form Prospectus Distributions is amended:

(1) by replacing the definition of the term "successor issuer" with the following:

""successor issuer" means

(a) except for an issuer which, in the case where the restructuring transaction involved a divestiture of a portion of a reporting issuer's business, succeeded to or otherwise acquired less than substantially all of the business divested, an issuer that meets any of the following requirements:

(i) it was a reverse takeover acquiree in a completed reverse takeover;

(ii) it exists as a result of a completed restructuring transaction;

(iii) it participated in a restructuring transaction and its existence continued following the completion of the restructuring transaction; or

(b) an issuer that issued securities to the securityholders of a second issuer that was a reporting issuer, in a reorganization that did not alter those securityholders' proportionate interest in the second issuer or the second issuer's proportionate interest in its assets;";

(2) by adding, after the definition of the term "permitted supranational agency", the following:

""reverse takeover acquiree" has the same meaning as in section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations;".

2. Section 2.7 of the Regulation is replaced with the following:

"**2.7. Exemptions for Reporting Issuers that Previously Filed a Prospectus and Successor Issuers**

(1) Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b) do not apply to an issuer if

(a) the 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 issuer has not yet been required under the applicable CD rule to file any annual financial statements, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(1.1) Subparagraphs 2.2(d)(ii), 2.3(1)(d)(ii) and 2.6(1)(b)(ii) do not apply to an issuer if

(a) the issuer has filed annual financial statements as required under the applicable CD rule, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(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 or the reorganization described in paragraph (b) of the definition of "successor issuer", 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 or the reorganization described in paragraph (b) of the definition of "successor issuer", in which the successor issuer participated or which resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction or reorganization, and such information circular, in the case of a restructuring transaction

(i) complied with applicable securities legislation, and

(ii) included disclosure in accordance with Item 14.2 or 14.5 of Form 51-102F5 of Regulation 51-102 respecting Continuous Disclosure Obligations (M.O. 2005-03, 05-05-19) for the successor issuer.

(3) Paragraphs 2.2(d), 2.3(1)(d) and 2.6(1)(b) do not apply to an issuer if

(a) the 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 issuer has not yet, since the completion of a qualifying transaction or reverse takeover (as both terms are defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) been required under the applicable CD rule to file annual financial statements, and

(b) a CPC filing statement (as defined in the TSX Venture Exchange Corporate Finance Manual as amended from time to time) or other filing statement of the TSX Venture Exchange was filed by the issuer, and

(i) in the case of a CPC filing statement, such statement

(A) was filed in connection with a qualifying transaction, and

(B) complied with the TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that qualifying transaction; or

(ii) in the case of a TSX Venture Exchange filing statement, other than a CPC filing statement, such statement

(A) was filed in connection with a reverse takeover, and

(B) complied with TSX Venture Exchange Corporate Finance Manual, as amended from time to time, in respect of that reverse takeover.".

3. Section 2.8 of the Regulation is amended:

(1) by deleting paragraph (5);

(2) by inserting, after paragraph (5), the following:

"(6) For the purposes of this section, an issuer is exempted from the requirement to wait at least 10 business days between filing the notice referred to in subsection (1) and filing its first preliminary short form prospectus if

(a) in the case of an issuer that is relying on section 2.4 or 2.5 in order to qualify to file a short form prospectus, the following requirements are met:

(i) the issuer satisfies the requirements of section 2.4 or 2.5, as applicable, at the time of filing its short form prospectus;

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer's credit supporter

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4); or

(b) in the case of an issuer that is a successor issuer, the following requirements are met:

(i) the issuer satisfies the requirements of any of section 2.2, 2.3 or 2.6 and subsection 2.7(2);

(ii) the issuer files its notice of intention before or concurrently with the filing of its preliminary short form prospectus; and

(iii) the issuer has acquired substantially all of its business from a predecessor entity which

(A) previously filed a notice of intention under subsection (1) which has not been withdrawn; or

(B) is deemed to have filed a notice of intention under subsection (4).".

4. Section 4.1 of the Regulation is replaced with the following:

"**4.1. Required Documents for Filing a Preliminary Short Form Prospectus**

(1) An issuer that files a preliminary short form prospectus shall

(a) file the following with the preliminary short form prospectus:

(i) a signed copy of the preliminary short form prospectus;

(ii) a certificate, dated as of the date of the preliminary short form prospectus, executed on behalf of the issuer by one of its executive officers

(A) specifying which of the qualification criteria set out in Part 2 the issuer is relying on in order to be qualified to file a prospectus in the form of a short form prospectus, and

(B) certifying that

(I) all of those qualification criteria have been satisfied, and

(II) all of the material incorporated by reference in the preliminary short form prospectus and not previously filed is being filed with the preliminary short form prospectus;

(iii) copies of all material incorporated by reference in the preliminary short form prospectus and not previously filed;

(iv) a copy of any document required to be filed under subsection 12.1(1) of Regulation 51-102 respecting Continuous Disclosure Obligations (M.O. 2005-03, 05-05-19) or section 16.4 of Regulation 81-106 respecting Investment Fund Continuous Disclosure (M.O. 2005-05, 05-05-19), as applicable, that relates to the securities being distributed, and that has not previously been filed;

(iv.1) a copy of any material contract required to be filed under section 12.2 of Regulation 51-102 respecting Continuous Disclosure Obligations or section 16.4 of Regulation 81-106 respecting Investment Fund Continuous Disclosure that has not previously been filed;

(v) if the issuer has a mineral project, the technical reports required to be filed with a preliminary short form prospectus under Regulation 43-101 respecting Standards of Disclosure for Mineral Projects (M.O. 2005-23, 05-11-30);

(vi) a copy of each report or valuation referred to in the preliminary short form prospectus for which a consent is required to be filed under section 10.1 of Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 05-11-30) 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 paragraph (v); and

(b) deliver to the regulator or, in Québec, to the securities regulatory authority, concurrently with the filing of the preliminary short form prospectus, the following:

(i) a completed personal information form 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; and

(ii) 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 or, in Québec, to the securities regulatory authority 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.

(2) Despite subparagraph (1)(b)(ii), an issuer is not required to file a personal information form for an individual if all of the following are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary short form prospectus;

(b) the personal information form was delivered to the regulator or, in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the issuer on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to Regulation 41-101 respecting General Prospectus Requirements in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referred to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referred to in paragraph (d);

(d) the issuer delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary short form prospectus, a certificate of the issuer in the form set out in Schedule 4 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements stating that the individual has provided the issuer with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary short form prospectus.".

5. Section 4.2 of the Regulation is amended, in paragraph (a):

(1) in subparagraph (vi):

(a) by inserting, after paragraph (A), the following, and making the necessary changes:

"(A.1) each director of the issuer, and";

(b) by replacing subparagraph (B) with the following:

"(B) any other person that provides or signs a certificate under Part 5 of Regulation 41-101 respecting General Prospectus Requirements or other securities legislation, other than an issuer,";

(2) by replacing subparagraph (x) with the following:

"(x) if an agreement or contract referred to in subparagraph (iii) or a material contract under subparagraph (iii.1) has not been executed before the filing of the final short form prospectus but will be executed 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 short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the agreement, contract or material contract promptly and in any event no later than 7 days after the execution of the agreement, contract or material contract;

"(x.1) if a document referred to in subparagraph (iii) will not be executed in order to become effective and has not become effective before the filing of the final short form prospectus, but will 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 short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event no later than 7 days after the document becomes effective; and".

6. Section 7.1 of the Regulation is amended by replacing the words "filing of a" with the words "issuance of a receipt for a".

7. Section 7.2 of the Regulation is amended by replacing the words "filing of" with the words "issuance of a receipt for".

8. Form 44-101F1 of the Regulation is amended:

(1) by replacing, in item 1.6, paragraphs (2) and (3) with the following:

"(2) If there is an over-allotment option or an option to increase the size of the distribution before closing,

(a) describe the terms of the option, and

(b) provide the following disclosure:

"A purchaser who acquires [*insert type of securities qualified for distribution under the prospectus*] 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.".

"(3) If the distribution of the securities is to be on a best efforts basis, and a minimum offering amount

(a) is required for the issuer to achieve one or more of the purposes of the offering, provide totals for both the minimum and maximum offering amount, or

(b) is not required for the issuer to achieve any of the purposes of the offering, state the following in boldface type:

"**There is no minimum amount of funds that must be raised under this offering. This means that the issuer could complete this offering after raising only a small proportion of the offering amount set out above.**".";

(2) by inserting, in paragraph (1) of item 1.9 and after the word "class", the words "or series";

(3) by replacing item 1.11 with the following:

"**1.11. Enforcement of Judgments against Foreign Persons**

If the issuer, a director of the issuer, a selling securityholder, or any other person that is signing or providing a certificate under Part 5 of Regulation 41-101 respecting General Prospectus Requirements 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, director of the issuer, selling securityholder, or any other person signing or providing a certificate under Part 5 of Regulation 41-101 respecting General Prospectus Requirements 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 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 judgments obtained in Canada against [the person described above].".;

(4) by replacing, in item 4.2, paragraph (2) with the following:

"(2) If the closing of the distribution is subject to a minimum offering amount, provide disclosure of the use of proceeds for the minimum and maximum offering amounts.

"(3) If all of the following apply, disclose how the proceeds will be used by the issuer, with reference to various potential thresholds of proceeds raised, in the event that the issuer raises less than the maximum offering amount:

(a) the closing of the distribution is not subject to a minimum offering amount;

(b) the distribution of the securities is to be on a best efforts basis; and

(c) the issuer has significant short-term non-discretionary expenditures including those for general corporate purposes, or significant short-term capital or contractual commitments, and may not have other readily accessible resources to satisfy those expenditures or commitments.

"(4) If the issuer is required to provide disclosure under subsection (3), the issuer must discuss, in respect of each threshold, the impact (if any) of raising this amount on its liquidity, operations, capital resources and solvency.

"*INSTRUCTIONS*

If the issuer is required to disclose the use of proceeds at various thresholds under subsections 4.2(3) and (4), include as an example a threshold that reflects the receipt of a small portion of the offering.";

(5) by replacing, in paragraph (1) of item 4.10, the words "acquired on a short-form prospectus-exempt basis, describe the principal purposes for which the proceeds of the short form prospectus-exempt financing" with the words "acquired on a prospectus-exempt basis, describe the principal purposes for which the proceeds of the prospectus-exempt financing";

(6) by replacing, in item 7.6, the first paragraph with the following:

"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, provide the following disclosure in the short form prospectus to indicate that holders of such securities have been provided with a contractual right of rescission:";

(7) by replacing items 7A.1 and 7A.2 with the following:

"**7A.1. Prior Sales**

For each class or series of securities of the issuer distributed under the short form prospectus and for securities that are convertible or exchangeable into those classes or series 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 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.

"**7A.2. Trading Price and Volume**

(1) For the following securities of the issuer that are 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 for the securities generally occurs:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(2) For the following securities of the issuer that are not traded or quoted on a Canadian marketplace, but are 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 for the securities generally occurs:

(a) each class or series of securities of the issuer distributed under the short form prospectus;

(b) securities of the issuer into which those classes or series of securities are convertible or exchangeable.

(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.";

(8) in item 11.1:

(a) by inserting, in paragraph (2) and after the words "clarify that", the words "applicable portions of";

(b) by adding, after paragraph (2), the following:

"(3) Despite item (7) of subsection (1), an issuer may exclude from its short form prospectus a report, valuation, statement or opinion of a person contained in an information circular prepared in connection with a special meeting of securityholders of the issuer and any references therein, if:

(a) the report is not an auditor's report in respect of financial statements of a person; and

(b) the report, valuation, statement or opinion was prepared in respect of a specific transaction contemplated in the information circular, unrelated to the distribution of securities under the short form prospectus, and that transaction has been previously abandoned or completed.";

(9) in item 11.3:

(a) by replacing paragraph (2) with the following:

"(2) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(2) of the Regulation, include the disclosure, including financial statements, provided in accordance with

(a) Item 14.2 or 14.5 of Form 51-102F5, Information Circular, of Regulation 51-102 respecting Continuous Disclosure Obligations in the information circular referred to in paragraph 2.7(2)(b) of the Regulation; or

(b) the policies and requirements of the TSX Venture Exchange prescribed for disclosure of a qualifying transaction in a CPC filing statement or a reverse takeover in a filing statement referred to in paragraph 2.7(3)(b) of the Regulation.";

(b) by replacing the instructions with the following:

"*INSTRUCTIONS*

(1) If an issuer is required to include disclosure under subsection 11.3(2), it must include the historical financial statements of any entity that was a party to the restructuring transaction and any other information contained in the information circular, CPC filing statement or other filing statement of the TSX Venture Exchange that was used to construct financial statements for the issuer.

(2) The disclosure referenced in instruction (1) above must be presented in a way that supplements, but does not replace, the disclosure prescribed for a transaction that also constitutes a significant acquisition for the issuer or a reverse takeover in which the issuer was involved, if applicable.";

(10) by adding, after item 11.4, the following:

"**11.5. Additional Disclosure for Issuers of Asset-Backed Securities**

If the issuer has not filed or been required to file interim financial statements and related MD&A in respect of an interim period, if any, subsequent to the financial year in respect of which it has included annual financial statements in the short form prospectus because it is not a reporting issuer and is qualifying to file the short form prospectus under section 2.6 of the Regulation, include the interim financial statements and related MD&A that the issuer would have been required to incorporate by reference under paragraph 3 of subsection 11.1(1) if the issuer were a reporting issuer at the relevant time.";

(11) by adding, at the end of item 15.3, the words "and that disclosure is correct as at the date of the prospectus";

(12) by replacing, in item 20.1, the words "revisions of the price of damages" with the words "revisions of the price or damages";

(13) by adding, after item 20.2, the following:

"**20.3. Convertible, Exchangeable or Exercisable Securities**

In the case of an offering of convertible, exchangeable or exercisable securities, provide a statement in the following form:

"In an offering of [*state name of convertible, exchangeable or exercisable securities*], investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial [or territorial] securities legislation, to the price at which the [*state name of convertible, exchangeable or exercisable securities*] is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces [or territories], if the purchaser pays additional amounts upon [conversion, exchange or exercise] of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in such provinces [or territories]. The purchaser should refer to the applicable provisions of the purchaser's province [or territory] for the particulars of this right of action for damages or consult with a legal adviser."."

8. This Regulation comes into force on *(indicate the date of coming into force of this Regulation).*

REGULATION TO AMEND REGULATION 44-102 RESPECTING SHELF DISTRIBUTIONS

Securities Act
(R.S.Q., c.V-1.1, s. 331.1, par. (1), (6) and (8))

1. Section 5.6 of Regulation 44-102 respecting Shelf Distributions is amended by inserting, after paragraph 6, the following:

"6.1. The information required under item 7A of Form 44-101F1 concerning prior sales and trading price and volume disclosure for securities that may be distributed under the base shelf prospectus, if the specific series or class of securities that will be distributed under the base shelf prospectus is not known on the date the base shelf prospectus is filed.".

2. Section 7.2 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

"(1.1) Despite subsection (1), if the expert whose consent is required is a "qualified person" as defined in Regulation 43-101 respecting Standards of Disclosure for Mineral Projects (M.O. 2005-23, 05-11-30), the issuer is not required to file the consent of the qualified person if

(a) the qualified person's consent is required in connection with a technical report that was not required to be filed with the preliminary base shelf prospectus,

(b) the qualified person was employed by a person at the date of signing the technical report,

(c) the principal business of the person is providing engineering or geoscientific services, and

(d) the issuer files the consent of the person.

"(1.2) A consent filed under subsection (1.1) must be signed by an individual who is an authorized signatory of the person and who falls within paragraphs (a), (b), (d) and (e) of the definition of "qualified person" in Regulation 43-101 respecting Standards of Disclosure for Mineral Projects (M.O. 2005-23, 05-11-30).";

(2) by inserting, after "subsection (1)", "or subsections (1.1) and (1.2)".

3. Section 9.1 of the Regulation is amended by replacing, in paragraph (1), "Despite section 6.1 of Regulation 44-101 respecting Short Form Prospectus Distributions (M.O. 2005-24, 05-11-30)" with "Despite section 7.2 of Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04)".

4. Appendix A of the Regulation is amended by replacing, in the French text of paragraph (c) of section 2.1, the words "personne ou société" with the word "personne".

5. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

REGULATION TO AMEND REGULATION 51-102 RESPECTING CONTINUOUS DISCLOSURE OBLIGATIONS

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (9) and (34))

1. Section 1.1 of Regulation 51-102 respecting Continuous Disclosure Obligations is amended by inserting, after paragraph (a) of the definition of the term "executive officer", the following:

"(a.1) a chief executive officer or chief financial officer;".

2. Section 8.10 of the Regulation is amended by replacing subparagraph (b) of paragraph (1) with the following:

"(b) that is not of securities of another issuer, unless the vendor transferred the business referenced in paragraph (1)(a) to such other issuer which

(i) was created for the sole purpose of facilitating the acquisition; and

(ii) other than assets or operations relating to the transferred business, has no

(A) substantial assets; or

(B) operating history.".

3. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

REGULATION TO AMEND REGULATION 52-107 RESPECTING ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (9), (19), (19.1) and (34))

1. Section 1.1 of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards is amended by inserting, after the definition of the term "multiple convertible security", the following:

""predecessor statements" mean the financial statements referred to in paragraph 32.1(1)(a) of Form 41-101F1 of Regulation 41-101 respecting General Prospectus Requirements;

""primary business statements" mean the financial statements referred to in paragraph 32.1(1)(b) of Form 41-101F1 of Regulation 41-101 respecting General Prospectus Requirements;".

2. Section 2.1 of the Regulation is amended by replacing, in subparagraph (d) of paragraph (2), the words "any operating statement for an oil and gas property that is an acquired business" with the words "any acquisition statements, predecessor statements or a primary business statement that are an operating statement for an oil and gas property that is an acquired business,".

3. Section 3.11 of the Regulation is amended:

(1) in paragraph (5):

(a) by replacing, in the part preceding subparagraph (a), "subsections (1), (2) and (4)" with "subsections (1) and (2)";

(b) in subparagraph (a):

(i) by replacing, in subparagraph (i), the words "gross revenue" with the words "gross sales";

(ii) by replacing, in subparagraph (ii), the words "royalty expenses" with the word "royalties";

(2) by deleting paragraph (6).

4. Section 3.12 of the Regulation is amended by replacing, in subparagraph (e) of paragraph (2), "subsection 3.11(5) or (6)" with "subsection 3.11(5)".

5. The Regulation is amended by inserting, after section 3.16, the following:

"**3.17. Acceptable Accounting Principles for Predecessor Statements or Primary Business Statements that are an Operating Statement**

If predecessor statements or primary business statements are an operating statement for an oil and gas property,

(a) the operating statement must include at least the following line items:

(i) gross sales;

(ii) royalties;

(iii) production costs;

(iv) operating income;

(b) the line items in the operating statement must be prepared using accounting policies that

(i) are permitted by one of

(A) Canadian GAAP applicable to publicly accountable enterprises,

(B) U.S. GAAP if the issuer is an SEC issuer or an SEC foreign issuer, or

(C) IFRS if the issuer is a foreign issuer, and

(ii) would apply to those line items if those line items were presented as part of a complete set of financial statements, and

(c) the operating statement must

(i) include the following statement:

"This operating statement is prepared in accordance with the financial reporting framework specified in section 3.17 of Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards for an operating statement.";

and

(ii) describe the accounting policies used to prepare the operating statement.

"**3.18. Acceptable Auditing Standards for Predecessor Statements or Primary Business Statements that are an Operating Statement**

(1) If predecessor statements or primary business statements are an operating statement for an oil and gas property that are required by securities legislation to be audited, the operating statement must be accompanied by an auditor's report and audited in accordance with one of the following auditing standards:

(a) Canadian GAAS;

(b) U.S. PCAOB GAAS if the issuer is an SEC issuer or an SEC foreign issuer;

(c) International Standards on Auditing if the issuer is a foreign issuer.

(2) The auditor's report must,

(a) if paragraph 1(a) or (c) applies, express an unmodified opinion,

(b) if paragraph 1(b) applies, express an unqualified opinion,

(c) identify all financial periods presented for which the auditor's report applies,

(d) identify the auditing standards used to conduct the audit, and

(e) identify the financial reporting framework used to prepare the operating statement.".

6. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

REGULATION TO AMEND REGULATION 81-101 RESPECTING MUTUAL FUND PROSPECTUS DISCLOSURE

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (8), (11) and (34))

1. Section 1.1 of Regulation 81-101 respecting Mutual Fund Prospectus Disclosure is amended:

(1) by deleting the definition of the term "Personal Information Form and Authorization";

(2) by inserting, after the definition of the term "Part B Section", the following:

""personal information form" means in respect of an individual,

(a) a completed Schedule 1 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04), or

(b) a TSX/TSXV personal information form submitted by an individual to the Toronto Stock Exchange or to the TSX Venture Exchange to which is attached a completed certificate and consent in the form set out in Schedule 1 – Part B of Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04), if the personal information in the form continues to be correct at the time that the certificate and consent is executed by the individual;";

(3) by adding, after the definition of the term "single SP", the following, and making the necessary changes:

""TSX/TSXV personal information form" means a completed personal information form of an individual in compliance with the requirements of Form 4 for the Toronto Stock Exchange or Form 2A for the TSX Venture Exchange, as applicable, each as amended from time to time.".

2. Section 2.3 of the Regulation is amended:

(1) by replacing subparagraph (ii) of subparagraph (b) of paragraph (1) with the following:

"(ii) a personal information form 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,";

(2) by inserting, after paragraph (1), the following:

"(1.1) Despite subparagraph 2.3(1)(b)(ii), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04) in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04) stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.";

(3) in paragraph (2):

(a) by inserting, after subparagraph (ii) of subparagraph (a), the following and making the necessary changes:

"(ii.1) 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";

(b) in subparagraph (b):

(i) by deleting subparagraph (iii);

(ii) by replacing subparagraph (iv) with the following:

"(iv) a personal information form 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, and";

(4) by inserting, after paragraph (2), the following:

"(2.1) Despite subparagraph 2.3(2)(b)(vi), a mutual fund is not required to file a personal information form for an individual if all of the following requirements are satisfied:

(a) a personal information form of the individual has been executed by the individual within three years preceding the date of the filing of the pro forma simplified prospectus, pro forma annual information form and pro forma fund facts document for each class or series of securities of the mutual fund;

(b) the personal information form was delivered to the regulator, or in Québec, the securities regulatory authority

(i) by an issuer on behalf of the individual on or after [insert effective date of amendments]; or

(ii) by the mutual fund on behalf of the individual after March 16, 2008 but before [insert effective date of amendments] in the form set out in Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04) in effect during this period;

(c) the information concerning the individual contained in the responses to

(i) questions 6 through 10 of the personal information form referenced in subparagraph (b)(i) remain correct as at the date of the certificate referenced to in paragraph (d); or

(ii) questions 4(B) and (C) and questions 6 through 9 of the personal information form referenced in subparagraph (b)(ii) remain correct as at the date of the certificate referenced to in paragraph (d);

(d) the mutual fund delivers to the regulator or, in Québec, the securities regulatory authority, concurrently with the filing of the pro forma simplified prospectus, pro forma annual information form and pro forma fund facts document for each class or series of securities of the mutual fund, a certificate of the mutual fund in the form set out in Schedule 4 of Appendix A to Regulation 41-101 respecting General Prospectus Requirements (M.O. 2008-05, 08-03-04) stating that the individual has provided the mutual fund with confirmation in respect of the requirement contained in paragraph (c);

(e) the certificate referenced in paragraph (d) is dated no earlier than 30 days before the filing of the preliminary simplified prospectus, preliminary annual information form and preliminary fund facts document for each class or series of securities of the mutual fund.";

(5) by inserting, after subparagraph (i) of subparagraph (a) of paragraph (3), the following:

"(i.1) 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;".

3. Section 3.1 of the Regulation is amended by inserting, after paragraph (1.1), the following:

"(1.2) If the mutual fund has not yet filed comparative annual financial statements of the mutual fund, the most recently filed interim financial statements of the mutual fund that were filed before or after the date of the simplified prospectus.

"(1.3) If the mutual fund has not yet filed interim financial statements or comparative annual financial statements of the mutual fund, the audited balance sheet that was filed with the simplified prospectus.

"(1.4) If the mutual fund has not yet filed an annual management report of fund performance of the mutual fund, the most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus.".

4. Form 81-101F2 of the Regulation is amended:

(1) by replacing, in paragraph (3) of item 1.1, the word "distributed" with the word "sold";

(2) by replacing, in paragraph (3) of item, 1.2, the word "distributed" with the word "sold";

(3) in item 10.2:

(a) by inserting, in paragraph (2) and after the words "directors and", the word "executive";

(b) by inserting, in paragraphs (3) and (4) and after the words "director or", the word "executive";

(4) in item 10.6:

(a) by inserting, in the title and after "**Directors,**", the word "**Executive**";

(b) by inserting, in paragraph (1) and after the word "directors or", the word "executive";

(c) by replacing, in paragraph (4), the words "officer or trustee is that of a partner, director or officer " with "executive officer or trustee is that of a partner, director or executive officer";

(d) by inserting, in paragraph (5) and after the words "director or", the word "executive";

(5) by replacing subparagraph (f) of paragraph (1) of item 16 with the

following:

"(f) any other contract or agreement that is material to the mutual fund.";

(6) by replacing paragraph (1) of item 22 with the following:

"(1) Include a certificate of the principal distributor of the mutual fund that states:

"This annual information form, together with the simplified prospectus 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."".

5. This Regulation comes into force on *(indicate the date of coming into force of this Regulation)*.

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 44-101 RESPECTING SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. Section 1.7 of *Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions* is amended by replacing paragraph (5) with the following:

"(5) **Successor Issuer** – A successor issuer is defined to include a reverse takeover acquiree in a completed reverse takeover. Alternatively, the definition of "successor issuer" requires that the issuer exist "as a result of a restructuring transaction" or that the issuer participate in the restructuring transaction and continue to exist following completion of the restructuring transaction. In both instances, prospectus level disclosure or comparable disclosure prescribed by the TSX Venture Exchange for such issuer must be provided in an information circular or similar disclosure document pursuant to subsections 2.7(2) and (3) of the Regulation.

In the case of an amalgamation, the amalgamated corporation is regarded by the securities regulatory authorities as existing "as a result of a restructuring transaction.

The definition of "successor issuer" also contains an exclusion applicable to divestitures. For example, an issuer may carry out a restructuring transaction that results in the distribution to securityholders of a portion of its business or the transfer of a portion of its business to another issuer. In that case, the entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition.

However, if the divestiture represents a divestiture of substantially all of the business of the predecessor entity to the issuer, the issuer would be considered a successor issuer. In such circumstances, the financial information concerning the predecessor entity should be representative of the financial information of the successor issuer. Therefore, if an issuer is relying on this basis for short form prospectus qualification, it must ensure that the financial statements of the predecessor entity are a relevant, accurate proxy for its financial statements as a successor issuer.

An issuer may also be considered a successor issuer to a second issuer where there has been an internal reorganization of the second issuer, provided that the conditions in paragraph (b) of the definition of "successor issuer" are met. In particular, the internal reorganization must not result in an alteration of the securityholders' proportionate interest in the second issuer nor the second issuer's proportionate interest in its assets. For example, this may arise in an internal reorganization in which all of the securityholders of the second issuer exchange their securities in the second issuer for securities of the successor issuer. The second issuer would become a subsidiary of the successor issuer and its ownership in its assets would remain the same. The successor issuer definition was expanded to include this type of internal reorganization as it may not be considered a "restructuring transaction" as defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* by virtue of the exclusion found at the end of the definition of "restructuring transaction".".

2. Section 2.1 of the Policy Statement is amended:

(1) by deleting, in paragraph (1), the words "and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed";

(2) by replacing, wherever they occur in the French text of paragraph (2), the words "émetteur issu d'une opération de restructuration" with the words "émetteur absorbent".

3. The Policy Statement is amended by adding, after section 3.4, the following:

"**3.4.1. Special meeting information circular**

Subsection 11.1(3) of Form 44-101F1 sets out certain circumstances where an issuer is not required to incorporate by reference into its prospectus a report, valuation, statement or opinion of an expert that is indirectly incorporated by reference into its prospectus through the incorporation by reference of an information circular prepared for a special meeting of the issuer. A special meeting information circular often relates to a restructuring transaction of an issuer or other special business of the issuer. In these circumstances, the issuer or its board of directors may engage an expert to provide an opinion that is specific to the business that will be considered at the special meeting of securityholders. For example, the board may retain a person or company to

provide a fairness opinion which would assist the board in determining whether to recommend the approval of the proposed transaction to its securityholders. Similarly, the issuer may include a tax opinion in the information circular to illustrate the tax consequences of the proposed transaction to its securityholders. Pursuant to subsection 11.1(3), we would not require the incorporation by reference of these particular opinions, provided that these opinions were prepared in respect of the specific transaction contemplated in the information circular and this transaction has been completed or abandoned prior to the filing of the prospectus.".

3. The Policy Statement is amended by adding, after section 3.9, the following:

"**3.10. No Minimum Offering Amount**

Issuers distributing securities on a best efforts basis that have not specified a minimum offering amount in their prospectus, should refer to section 2.2.1 and subsection 4.3(3) of the *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements* for further guidance.".

AMENDMENT TO *POLICY STATEMENT TO REGULATION 44-102 RESPECTING SHELF DISTRIBUTIONS*

1. Section 2.6.1 of *Policy Statement to Regulation 44-102 respecting Shelf Distributions* is amended by adding, after the words “financial statements incorporated by reference”, the words “for which a consent was not previously filed”.

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 52-107 RESPECTING ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS*

1. Section 2.14 of *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* is amended by deleting the following:

"If acquisition statements are carve-out statements prepared in accordance with Canadian GAAP for private enterprises, as discussed in section 2.18 of this Policy Statement, subparagraph 3.11(6)(d)(iii) requires reconciliation information for non-venture issuers similar to that required by subparagraph 3.11(1)(f)(iv). The above guidance on subparagraph 3.11(1)(f)(iv) also applies to subparagraph 3.11(6)(d)(iii).".

2. Section 2.17 of the Policy Statement is replaced with the following:

"**2.17. Acquisition statements, predecessor statements, or primary business statements that are an operating statement**

In the case of acquisition statements that are an operating statement, subsection 3.11(5) requires the line items in the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, or Canadian GAAP applicable to private enterprises. In the case of predecessor statements or primary business statements that are an operating statement, section 3.17 requires the line items in the operating statement to be prepared in accordance with accounting policies that comply with the accounting policies permitted by one of: Canadian GAAP applicable to publicly accountable enterprises, U.S. GAAP if the issuer is an SEC issuer or SEC foreign issuer, or IFRS if the issuer is a foreign issuer. For the purpose of preparing an operating statement, the exceptions and exemptions included as Appendices in IFRS 1 would be relevant for determining the opening statement of financial position at the date of transition to IFRS.".

"**2.18. Acquisition statements, predecessor statements, or primary business statements that are carve-out financial statements**

Acquisition statements, predecessor statements or primary business statements may be based on information from the financial records of another entity whose operations included the acquired business, the business to be acquired, the predecessor entity or primary business. In some cases, there are no separate financial records for the business. Such financial statements, which are commonly referred to as carve-out financial statements, should generally include:

(a) all assets and liabilities directly attributable to the business;

(b) all revenue and expenses directly attributable to the business;

(c) if there are expenses for the business that are common expenses shared with the other entity, a portion of those expenses allocated on a reasonable basis to the business;

(d) income and capital taxes calculated as if the business had been a separate legal entity and had filed a separate tax return for the period presented; and

(e) a description of the method of allocation for each significant line item presented in financial statements.

3. Section 3.5 of the Policy Statement is replaced with the following:

“**3.5. Identification of the financial reporting framework used to prepare an operating statement**

Paragraphs 3.12(2)(e) and 3.18(2)(e) require an auditor’s report to identify the financial reporting framework used to prepare an operating statement as addressed in subsection 3.11(5) and section 3.17. To comply with this requirement, the auditor’s report may identify the applicable requirement in the Regulation, and refer the reader’s attention to the note in the operating statement that describes the financial reporting framework.”.