

REGULATION 41-103 RESPECTING SUPPLEMENTARY PROSPECTUS DISCLOSURE REQUIREMENTS FOR SECURITIZED PRODUCTS

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (2), (3), (4.1), (5), (6.2), (7), (8), (11), (14), (19), (19.1), (19.3), (26) and (34); s. 331.2)

PART 1 DEFINITIONS AND INTERPRETATION

1. Definitions

In this Regulation:

“asset-backed security” means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, fixed or revolving, that by their terms convert into cash within a finite period and any rights or other assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

“mortgage investment entity” means a person

(a) who invests substantially all of its assets in debts owing to it that are secured by one or more mortgages, hypothecs, or other instruments, on real property; and

(b) whose primary purpose or business activity is originating and administering mortgage loans, with the intent of holding such mortgages for the entire term and of using the revenues generated by holding the mortgages to provide a return for its investors;

“securitized product” means any of the following:

(a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:

- (i) an asset-backed security;
- (ii) a collateralized mortgage obligation;
- (iii) a collateralized debt obligation;
- (iv) a collateralized bond obligation;
- (v) a collateralized debt obligation of asset-backed securities;
- (vi) a collateralized debt obligation of collateralized debt obligations;

(b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:

- (i) a synthetic asset-backed security;
- (ii) a synthetic collateralized mortgage obligation;
- (iii) a synthetic collateralized debt obligation;
- (iv) a synthetic collateralized bond obligation;

- (v) a synthetic collateralized debt obligation of asset-backed securities;
- (vi) a synthetic collateralized debt obligation of collateralized debt obligations;

“transaction agreement” means an agreement relating to a securitized product transaction that imposes an obligation on any party described in Item 1 (Parties with significant functions and responsibilities) of Form 41-103F1 or that provides a holder of a securitized product with rights or entitlements in respect of the securitized product.

2. Interpretation

(1) Terms defined in the following Regulations and used in this Regulation have the respective meanings ascribed to those terms in those Regulations:

- (a) Regulation 41-101 respecting General Prospectus Requirements;
- (b) Regulation 44-101 respecting Short Form Prospectus Distributions;
- (c) Regulation 44-102 respecting Shelf Distributions;
- (d) Regulation 51-102 respecting Continuous Disclosure Obligations.

(2) In this Regulation, other than in Part 3 or unless otherwise stated, a reference to a prospectus includes

- (a) a preliminary prospectus;
- (b) a preliminary short form prospectus and short form prospectus;
- (c) a preliminary base shelf prospectus, base shelf prospectus and corresponding base shelf prospectus supplement;
- (d) a preliminary base PREP prospectus, a base PREP prospectus and corresponding supplemented PREP prospectus;
- (e) an amendment to any of the foregoing.

3. Application

(1) This Regulation applies to an issuer that distributes a securitized product under a prospectus.

(2) Despite subsection (1), this Regulation does not apply to a distribution under a prospectus of any of the following:

- (a) a covered bond;
- (b) a security, other than a debt security, that is issued by a mortgage investment entity.

PART 2 SUPPLEMENTARY PROSPECTUS DISCLOSURE FOR ISSUERS OF ASSET-BACKED SECURITIES AND OTHER SECURITIZED PRODUCTS

4. Supplementary prospectus disclosure for securitized products

(1) An issuer that files a prospectus to distribute a securitized product must include in the prospectus the disclosure referred to in Form 41-103F1.

(2) Despite subsection (1), an issuer is not required to complete a part of Form 41-103F1 that is inapplicable due to one or more attributes of the securitized product or

the structure of the securitized product transaction under which the securitized product is issued.

PART 3 EXEMPTIONS

5. Exemptions

(1) The regulator or, in Québec, the securities regulatory authority may grant an exemption from this Regulation, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions opposite the name of the local jurisdiction.

(4) Without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption may be evidenced by the issuance of a receipt for a prospectus, short form prospectus, base shelf prospectus, base PREP prospectus, or an amendment to any of the foregoing, as applicable.

(5) The issuance of a receipt is not evidence that the exemption has been granted unless

(a) the person that sought the exemption sent to the regulator or, in Québec, the securities regulatory authority

(i) a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the exemption, on or before the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable; or

(ii) a letter or memorandum referred to in subparagraph (i) after the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable, and the person received a written acknowledgement from the regulator or, in Québec, the securities regulatory authority that the exemption may be evidenced in the manner set out in subsection (1); and

(b) the regulator or, in Québec, the securities regulatory authority has not before, or concurrently with, the issuance of the receipt sent notice to the person that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

PART 4 EFFECTIVE DATE

6. Effective date

(1) This Regulation shall come into force on *(indicate the date of coming into force of this Regulation)*.

**FORM 41-103F1
SUPPLEMENTARY INFORMATION REQUIRED IN A SECURITIZED
PRODUCTS PROSPECTUS**

INSTRUCTIONS

(1) This Form sets out specific disclosure requirements relating to securitized products that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to the securities to be distributed. Issuers must comply with the specific instructions or requirements in this Form if the instruction or requirement is applicable. Issuers must also comply with the applicable instructions or requirements in Form 41-101F1 or Form 44-101F1 that address areas that are not otherwise covered by the instructions or requirements in this Form.

(2) Write the disclosure so that a reasonable prospective investor in the securitized products is able to understand it. Consider both the level of detail provided and the language used in the document. Additional guidance relating to plain language principles may be available in the policy statement to Regulation 41-101 respecting General Prospectus Requirements.

(3) Tables, graphs, flow charts or other graphic formats must be used if a reasonable prospective investor will be able to better understand the information being provided. Items 1 (Parties with significant functions and responsibilities), 3 (Pool assets), 4 (Static pool information) and 7 (Structure of the transaction) of this Form must be presented using tables, graphs, flow charts or other graphic formats unless a reasonable prospective investor would conclude that those formats do not provide him or her with a better understanding of the information provided.

(4) Use headings and sub-headings to group information required by this Form, and include a detailed table of contents in the prospectus that clearly identifies the location of the information under each heading and sub-heading.

DEFINITIONS

“Cut-off date” means the date on and after which collections on the pool assets accrue for the benefit of a holder of a securitized product.

Item 1 – Parties with significant functions and responsibilities

1.1. General

If a person is performing more than one of the roles set out below, clearly identify each role and the specific functions and responsibilities being performed in connection with each role. It is not necessary to repeat disclosure that has already been provided. For example, it would not be necessary to repeat the disclosure about the sponsor’s form of organization and the general character of its business if disclosure is also provided about its role as an originator.

1.2. Sponsor

A “sponsor” is a person who organizes and initiates a securitized product transaction by selling or transferring assets, either directly or indirectly, to the issuer.

Identify each sponsor and describe the following:

(a) the sponsor’s form of organization and the general character of its business;

(b) the sponsor’s securitization program and its material functions and responsibilities in the program, including whether the sponsor or an affiliate is responsible for originating, acquiring, pooling or servicing the pool assets;

(c) the sponsor's participation in structuring the securitized product transaction;

(d) the sponsor's securitization experience and the period of time it has been engaged in securitizing assets of any type;

(e) the sponsor's experience in and procedures for originating or acquiring and securitizing assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:

(i) the credit-granting or underwriting criteria for assets of the type being securitized;

(ii) any material information regarding the size, type and growth of the sponsor's portfolio of those assets;

(f) any prior securitized product transaction which was organized and initiated by the sponsor and that has defaulted or experienced an event that triggered an early amortization;

(g) any other information related to the sponsor that may be material to an analysis of the origination or performance of the pool assets.

1.3. Arranger

An "arranger" is a person that arranges and structures a securitized product transaction, but does not sell or transfer assets, directly or indirectly, to the issuer of the securitized products, and in the absence of evidence to the contrary, includes the underwriter for a distribution of securitized products.

Identify each arranger and describe the following:

(a) the arranger's form of organization and the general character of its business;

(b) the arranger's functions and responsibilities as arranger in the securitized product transaction.

1.4. Depositor

A "depositor" is a person in a securitized product transaction who receives or purchases pool assets from the sponsor and transfers or sells the pool assets to an issuer of securitized products.

Identify each depositor that is not also a sponsor for whom disclosure has been provided under Item 1.2, and describe the following:

(a) the depositor's form of organization and the general character of its business;

(b) the depositor's ownership structure;

(c) the reason for the depositor being used in the securitized product transaction;

(d) the depositor's securitization experience and securitization program, including its functions and responsibilities in the program, if its securitization experience or securitization program are materially different from the sponsor's experience or program;

(e) any continuing duties of the depositor in respect of the securitized products or the pool assets after issuance of the securitized products.

1.5. Originator

An "originator" is a person that originates receivables, loans or other financial assets that are pool assets.

(1) Identify each originator that is not also a sponsor, or an affiliate of a sponsor, for which disclosure has been provided under Item 1.2, that satisfies either of the following criteria:

(a) the originator has originated as of the cut-off date, or is reasonably expected to originate, assets in respect of a pool in which a sponsor and its affiliates have cumulatively originated less than 10% of the pool assets;

(b) the originator has originated as of the cut-off date, or is reasonably expected to originate, 10% or more of the pool assets.

(2) Identify each group of affiliated originators that satisfies either of the following criteria, unless a member of the group is a sponsor, or an affiliate of a sponsor, for which disclosure has been provided under Item 1.2:

(a) the group cumulatively has originated as of the cut-off date, or is reasonably expected to originate, assets in respect of a pool in which a sponsor and its affiliates have cumulatively originated less than 10% of the pool assets;

(b) the group cumulatively has originated as of the cut-off date, or is reasonably expected to originate, 10% or more of the pool assets.

(3) If an originator or group of affiliated originators described in subsection (1) or (2) has or is reasonably expected to originate 20% or more of the pool assets, describe the following for each originator:

(a) the originator's form of organization and the general character of its business;

(b) the originator's origination program and the period of time it has been engaged in originating assets;

(c) the originator's experience in and procedures for originating assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:

(i) the credit-granting or underwriting criteria for the assets of the type being securitized;

(ii) any material information regarding the size, type and growth of the originator's portfolio of those assets;

(d) the originator's financial condition to the extent that there is a significant risk that its financial condition could have a material impact on its ability to comply with any obligations to, or fulfil any reasonable expectations that it will, originate assets for the pool.

1.6. Issuer

Describe the following:

(a) the permissible activities and restrictions on the activities of the issuer under its governing documents, including any restrictions on the ability to issue or invest in additional securities, to borrow money or to make loans to other persons;

(b) any provisions in the issuer's governing documents, any transaction agreement or other material contract that would permit modification of the issuer's governing documents, including with respect to permissible activities and covenants;

(c) the identity of any person authorized to exercise discretion with respect to any specific activity regarding the administration of the asset pool or the securitized products being distributed;

(d) any asset owned or reasonably expected to be owned by the issuer other than pool assets, and any liability of the issuer other than the securitized products being distributed;

(e) the amount and nature of any equity in or financial contribution to the issuer held or made by the arranger, sponsor, depositor or other party to the securitized product transaction;

(f) the manner and timing by which the sale or transfer of the pool assets to the issuer occurs, the creation, perfection and priority status of any security interest in a pool asset, and each person who holds a security interest in a pool asset;

(g) the nature and amount of any expenses incurred in connection with the selection and acquisition of the pool assets that will be paid out of the offering proceeds. Include the specific amounts paid to any person for which disclosure has been provided under Items 1.2 to 1.5, and 1.7 to 1.9, including any affiliates of the foregoing;

(h) any material provision in a transaction agreement or arrangement that addresses whether a security interest granted in connection with the securitized product transaction is maintained and enforced;

(i) whether a declaration of bankruptcy, receivership or similar proceeding with respect to the issuer can occur, and if so, whether the issuer's assets will become subject to the bankruptcy, receivership or similar control of a third party and any specific impact on the pool assets;

(j) whether in the event of a bankruptcy, receivership or similar proceeding with respect to the sponsor, originator, depositor or other seller of pool assets, the issuer's assets will become part of the bankruptcy estate or subject to the bankruptcy, receivership or similar control of a third party;

(k) if any pool assets are securities, the market price of the securities and the basis on which the market price was determined.

1.7. Servicer

A "servicer" is a person responsible for the management or collection of pool assets or making allocations or payments to a holder of a securitized product, but does not include a trustee of an issuer of securitized products or trustee for the securitized product that makes allocations or payments.

(1) If multiple servicers service the pool assets, provide an introductory description of the roles, responsibilities and oversight requirements of the servicing structure and the parties involved, and identify the following:

(a) each master servicer;

(b) each servicer that is an affiliate of any person for which disclosure has been provided under Items 1.2 to 1.6, 1.8 and 1.9;

(c) each servicer that services 10% or more of the pool assets as of the cut-off date, or that is reasonably expected to service 10% or more of the pool assets;

(d) any other servicer responsible for calculating or making payments to holders of the securitized products or performing other aspects of the servicing of the pool assets or the securitized products upon which the performance of the pool assets or securitized products is materially dependent.

(2) For each servicer described in paragraphs (1)(a), (b) or (d), and for each servicer that services 20% or more of the pool assets, describe the following:

Information and experience

- (a) the servicer's form of organization;
- (b) the servicer's general servicing experience and the period of time it has been engaged in servicing assets of any type;
- (c) the servicer's experience in and procedures for servicing assets of the type included in the securitized product transaction that is the subject of the current disclosure, including:
 - (i) any material changes to the servicer's policies or procedures during the three years before the date of the prospectus;
 - (ii) any material information regarding the size, type and growth of the servicer's portfolio of those assets;
- (d) any other information related to the servicer that may be significant to an analysis of the servicing of the pool assets and the securitized products being distributed, as applicable;

Servicing agreements and servicing practices

- (e) the material terms of the servicing agreement and the servicer's duties regarding the securitized product transaction, including without limitation any material trigger clauses related to the servicer. For example, describe any requirement that the servicer must fulfil to avoid termination;
- (f) any factors involved in servicing the type of assets included in the securitized product transaction that are particularly relevant to assets of that type. For example, describe the factors that are particularly relevant to subprime assets and loans with deferred payments, and the servicer's processes and procedures designed to address those factors;
- (g) the manner in which collections made in respect of the assets will be maintained, including the extent of commingling of funds with other funds, serviced assets or other assets of the servicer, and the servicer's process for handling delinquencies and losses;
- (h) the provisions or arrangements with respect to advances of funds regarding collections, cash flows or payments, including interest or other fees charged for, and terms of recovery of, those advances;
- (i) if the servicer has custodial responsibility for the pool assets, the material arrangements regarding the custodianship of the assets, or alternatively, identify the other entity that performs the custodian activity and describe its responsibilities;
- (j) any ability by the servicer to significantly waive or modify any terms, fees, penalties or payments on the pool assets;
- (k) any limitations on the servicer's liability under a transaction agreement;

(l) the material terms of any relationship or arrangement with another party by which the servicer may subcontract or delegate some or all of its functions to that party;

(m) whether in the event of a bankruptcy, receivership or similar proceeding with respect to the servicer any of the issuer's assets will become part of the bankruptcy estate or subject to the bankruptcy, receivership or similar control of a third party.

Back-up servicing

(n) the material terms, including the procedures, regarding the servicer's removal, replacement, resignation or transfer, including arrangements regarding, and any qualifications required for, a successor servicer;

(o) the process for transferring servicing to a successor servicer;

(p) provisions for the payment of expenses associated with a servicing transfer or any additional fees that may be charged by a successor servicer;

(q) any arrangements regarding a back-up servicer for the pool assets and the identity of such back-up servicer;

Loan modification

(r) in the case of asset-backed securities being distributed that are backed by loans,

(i) whether or not, and on what basis, the servicer may be able to modify the terms of any of the loans, including a discussion of which loans would be eligible for modification;

(ii) any provisions that specify certain types of permitted modifications, or impose certain limitation or qualifications on the ability to modify loans that back asset-backed securities;

(iii) how any loan modification criteria would impact particular classes of asset-backed securities holders.

(3) For each servicer described in subsection (1), provide information regarding the servicer's financial condition to the extent that there is a significant risk that the effect on one or more aspects of servicing resulting from such financial condition could have a material impact on pool performance or performance of the securitized product.

1.8. Trustees

If the issuer is structured as a trust, identify the trustee and describe the following:

(a) the trustee's form of organization;

(b) the trustee's prior experience in securitized product transactions involving assets of the type included in the securitized product transaction that is the subject of the current disclosure;

(c) the trustee's duties and responsibilities regarding the securitized products under the applicable governing documents and under applicable law;

(d) any actions that would be required by the trustee upon an event of default, potential event of default, or other breach of a covenant in a transaction agreement, including any required notice to investors, a rating agency, or other person;

(e) how potential events of default are defined;

(f) any required percentage of a class or classes of securitized products that is needed to require the trustee to take action upon an event of default, potential event of default, or other breach of a transaction covenant;

(g) any limitations on the trustee's liability under a transaction agreement;

(h) any indemnification provisions that entitle the trustee to be indemnified from the cash flow that would otherwise be used to pay the securitized products;

(i) any contractual provision or understanding regarding the trustee's removal, replacement or resignation, as well as how the expenses associated with changing from one trustee to another trustee will be paid.

1.9. Any other party with a material role

If the securitized product transaction involves an additional party including, without limitation, a custodian, intermediate transferor or liquidity provider in the secondary market, identify that additional party if its role in the securitized product transaction that is the subject of the current disclosure or in respect of the pool assets is material.

For each material additional party, describe the following:

(a) its role and function in the securitized product transaction;

(b) its experience in relation to similar asset pools and securitized product transactions;

(c) the material terms of any agreement with that party regarding the securitized product transaction or the securitized products being distributed.

1.10. Affiliates and certain relationships and related transactions

Describe the following:

(a) whether, and how, any persons for which disclosure has been provided under Items 1.2 to 1.9 are affiliated to one another;

(b) the general character of any business relationship, agreement or understanding, other than the securitized product transaction itself, between two or more persons for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of those persons, if the business relationship, agreement or understanding satisfies all of the following:

(i) it is related to the securitized products being distributed or the pool assets;

(ii) it is currently existing or existed during the two years before the date of the prospectus;

(iii) it is entered into outside the ordinary course of business, or on terms other than would be obtained in an arm's length transaction with an unrelated party;

(iv) it is material to an investor's understanding of the securitized products being distributed.

(c) any material relationship involving or relating to the securitized product transaction or the pool assets, including the material terms and approximate amount involved, between two or more persons for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of those persons, that currently exists or that existed during two years before the date of the prospectus, including any of the following:

- (i) a loan agreement;
- (ii) a repurchase agreement to finance the acquisition or origination of pool assets;
- (iii) a servicing agreement;
- (d) whether any person for which disclosure has been provided under Items 1.2 to 1.9, or any affiliate of the person, is engaged in, or has in the 12 months before the date of the prospectus been engaged in, any transaction that would involve or result in any material conflict of interest with respect to any investor in the securitized products being distributed.

Item 2 – Significant obligors of pool assets

An “obligor” is a person who is directly or indirectly committed by contract or other arrangement to make payments on all or part of the obligations on a pool asset.

A “significant obligor” is any of the following:

- (a) An obligor or a group of affiliated obligors on any pool asset or group of pool assets that collateralizes one or more series or classes of securitized products, if such pool asset or group of pool assets represents 10% or more of the asset pool;
- (b) A single property or group of related properties securing a pool asset or a group of pool assets that collateralizes one or more series or classes of securitized products, if such pool asset or group of pool assets represents 10% or more of the asset pool;
- (c) A lessee or group of affiliated lessees if the related lease or group of leases represents 10% or more of an asset pool that collateralizes one or more series or classes of securitized products;

(1) Identify each significant obligor as of the cut-off date of the securitized product transaction, and describe the following:

- (a) its form of organization;
- (b) the general character, history and development of its business;
- (c) any adverse financial developments since the date of its most recent financial statements;
- (d) the nature of the concentration of the pool assets with the obligor;
- (e) the material terms of the pool assets and each agreement with the obligor involving the pool assets.

(2) If the pool assets relating to a significant obligor represent 10% or more, but less than 20% of the asset pool, provide the following information:

- (a) for a significant obligor other than a significant obligor described in paragraph (b) of the definition of significant obligor, provide all of the following:
 - (i) the selected annual financial information required by Item 1.3 of Form 51-102F1;
 - (ii) the same selected financial information for any subsequent interim period that ended more than 60 days before the date of the prospectus.

(b) for a significant obligor described in paragraph (b) of the definition of significant obligor, provide all of the following:

(i) net operating income for the periods specified in Item 1.3 of Form 51-102F1;

(ii) net operating income for any subsequent interim period that ended more than 60 days before the date of the prospectus.

(3) If the pool assets relating to a significant obligor represent 20% or more of the asset pool, provide the financial statements of the significant obligor that would be prescribed under securities legislation and described in the form of prospectus that the significant obligor would be eligible to use at the date of the prospectus, if the significant obligor was distributing securities under a prospectus.

(4) Subsections (2) and (3) do not apply to a significant obligor whose obligations in respect of the pool assets are guaranteed by the Government of Canada.

(5) If a significant obligor is an issuer of securitized products, and the applicable pool assets are securitized products, provide the disclosure set out in Items 1 to 10 of this Form in respect of the significant obligor and the securitized products that are part of the pool assets as if the significant obligor were the issuer.

Item 3 – Pool assets

3.1. General information regarding pool asset types and selection criteria

Describe the following:

(a) each type of pool asset that will be securitized, including a general description of the material terms of the pool assets;

(b) the method and criteria used by each originator to originate the assets in the pool, or by each sponsor to select the pool assets to be purchased for the pool, and any changes to the method or criteria and whether the method or criteria can be modified or overridden;

(c) any exceptions to the criteria in paragraph (b), including a quantification of such exceptions;

(d) the origination channel and origination process for the pool assets, including:

(i) information about how the originator acquired the asset;

(ii) the level of origination documentation that was required;

(e) the cut -off date or similar date for establishing pool compositions;

(f) any specific due diligence performed on the selection of the pool assets, including verification and risk assurance practices that have been performed by the arranger, sponsor or originator;

(g) the jurisdiction whose laws and regulations govern the pool assets and the effects of any relevant legal or regulatory provisions that may materially affect pool performance or payments or expected payments on the securitized products ;

(h) whether the pool assets have been reviewed for compliance with selection criteria or are the subject of a report by a third party to verify the accuracy of the loan or other asset information disclosed in the prospectus;

(i) if the pool assets have been reviewed for compliance or are the subject of a report by a third party, the identity of the reviewer or third party, the scope of the review or report, and the results or findings of the review or report.

3.2. Pool characteristics

(1) Provide an introductory overview of the material pool characteristics that includes:

- (a) the methodology used in determining or calculating the characteristics;
- (b) a description of any terms or abbreviations used.

(2) Describe the material characteristics of the pool assets, including, to the extent applicable:

- (a) the legal nature of each type of pool asset;
- (b) the number of each type of pool asset;
- (c) the original balance and outstanding balance or other reasonable measurement of pool asset size, at date of origination, and as of the designated cut-off date;
- (d) interest rate or rate of return;
- (e) any cap or floor on interest rates;
- (f) any significant instalment at loan maturity;
- (g) any increased instalment rate;
- (h) capitalized or uncapitalized accrued interest;
- (i) age, maturity, expiry date, remaining term, average life, current payment or prepayment speed, applicable payment grace periods and pool factors;
- (j) service distribution, if different servicers service different pool assets;
- (k) amortization period;
- (l) loan purpose;
- (m) loan status;
- (n) average payment rate of receivables;
- (o) for revolving financial assets, information about:
 - (i) the monthly payment rate;
 - (ii) maximum credit lines;
 - (iii) average account balance;
 - (iv) yield percentage;
 - (v) type of assets;
 - (vi) finance charges, fees and other income earned;

(vii) balance reductions granted for refunds, returns, fraudulent charges or other reasons;

(viii) percentage of full-balance and minimum payments made.

(p) for an asset pool containing one or more commercial mortgages, the following information, to the extent material:

(i) For each commercial mortgage:

(A) The location and present use of each mortgaged property.

(B) Net operating income and net cash flow information, as well as the components of net operating income and net cash flow, for each mortgaged property.

(C) Current occupancy rates for each mortgaged property.

(D) The identity, area occupied by and lease expiration dates for the three largest tenants at each mortgaged property.

(E) The nature, amount and priority of all other material mortgages, liens or encumbrances against each mortgaged property.

(ii) For each commercial mortgage that represents, by dollar value, 10% or more of the asset pool, measured as of the cut-off date:

(A) Any proposed program for the renovation, improvement or development of the mortgaged properties, including the estimated cost of the program and the method of financing to be used.

(B) The general competitive conditions to which the properties are or may be subject.

(C) The management of the properties.

(D) The occupancy rate expressed as a percentage for each of the five years before the date of the prospectus.

(E) The principal business, occupations and professions carried on in, or from the properties.

(F) The number of tenants occupying 10% or more of the total rentable square footage or meterage of such properties, the principal nature of business of each such tenant, and the principal provisions of the leases with those tenants including, but not limited to: rental per annum, expiration date, and renewal options.

(G) The average effective annual rental per square foot, square meter or unit for each of the three years prior to the date of the prospectus and the year to date for the year in which the prospectus dated.

(H) The lease expirations, in the form of a schedule, for each of the previous ten years starting with the year in which the prospectus dated, stating:

1. The number of tenants whose leases will expire.

2. The total area in square feet or square meters covered by such leases.

3. The annual rental represented by such leases.

4. The percentage of gross annual rental represented by such leases.

(q) whether pool assets are secured or unsecured, and if secured, the type of collateral;

(r) information about the collateral underlying the loans in the pool, including:

(i) the type or use of the underlying property, product or other collateral;

(ii) loan-to-value ratio;

(iii) the existence of insurance for real estate;

(iv) if a valuation has been performed on the collateral, who performed the valuation, when it was performed or updated, and the standard used in measuring the valuation;

(s) credit score of obligors and other information regarding obligor credit quality;

(t) billing and payment procedures, including frequency of payment, payment options, fees, charges and origination or payment incentives;

(u) geographic distribution of the pool assets, including any economic or other factors specific to any jurisdiction, region or sector where a significant portion of the pool assets are or will be located that may materially impact the pool assets or cash flows from the pool assets;

(v) priority on collateral in event of default.

3.3. Delinquency and loss information

“Delinquent”, for purposes of determining if an asset in a pool that collateralizes one or more series or classes of securitized products is delinquent, means a pool asset that is more than 30 or 31 days or a single payment cycle, as applicable, past due from the contractual due date, as determined in accordance with any of the following:

(a) the transaction agreements for the securitized products;

(b) the delinquency recognition policies of the sponsor, any affiliate of the sponsor that originated the pool asset, or the servicer of the pool asset;

(c) the delinquency recognition policies applicable to that pool asset established by the regulator primarily responsible for supervising the financial condition of the sponsor, any affiliate of the sponsor that originates the pool asset, or the servicer of the pool asset, or established by the program or regulator that oversees the program under which the pool asset was originated;

“Non-performing”, for purposes of determining if a pool asset that backs one or more series or classes of securitized products is non-performing, means a pool asset if any of the following is true:

(a) the pool asset would be treated as wholly or partially charged-off under the requirements in the transaction agreements for the securitized products;

(b) the pool asset would be treated as wholly or partially charged-off under the charge-off policies of the sponsor, an affiliate of the sponsor that originates the pool asset, or a servicer that services the pool asset;

(c) the pool asset would be treated as wholly or partially charged-off under the charge-off policies applicable to such pool asset established by the regulator primarily responsible for supervising the financial condition of the sponsor, an affiliate of the sponsor that originates the pool asset, or a servicer that services the pool asset, or established by the program or regulatory entity that oversees the program under which the pool asset was originated;

Provide the following information on delinquencies and losses on the asset pool for each pool asset type as of the cut-off date for the securitized product transaction, or in the case of a master trust, the date specified in the prospectus:

(a) delinquency experience in 30 or 31 day increments, as applicable, beginning at least with assets that are 30 or 31 days delinquent, as applicable, through the point that assets are written off or charged off as uncollectable;

(b) the total amount of delinquent and non-performing assets as a percentage of the aggregate asset pool;

(c) other significant loss and cumulative loss information;

(d) how delinquencies and non-performance are defined or determined, including whether the criteria used for such definition or determination can be modified or overridden, and whether they are consistent with market practice;

(e) other material information regarding delinquencies, losses and non-performance particular to the pool asset type, including to the extent applicable information regarding:

(i) repossession;

(ii) foreclosure;

(iii) renegotiation or modification of terms.

3.4. Sources of pool cash flow

If the cash flows that support the securitized products come from more than one source, such as both lease payments and the sale of the residual asset at the end of a lease, describe:

(a) the specific sources of funds and their uses, including the relative amount and percentage of funds that will be derived from each source;

(b) any assumptions, data, models and methodology used to derive the amounts in paragraph (a).

3.5. Representations and warranties and repurchase obligations

(1) Summarize any representation and warranty made concerning the pool assets by each sponsor, originator or any other party, including an affiliate of the foregoing, in connection with the securitized product transaction, and briefly describe the remedies available if a representation and warranty is breached. State whether there is any representation and warranty relating to fraud in the origination of the pool assets.

(2) If material, for each originator and affiliate of the originator that is required to repurchase or replace a pool asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following disclosure on a pool-by-pool basis for each of the three years prior the date of the prospectus, but only in respect of pool assets of the same class as those collateralizing the securitized products being distributed, and that were securitized in connection with a distribution of securitized products under a prospectus:

(a) the amount of pool assets that the originator or an affiliate of the originator originated that were the subject of demands to repurchase or replace for a breach of a representation and warranty pursuant to the transaction agreements;

(b) the amount of pool assets described in paragraph (a) in respect of which the demands were resolved, and the nature of the resolution;

(c) the amount of pool assets described in paragraph (a) in respect of which the demands were not resolved, and the status of the demands as of a date that is not more than 60 days before the date of the prospectus;

(d) where the originator rejected a demand to repurchase or replace pool assets on the basis that the assets did not violate a representation and warranty concerning the pool assets, whether an opinion of a third party not affiliated with the originator had been furnished to the trustee or issuer that confirmed that the assets did not violate the representation and warranty.

(3) If material, for each party that is required to repurchase or replace a pool asset for breach of a representation and warranty pursuant to the transaction agreements, provide the following disclosure on a pool-by-pool basis for each of the three years prior the date of the prospectus, but only in respect of pool assets of the same class as those collateralizing the securitized products being distributed, and that were securitized in connection with a distribution of securitized products under a prospectus:

(a) the amount of pool assets that were the subject of demands to repurchase or replace for a breach of a representation and warranty pursuant to the transaction agreements;

(b) the amount of pool assets described in paragraph (a) in respect of which the demands were resolved, and the nature of the resolution;

(c) the amount of pool assets described in paragraph (a) in respect of which the demands were not resolved, and the status of the demands as of a date that is not more than 60 days before the date of the prospectus;

(d) where the party rejected a demand to repurchase or replace pool assets on the basis that the assets did not violate a representation and warranty concerning the pool assets, whether an opinion of a third party not affiliated with the originator had been furnished to the trustee or issuer that confirmed that the assets did not violate the representation and warranty.

(4) Provide information regarding the financial condition of any party with a repurchase or replacement obligation, to the extent that there is a significant risk that the party's financial condition could have a material impact on its ability to comply with the provisions relating to the repurchase or replacement obligations

3.6. Claims on pool assets

(1) Disclose if any parties other than the securitized products holders have a material direct or contingent claim on any pool assets.

(2) Describe any material cross-collateralization or cross-default provisions relating to the pool assets.

3.7. Revolving periods and prefunding accounts

(1) For a securitized product transaction that contemplates a prefunding or revolving period, describe the following:

(a) the term or duration;

(b) the aggregate amounts and percentages of the pool assets involved;

- (c) the triggers that would limit or terminate such period.
- (d) how pool assets may be added, removed or substituted;
- (e) the acquisition or underwriting criteria for additional pool assets;
- (f) the identity of any party that makes determinations in respect of changes to the asset pool;
- (g) any minimum requirement to add or remove pool assets;
- (h) the procedures and standards for temporary investment of funds pending use;
- (i) whether and how an investor would be notified of any changes to the asset pool.

3.8. Modification of terms

Describe any provisions in the transaction agreements governing the modification of the terms of any pool asset, including how modification may affect cash flows from the pool assets or payments on the securitized products being distributed.

Item 4 – Static pool information

4.1. General

- (1) Provide static pool information if it would be material.
- (2) If static pool information is provided, provide an introductory overview of the information including:
 - (a) the methodology used in determining or calculating the characteristics of the static pool;
 - (b) a description of any terms or abbreviations used;
 - (c) a description of how the assets in the static pool differ from the pool assets underlying the securitized products ;
 - (d) an explanation of material trends.
- (3) If no static pool information is provided, explain why no static pool disclosure is included. If alternative disclosure is included, explain why the alternative disclosure provides more useful information to a prospective investor in understanding and analyzing the securitized product.

4.2. Amortizing asset pools

- (1) For amortizing asset pools, if material, provide static pool information regarding delinquencies, cumulative losses and prepayments in respect of the following:
 - (a) for a sponsor with three or more years experience securitizing assets of the type included in the current securitized product transaction, each prior pool of such assets securitized within the last five years;
 - (b) for a sponsor with less than three years experience securitizing assets of the type included in the current securitized product transaction, such assets by vintage origination year for the period the sponsor has been originating or purchasing such assets.

(2) Provide delinquency, cumulative loss and prepayment information for each prior pool or vintage origination year disclosed under paragraph (1) over the life of the prior pool or vintage origination year. Present delinquency and loss information in the manner set out in Item 3.3.

(3) Provide the following summary information for the original characteristics of each prior pool or vintage origination year disclosed under paragraph (1), if material and applicable:

- (a) debt-to-income ratio;
- (b) number of pool assets;
- (c) original pool balance;
- (d) weighted average original pool balance;
- (e) weighted average interest or note rate;
- (f) weighted average original term;
- (g) weighted average remaining term;
- (h) weighted average and minimum and maximum standardized credit score or other applicable measure of obligor credit quality;
- (i) product type;
- (j) loan purpose;
- (k) loan-to-value information;
- (l) distribution of assets by loan or note rate;
- (m) geographic distribution of assets.

4.3. Revolving asset master trusts

For revolving asset master trusts, provide the following information in appropriate separate increments based on the date of origination of the pool assets, if material and applicable:

- (a) delinquencies;
- (b) cumulative losses;
- (c) prepayments;
- (d) payment rate;
- (e) yield;
- (f) standardized credit score or other applicable measure of obligor credit quality;
- (g) average payment term;
- (h) the percentage of assets originated by each obligor.

Item 5 – Description of the securitized products

Describe each securitized product being distributed, including:

- (a) its type and category;
- (b) how principal and interest on each class of securitized products is calculated and payable;
- (c) amortization;
- (d) performance or similar triggers or effects, and their effects on the securitized product transaction if triggered;
- (e) overcollateralization, cross-default or cross-collateralization provisions;
- (f) voting requirements to amend the transaction agreements or other relevant documents;
- (g) minimum standards, restrictions or suitability requirements regarding ownership of the securitized product.

Item 6 – Retention of the securitized products

Disclose whether any person for which disclosure has been provided under Items 1.2 to 1.9, including any affiliate of such person, is retaining a portion of a tranche or tranches, and if so, specify the amount retained for each tranche. State whether that person has directly or indirectly hedged, or taken any other action, that seeks to transfer in whole or in part the credit risk associated with a retained portion.

Item 7 – Structure of the transaction

7.1. Flow of funds

Describe the material features and assumptions of the flow of funds for the securitized product transaction, including:

- (a) payment allocations, rights and distribution priorities among all classes and within each class of securitized products, with respect to:
 - (i) cash flows;
 - (ii) credit enhancement;
 - (iii) any other structural features in the transaction;
- (b) any requirements directing cash flows, such as reserve accounts or cash collateral accounts, and the purpose and operation of those requirements.

7.2. Distribution frequency and cash maintenance

Disclose:

- (a) the frequency of the distribution dates for the securitized product;
- (b) the collection periods for the pool assets;
- (c) any arrangement for cash held pending use, including the length of time that cash will be held pending a distribution to a holder of a securitized product;
- (d) the identity of the parties with access to cash balances and the authority to make decisions regarding their investment and use.

7.3. Fees and expenses

(1) Describe the following:

- (a) all fees and expenses to be paid or payable out of the cash flows from the pool assets;
- (b) each party that is receiving such fees or expenses, and the general reasons for the receipt;
- (c) the source of funds for such fees or expenses, if different from other fees or expenses or if such fees or expenses are to be paid from a specified portion of the cash flows;
- (d) the distribution priority of such fees or expenses;
- (e) if the amount of fees or expenses is not fixed, the formula used to determine the amounts payable.

(2) Provide any additional information necessary to help investors understand the timing and amount of the fees or expenses, including:

- (a) any restrictions or limits;
- (b) whether and how fees or expenses could change in certain circumstances;
- (c) whether and how fees or expenses could be changed without notice to, or approval by, securitized products holders;
- (d) any restrictions on the ability to change a fee or expense amount, such as due to a change in transaction party.

7.4. Excess cash flow

Describe the following:

- (a) the disposition of residual or excess cash flows;
- (b) the identity of any person who owns any residual or retained interests in the cash flows and who also satisfies either of the following:
 - (i) is affiliated with, any person for which disclosure has been provided under Items 1.2 to 1.9;
 - (ii) has rights that may alter the transaction structure beyond receipt of residual or excess cash flows;
- (c) any requirements to maintain a minimum amount of excess cash flow or spread from, or retained interest in, the transaction and the effects on the transaction if the requirements are not met;
- (d) if material, any arrangements to facilitate a securitization of the excess cash flow or retained interest from the securitized product transaction, including whether any material changes to the transaction structure may be made without the consent of the holders of the securitized products in connection with such securitization;
- (e) any conditions on the payment of excess cash flows, such as priority in payment to certain tranches;
- (f) any investment policies and restrictions in respect of residual or excess cash flows.

7.5. Master trusts

If one or more additional series or classes of securitized products have been or may be issued that are backed by the same asset pool backing the securitized products being distributed, describe the additional securities, providing all material information including the following:

- (a) the relative priority of the additional securities to the securities being distributed and their respective rights to the underlying pool assets and their cash flows;
- (b) the allocations of cash flow from the asset pool and any expenses or losses among the various series or classes;
- (c) the terms under which additional series or classes may be issued and pool assets increased or changed;
- (d) the terms of any required security holder approval or notification of such additional securities;
- (e) which party has the authority to determine whether such additional securities may be issued;
- (f) if there are conditions to an issuance of such additional securities, whether or not there will be an independent verification of the exercise of authority or determinations made by the party in paragraph (e).

7.6. Optional or mandatory redemption or termination

If any class of the securitized products includes an optional or mandatory redemption or termination feature, describe the following:

- (a) the terms for triggering the redemption or termination;
- (b) the identity of any person who holds the redemption or termination option or obligation, and whether that person is affiliated with any person for which disclosure has been provided under Items 1.2 to 1.9;
- (c) the amount of the redemption or repurchase price;
- (d) the redemption or termination procedures, including any notices required to be provided to holders of the securitized products.

7.7. Prepayment, maturity and yield considerations

Describe the following:

- (a) any material models used to identify cash flow characteristics with respect to the pool assets, including a description of material assumptions and limitations;
- (b) if material, the degree to which each class of securitized products is sensitive to changes in the rate of payment on the pool assets and the consequences of such changing rate of payment, including provision of statistical information about such consequences such as the effect of prepayments on yield and weighted average life.
- (c) any special allocations of prepayment risks among the classes of securities and whether any class protects other classes from the effects of the uncertain timing of cash flow with respect to the pool assets.

Item 8 – Credit enhancement and other support, excluding certain derivative instruments

(1) Describe any material external credit enhancement or other support intended to ensure that the securitized products or pool assets will pay in accordance with their terms in the normal course, including:

- (a) any bond insurance, letters of credit or guarantees;
- (b) any liquidity facilities, lending facilities, guaranteed investment contracts or minimum principal payment agreements;
- (c) any derivatives that provide insurance against losses on the assets in the pool.

(2) Describe any material internal credit enhancement or other support that is a result of or is part of the structure of the transaction, and that is intended to increase the likelihood that payments will be made on one or more classes of the securitized products in accordance with their terms in the normal course, including:

- (a) subordination provisions;
- (b) overcollateralization;
- (c) reserve accounts;
- (d) cash collateral accounts or spread accounts;
- (e) transactions in which receivables may be purchased at a discount or on a deferred basis.

(3) For each credit enhancement or other support, describe the following:

- (a) any limits on the timing or amount of the enhancement or support;
- (b) any conditions that must be met before the enhancement or support can be used;
- (c) any provisions regarding the substitution of the enhancement or support.

(4) Identify each entity or group of affiliated entities that provides credit enhancement or other support and is liable or contingently liable to provide payments representing 10% or more of the cash flow supporting one or more classes of securitized products being distributed, and describe:

- (a) its form of organization;
- (b) the general character of its business.

(5) If any entity or group of affiliated entities that provides credit enhancement or other support is liable or contingently liable to provide payments representing 10% or more, but less than 20%, of the cash flow supporting one or more classes of securitized products being distributed, provide all of the following:

- (a) the selected annual financial information required by Item 1.3 of Form 51-102F1;
- (b) the same selected financial information for any subsequent interim period that ended more than 60 days before the date of the prospectus.

(6) If any entity or group or affiliated entities that provide credit enhancement or other support is liable or contingently liable to provide payments representing 20% or

more of the cash flow supporting a class or series of securitized products being distributed, provide the financial statements of the entity or group of affiliated entities that would be prescribed under securities legislation and described in the form of prospectus that the entity or group would be eligible to use at the date of the prospectus, if the entity or group was distributing securities under a prospectus.

Item 9 – Certain derivative instruments

(1) For each derivative instrument used to alter the payment characteristics of the payments made on the securitized products, and the primary purpose of which is not to provide credit enhancement or other support as described in Item 8, provide the following information:

- (a) the identity of the derivative counterparty;
- (b) its form of organization;
- (c) the general character of its business;
- (d) the operation and material terms of the derivative instrument, including any limits on the timing or amount of payments or any conditions to payments;
- (e) the minimum requirements regarding the counterparty;
- (f) any material provisions regarding termination or substitution of the derivative instrument;
- (g) the significance percentage.

(2) For purposes of paragraph (1)(g), the “significance percentage” is the percentage referred to in paragraph (b) calculated as follows:

(a) determine the financial significance of the derivative instrument using a reasonable good faith estimate of the maximum probable exposure of the derivative counterparty that is made in substantially the same manner as that used in the sponsor’s internal risk management process in respect of similar instruments;

(b) determine the percentage that the amount in paragraph (a) represents of the aggregate principal balance of the pool assets, or, if the derivative instrument relates only to certain classes of securitized products, of the aggregate principal of those classes.

(3) If the aggregate significance percentage for one or more derivative instruments for which any entity or group of affiliated entities is acting as a derivative counterparty is 10% or more, but less than 20%, provide all of the following:

(a) the selected annual financial information specified by Item 1.3 of Form 51-102F1;

(b) the same selected financial data for any subsequent interim period that ended more than 60 days before the date of the prospectus.

(4) If the aggregate significance percentage for one or more derivative instruments for which any entity or group of affiliated entities is acting as a derivative counterparty is 20% or more, provide the financial statements for that entity or group of affiliated entities that would be prescribed under securities legislation and described in the form of prospectus that the entity or group would be eligible to use at the date of the prospectus, if the entity or group was distributing securities under a prospectus.

Item 10 – Credit ratings

Disclose the following:

- (a) whether the issuance or sale of any securitized products being distributed is conditioned on the assignment of a credit rating by one or more credit rating agencies;
- (b) the identity of each credit rating agency that will be used and the minimum rating that must be assigned as a condition of the securitized product transaction;
- (c) any arrangements to have the rating assigned be monitored while the securitized products are outstanding;
- (d) if a credit rating agency used in connection with the securitized product transaction has undertaken an analysis of market risks that may have an impact on the credit rating, such as changes in interest rates or prepayment risk, the nature of the market risk that the credit rating agency has identified;
- (e) the name of each credit rating agency whose rating is disclosed and the definition or description of the category in which the class of securities was rated;
- (f) any preliminary credit rating obtained by a sponsor or arranger for any class of the securitized products being distributed;
- (g) whether any credit rating agency has refused to assign a credit rating to a class of securitized products being distributed, and the reasons for refusal if it is related to the structure or the financial viability of the securitized product transaction.

Item 11 – Reports

Describe the following reports or documents that relate to the securitized products:

- (a) each report or other document to be provided to holders of the securitized products being distributed that is required under the transaction agreements, including provision of the following information:
 - (i) the information that will be contained in the report or other document;
 - (ii) the schedule and manner of distribution or other availability;
 - (iii) the entity or entities that will prepare and provide the report or other document;
 - (iv) whether the report or other document will be available to the public on a Web site, and if so, how to access the Web site and the report or other document;
 - (v) whether one or more parties to the securitized product transaction will provide electronic or paper copies of the reports or documents without charge upon request.
- (b) any report or other document to be filed with a securities regulatory authority, including an explanation of how the public can access the report or other document.

Item 12 – Legal proceedings and regulatory actions

Provide the disclosure required by Item 23 (Legal Proceedings and Regulatory Actions) of Form 41-101F1 for each party for which disclosure has been provided under Items 1.2 to 1.9.