

Notice on Reporting Issuers Defaults

The present notice updates and replaces the notice entitled *Autorité des marchés financiers Notice on Reporting Issuer Defaults* published on December 15, 2006 and revised on December 21, 2006 and August 28, 2009. It takes account the coming into force on June 23, 2016 of sections 308.2.1.1 to 308.2.1.6 of the *Securities Act*, CQLR, c.V-1.1 (the “Act”).

This notice is published to explain:

- the content of the list of reporting issuers;
- the procedure for identifying reporting issuers in default;
- the key deficiencies resulting in default;
- the procedure for removing a default status.

To determine an issuer’s standing with the Autorité des marchés financiers (AMF), interested persons must refer to the list of reporting issuers in Québec. This list is published pursuant to section 71 of the Act, and posted on the AMF website at www.lautorite.qc.ca, under “Register - Reporting issuers in Québec - Securities – List of Reporting Issuers in Québec”. The list is updated daily.

PART 1 LIST OF REPORTING ISSUERS

1.1 The AMF maintains a list of reporting issuers for the purpose of identifying:

- (a) reporting issuers in Québec;
- (b) reporting issuers in Québec that have failed to provide periodic disclosure about their business and internal affairs in accordance with the conditions determined by regulation or any other disclosure prescribed by regulation or to pay the required fee;
- (c) reporting issuers in Québec under a cease trade order (CTO) issued by the AMF or the *Tribunal administratif des marchés financiers* (new name of the *Bureau de décision et de révision* as of July 17, 2016);
- (d) reporting issuers in Québec under a CTO issued by another securities regulatory authority in Canada and having effect automatically in Québec.

The AMF will make every effort to ensure the accuracy of the list. However, reporting issuers should promptly contact the AMF if they do not appear on the list of reporting issuers in Québec or if they are inadvertently identified as being in default.

PART 2 CATEGORIES OF DEFAULT

2.1 Identifying reporting issuers in default

The AMF will generally consider a reporting issuer to be in default and thus identify the issuer as such on its list when the issuer:

- (a) did not file a continuous disclosure document required under the Act;
- (b) provides information in a continuous disclosure document that does not comply with the conditions determined by regulation or contains significant deficiencies;
- (c) did not pay the required fees.

However, the fact that a reporting issuer has filed all its continuous disclosure documents and is not noted in default on the list does not guarantee that it has complied with all requirements under the Act since:

- (a) some deficiencies may not have been identified;
- (b) identifying a deficiency in a continuous disclosure document does not mean that the issuer will immediately be noted in default on the list;
- (c) the issuer may have received a notice of the deadline to remedy the deficiency before being noted in default on the list.

2.2 Key deficiencies resulting in default

Appendix A identifies a number of significant deficiencies. It is not an exhaustive list and, if relevant facts come to the attention of staff, the AMF will consider a reporting issuer to be in default if it has clearly failed to comply with a significant requirement of the Act.

Section 1 of Appendix A contains a list of documents that will result in the issuer being in default when they are not filed within the time period prescribed under the Act and for which the reporting issuer could be noted in default on the list of reporting issuers.

Section 2 of Appendix A describes the significant deficiencies in a continuous disclosure filing for which the reporting issuer could be noted in default on the list of reporting issuers. This Appendix is updated periodically.

Before noting a reporting issuer in default for a significant deficiency, staff will notify and ask the issuer to remedy the deficiency within a specified time period or present its observations.

If within the specified time period the issuer remedies the deficiency or satisfies staff that there was no deficiency, it will not be noted in default on the list of reporting issuers.

However, if the issuer does not remedy the default within the specified time period and does not provide staff with satisfactory observations, as the case may be, the issuer will be notified that it is considered to be in default of its obligations and that it will therefore be noted in default on the list of reporting issuers as long as an amended document has not been filed.

If the reporting issuer and the AMF or a person exercising a delegated power disagree, the issuer will not be noted in default on the list provided it has notified its intention and taken the necessary steps to be heard by the AMF or the person exercising a delegated power within the prescribed time period. Otherwise, it will be noted on the list as being in default.

Reporting issuers that fail to pay the fees required under the *Securities Regulation*, CQLR, c. V-1.1 r. 50, are also noted in default on the list without prior notification.

Various default codes are used to identify the key deficiencies resulting in default on the list of reporting issuers.

2.3 Removing default status

The AMF will remove the default status from the list of reporting issuers referred to in Part 1 above when it determines that the issuer has addressed to its satisfaction the deficiency for which the issuer has been noted in default (e.g. by filing the required document, by remedying the documents containing the significant deficiencies or paying the applicable fees).

PART 3 CEASE TRADE ORDERS

3.1 The list will identify the reporting issuers that are under a CTO. The CTO date is under the heading “CTO Date.”

Any activity in respect of a transaction in a particular security is ceased in Québec during the period of the CTO subject to the conditions included in the decision. This decision may be consulted on the CTO Database available on the Canadian Securities Administrators (CSA) website at www.csa-acvm.ca

AMF CTO

A CTO issued against a reporting issuer by the AMF or the *Tribunal administratif des marchés financiers* pursuant to section 265 of the Act will be identified on the list as “AMF CTO”.

Reciprocal CTO

As a result of the amendments to the Act that came into force on June 23, 2016, a CTO issued by another securities regulatory authority in Canada will automatically apply in Québec by virtue of sections 308.2.1.1 to 308.2.1.6 of the Act to all reporting or a non-reporting issuer, subject to the same conditions as those in the decision of the other regulatory authority, as if the decision were made by the AMF. However, if the issuer

under the CTO issued by another securities regulatory authority in Canada is a reporting issuer in Québec, this decision will be identified on the list as a “Reciprocal CTO”. If the decision is amended or revoked, this amendment or revocation will also apply automatically in Québec.

Since there may be a short delay between the issuance of the CTO by the other regulatory authority and the moment when the CTO is identified on the list, we invite you to consult the CTO Database available on the CSA website to determine whether a reporting issuer is cease traded.

Management CTOs and Enforcement CTOs

This list does not cover management CTOs nor enforcement CTOs issued against a person. To determine whether senior executives, members of the board of directors of the reporting issuer or other persons are subject to a CTO, we invite you to consult the CTO Database available on the CSA website.

PART 4 FILING CONSIDERATIONS

4.1 A reporting issuer may be noted in default if it fails to file a required document within the prescribed time period.

Sections 2.6 and 2.7 of *Regulation 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR)*, CQLR, c. V-1.1, r. 2 (“Regulation 13-101”) stipulate the hours for transmission of filings through SEDAR. A document filed in electronic format is, for purposes of the Act, filed on the day that the document is retrieved in electronic format from SEDAR by the AMF. Reporting issuers should refer to Regulation 13-101 to determine applicable requirements for filing documents in electronic format.

Electronic filers are required to comply with Regulation 13-101 by creating a SEDAR profile and an issuer profile supplement in the System for Electronic Disclosure by Insiders (SEDI). Reporting issuers should review the information contained in their SEDAR filer profile and their SEDI issuer profile supplement to ensure it is accurate in all material respects and that necessary corrections are made promptly.

June 23, 2016

APPENDIX A

KEY DEFICIENCIES RESULTING IN DEFAULT

1. **The reporting issuer has failed to file the following continuous disclosure prescribed by the Québec *Securities Act*:**
 - (a) annual financial statements;
 - (b) interim financial report;
 - (c) annual or interim management's discussion and analysis (MD&A) or annual or interim management report of fund performance (MRFP);
 - (d) annual information form (AIF);
 - (e) certification of annual or interim filings under *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*, CQLR, c. V-1.1, r. 27 ("Regulation 52-109");
 - (f) proxy materials or a required information circular;
 - (g) issuer profile supplement on the System for Electronic Disclosure by Insiders (SEDI);
 - (h) material change reports;
 - (i) written update after filing a confidential report of a material change;
 - (j) business acquisition report;
 - (k) the annual oil and gas disclosure prescribed by *Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities*, CQLR, c. V-1,1, r. 23 ("Regulation 51-101") or technical reports for a mineral project required under *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*, CQLR, c. V-1.1, r.15 ("Regulation 43-101");
 - (l) mandatory news releases as stipulated under the Act;
 - (m) corporate governance disclosure as required by *Regulation 58-101 respecting Disclosure of Corporate Governance Practices* CQLR, c. V-1.1, r. 32;
 - (n) audit committee disclosure as required by *Regulation 52-110 respecting Audit Committees* CQLR, c. V-1.1, r. 28; or
 - (o) disclosure in a reporting issuer's MD&A relating to disclosure controls and procedures and their effectiveness that is referred to in a certificate filed under Regulation 52-109.

- 2. The reporting issuer's continuous disclosure is deficient because:**
- (a) the financial statements of the reporting issuer, or the auditor's report accompanying the financial statements, do not comply with the requirements of *Regulation 51-102 respecting Continuous Disclosure Obligations*, CQLR, c. V-1.1, r. 24 ("Regulation 51-102"), *Regulation 81-106 respecting Investment Fund Continuous Disclosure*, CQLR, c. V-1.1, r. 42 ("Regulation 81-106"), *Regulation respecting Development Capital Investment Fund Continuous Disclosure*, CQLR, c. V-1.1, r. 46 (DCIF) or *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*, CQLR, c. V-1,1, r. 25.
 - (b) the reporting issuer has acknowledged that its financial statements, or the auditor's report accompanying the financial statements, may no longer be relied upon;
 - (c) the reporting issuer's AIF, MD&A, MRFP, information circular, or business acquisition reports do not contain information for each of the content items required by Regulation 51-102, Regulation 81-106 or DCIF; or
 - (d) the reporting issuer's technical disclosure or other reports do not comply with the disclosure requirements of Regulation 43-101 or Regulation 51-101.
- 3. The reporting issuer has failed to pay a fee required by securities legislation.**
- 4. The reporting issuer has failed to comply with any other requirement related to continuous disclosure.**