

REGULATION 55-104 RESPECTING INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS -- ISSUER GRANT REPORT

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The *Autorité des marchés financiers* (AMF) reminds reporting issuers that they may elect to file an Issuer Grant Report via the System for Electronic Disclosure by Insiders (SEDI) when granting common stock options or similar securities to reporting insiders as part of compensation arrangements.

By filing the report within five days following the grant, reporting issuers provide the market with timely disclosure about the existence and material terms of the grant. As well, they give their reporting insiders an opportunity to rely on the insider reporting exemption set out in section 6.2 of *Regulation 55-104 respecting Insider Reporting Requirements and Exemptions*. Under this exemption, insiders may file their reports no later than March 31 of the following year rather than within the five days prescribed by securities regulation.

We note that late insider reports often pertain to option grants. Many reporting insiders explain that the late reports are caused by a failure to obtain any information about the option grants in a timely manner. However, it is their responsibility to ensure that their reports are filed within the prescribed time period.

To provide the market with timely disclosure about option grants and compensation practices, we recommend that reporting issuers file an Issuer Grant Report, particularly when they are unable to notify reporting insiders of the grants in a timely manner. Otherwise, we recommend at a minimum that reporting issuers take every reasonable measure to notify insiders of the grants such that they can comply with the prescribed five-day time period for filing their reports.

The Issuer Grant Report contains the information required under section 6.3 of Regulation 55-104. The terms related to the filing of this report are straightforward and similar to the terms for filing an Issuer Event Report under Part 2 of National Instrument 55-102, *System for Electronic Disclosure by Insiders (SEDI)*.

The AMF publishes the names of insiders who file late reports in Appendix 3 (*Liste des déclarations d'initiés déposées hors délais*) in its weekly Bulletin and imposes administrative monetary penalties in this regard.

Further information on this matter is available from:

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