

**Proposed amendments to
Regulation entitled National Instrument 44-101,
Short Form Prospectus Distributions and to
Form 44-101F3**

Part 1 Amendments to Regulation entitled National Instrument 44-101

1.1 Amendments to Part 1 of Regulation entitled National Instrument 44-101 – Part 1 of Regulation entitled National Instrument 44-101 is amended by :

(a) *in section 1.1, repealing the definition of “auditor’s report”, “foreign auditor’s report”, “foreign GAAP” and “foreign GAAS”;*

(b) *in section 1.1, repealing the definition of “executive officer” and substituting the following :*

“executive officer” with respect to a person or company means an individual who is :

- (a) a chair of the person or company,
- (b) a vice-chair of the person or company,
- (c) the president of the person or company,
- (d) a vice-president of the person or company in charge of a principal business unit, division or function including sales, finance or production,
- (e) an officer of the person or company or any of its subsidiaries who performed a policy-making function in respect of the person or company, or
- (f) any other individual who performed a policy-making function in respect of the person or company;

(c) *in section 1.1, adding immediately after the definition of “Regulation 51-102” and immediately before the definition of “non-convertible” the following :*

“Regulation 52-107” means *Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency.*

(d) *in section 1.1, repealing the definition of “U.S. GAAS” and substituting the following :*

“US GAAS” means generally accepted auditing standards in the United States of America, as supplemented by the SEC’s rules on auditor independence.

1.2 Amendments to Part 4 of Regulation entitled National Instrument 44-101 – Part 4 of Regulation entitled National Instrument 44-101 is amended by :

(a) *in section 4.12, striking the words “shall be accompanied by an auditor’s report without a reservation of opinion” and substituting “must be audited”.*

(b) *repealing section 4.13 and substituting the following :*

Despite section 4.12, interim financial statements of a business included in a short form prospectus under this Part are not required to be audited.

(c) *repealing section 4.14 and substituting the following :*

Despite section 4.12, an issuer may omit from its short form prospectus an audit report from the acquired business' auditor for the annual financial statements of a business required under subsection 4.8(3), if the financial statements have not been audited.

(d) *repealing section 4.15 and substituting the following :*

Despite section 4.12, an issuer may omit from its short form prospectus an audit report from the acquired business' auditor for the annual financial statements of a business included in the short form prospectus, other than for the most recently completed financial year of the business for which financial statements are included in the short form prospectus, if

- (a) those financial statements were previously included in a short form prospectus of the issuer without an audit report from the acquired business' auditor as permitted by this Instrument or pursuant to an exemption granted under this Instrument; and
- (b) the financial statements have not been audited by the acquired business' auditor.

1.3 *Amendments to Part 5 of Regulation entitled National Instrument 44-101 – Part 5 of Regulation entitled National Instrument 44-101 is amended by :*

(a) *in section 5.6, striking the words “shall be accompanied by an auditor’s report without a reservation of opinion” and substituting “must be audited”.*

(b) *repealing section 5.7 and substituting the following :*

Despite section 5.6, interim financial statements of a business included in a short form prospectus under this Part are not required to be audited.

(c) *striking section 5.8 and substituting the following :*

Despite section 5.6, an issuer may omit from its short form prospectus an audit report from the issuer's auditor for the financial information or financial statements of a business referred to under subsection 5.3(2), if no audit report has been issued by the issuer's auditor on the financial information or financial statements.

1.4 *Amendments to Part 7 of Regulation entitled National Instrument 44-101 – Part 7 of Regulation entitled National Instrument 44-101 is amended by :*

(a) *repealing sections 7.1, 7.2, 7.4 and 7.5, and substituting the following :*

7.1 The financial statements of a person or company that are included in a short form prospectus shall be prepared in accordance with Regulation 52-107.

(b) *Renumbering section 7.3 as section 7.2.*

(c) *in section 7.2, striking the words “shall be accompanied by an auditor’s report without reservation” and substituting “must be audited”.*

1.5 **Amendments to Part 10 of Regulation entitled National Instrument 44-101 – *Part 10 of Regulation entitled National Instrument 44-101 is amended by repealing item 10.2(b)7.***

Part 2 **Amendment to Form 44-101F3 to Regulation entitled National Instrument 44-101**

2.1 **Amendment to Item 20 of Form 44-101F3 to Regulation entitled National Instrument 44-101 – *Item 20 of Form 44-101F3 to Regulation entitled National Instrument 44-101 is amended by repealing Item 20, and substituting the following :***

If financial statements prepared in other than Canadian GAAP are included in the short form prospectus and a reconciliation to Canadian GAAP has not been incorporated by reference in the short form prospectus, include in the short form prospectus the reconciliation to Canadian GAAP required under paragraph 4.1 or 5.1 of NI 52-107.

Part 3 **Effective Date**

3.1 **Effective Date**

This Amendment comes into force on ●, 2004.