

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

Securities Act

(chapter V-1.1, s. 331.1, par. (1), (6), (8), (11) and (34))

1. Section 1.1 of Regulation 44-101 respecting Short Form Prospectus Distributions (chapter V-1.1, r. 16) is amended:

(1) by replacing, in the definition of the expression “current AIF”, subparagraph (ii) of paragraph (b) with the following:

“(ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year;”;

(2) by replacing, in the definition of the expression “current annual financial statements”, subparagraph (ii) of paragraph (b) with the following:

“(ii) the issuer is not yet required under the applicable CD rule to have filed its annual disclosure statement or annual financial statements for its most recently completed financial year;”;

(3) by replacing, in the definition of the expression “short form eligible exchange”, “Aequitas NEO Exchange Inc.” with “NEO Exchange Inc.”.

2. Section 2.6 of the Regulation is amended by replacing, wherever they appear in the French text, the words “titres adossés à des créances” with the words “titres adossés à des actifs”.

3. Section 2.7 of the Regulation is amended:

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

“(a) the issuer is required under the applicable CD rule to file an annual disclosure statement or 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 its annual disclosure statement or annual financial statements, and”;

(2) by replacing, in paragraph (1.1), subparagraph (a) with the following:

“(a) the issuer has filed, as required under the applicable CD rule

(i) an annual disclosure statement which does not include an AIF,
or

(ii) annual financial statements, and”:

(3) by replacing, in paragraph (2), subparagraph (a) with the following:

“(a) the successor issuer is required under the applicable CD rule to file an annual disclosure statement or 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 an annual disclosure statement or annual financial statements, and”;

(4) by replacing , in paragraph (3), subparagraph (a) with the following:

“(a) the issuer is required under the applicable CD rule to file an annual disclosure statement or 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 an annual disclosure statement or annual financial statements, and”.

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

(1) by replacing, in the instructions, paragraph (9) with the following:

“(9) *If the issuer is a structured entity, as that term is defined in Canadian GAAP applicable to publicly accountable enterprises, or the term equivalent to structured entity under the issuer’s GAAP, modify the disclosure requirements in this Form to reflect the nature of the issuer’s business.*”;

(2) by replacing, in the French text of paragraph (3.1) of item 1.6, the words “souscription minimum” with the words “souscription minimale”;

(3) by replacing, in the French text of paragraph (1) of item 1.9, the words “les titres” with the words “ceux”;

(4) by replacing, in item 5.4.1, “item 13.1 of Form 51-102F2” with “subsection 28(1) of Form 51-102F1”;

(5) by replacing, wherever they appear in the French text of items 7.3 and 7.5, the words “titres adossés à des créances” with the words “titres adossés à des actifs”;

(6) by deleting item 7A.1;

(7) by replacing item 7A.2 with the following:

“7A.2. Trading Price and Volume

(1) For each class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable that is traded or quoted on a Canadian or foreign marketplace for which the issuer has applied for and received a listing, identify all such marketplaces.

(2) If a Canadian marketplace is not identified under subsection (1) in respect of a class or series of securities of the issuer distributed under the short form prospectus or securities of the issuer into which those classes or series of securities are convertible or exchangeable, but one or more foreign marketplaces are identified under subsection (1) in respect of that class or series, identify the foreign marketplace on which the greatest volume of trading or quotation generally occurs and provide either of the following in respect of that class or series:

(a) the price ranges and volume traded or quoted 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;

(b) the address of the website or other publicly available source where the information required under paragraph (a) can be found.”;

(8) by replacing, wherever it appears in item 9.1, “section 5.4 of Form 51-102F2” with “section 18 of Form 51-102F1”;

(9) in item 11.1:

(a) in paragraph (1):

(i) by replacing subparagraphs 1 and 2 with the following:

“1. The issuer’s current AIF, if it has one, and if the current AIF is not included in the issuer’s annual disclosure statement referred to in paragraph 2.

“2. The issuer’s annual disclosure statement that includes the issuer’s current annual financial statements, if any, or the issuer’s current annual financial statements, if any, and related MD&A.”;

(ii) in subparagraph 3:

(A) by replacing the words “interim financial report” with the words “interim disclosure statement or interim financial report and related MD&A”;

(B) by deleting, after the words “in the short form prospectus,”, the words “and the related interim MD&A”;

(iii) by replacing, in subparagraph (a) of subparagraph 8, “is in the form of Form 51-102F2” with “contains the disclosure required under section 19 of Form 51-102F1”;

(b) by replacing, in paragraph (1) of the instructions, the second sentence with the following:

“However, if the financial statements from which the information in the news release has been derived have been filed, then the annual disclosure statement or interim disclosure statement including the financial statements or the financial statements, as applicable, must be incorporated by reference.”;

(10) by replacing, in paragraph (1) of item 11.3, “a current AIF and current annual financial statements and related MD&A under section 11.1” with “the documents referred to in paragraphs 1 and 2 of subsection 11.1(1)”;

(11) by replacing item 11.5 with the following:

“11.5. Additional Disclosure for Issuers of Asset-Backed Securities

If the issuer has not filed or has not been required to file an interim financial report and related MD&A in respect of an interim period 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 documents referred to in paragraph 3 of subsection 11.1(1) that the issuer would have been required to incorporate by reference if the issuer were a reporting issuer at the relevant time.”;

(12) by replacing, in item 15.2, “section 16.2 of Form 51-102F2, Annual Information Form,” with “subsections 30(2) and (3) of Form 51-102F1” and “section 16.1 of Form 51-102F2” with “subsection 30(1) of Form 51-102F1”;

(13) in item 16.1:

(a) by inserting, in subparagraph (a) of paragraph (5) and after the words “or has”, “, within the 10 years before the date of the preliminary short form prospectus,”;

(b) by deleting paragraph (6);

(14) by replacing, in the instructions of item 17.1, paragraphs (2) and (3) with the following:

“(2) A risk factor must not be de-emphasized by including, for greater certainty, excessive caveats or conditions.

“(3) Consider presenting risk factor disclosure in a manner, such as the tabular form below or any other suitable manner, that clearly identifies, for each risk factor

- (a) the nature of the risk factor,
- (b) its description,
- (c) the issuer's impact/probability (i.e., its seriousness), and
- (d) the issuer's risk mitigation strategy relating to it.

RISK FACTORS

Nature of Risk Factor	Description	Impact/Probability Assessment	Risk Mitigation Strategy
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5. Transition

(1) In this section, the expression “prospectus” means a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus.

(2) In this section, the expression “issuer’s effective date” means, in relation to an issuer, the earlier of:

(a) the date the issuer is required to include in a prospectus, directly or by incorporation, an annual disclosure statement for its first financial year ending on or after (*indicate here the date of coming into force of this Regulation*), and

(b) the date, on or after (*indicate here the date of coming into force of this Regulation*), the issuer includes in a prospectus, directly or by incorporation, an annual disclosure statement or an interim disclosure statement prepared under Regulation 51-102 respecting Continuous Disclosure Obligations (chapter V-1.1, r. 24).

(3) The provisions of the Regulation, as amended by this Regulation, do not apply to an issuer until the issuer’s effective date.

(4) Until the issuer’s effective date, an issuer must comply with the Regulation as it read on (*indicate here the date preceding the date of coming into force of this Regulation*).

6. Effective date

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