

## REGULATION TO AMEND REGULATION 51-102 RESPECTING CONTINUOUS DISCLOSURE OBLIGATIONS

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (8), (9), (11), (19) and (34))

1. Regulation 51-102 respecting Continuous Disclosure Obligations is amended by adding the following after section 4.11:

### **"PART 4A FORWARD-LOOKING INFORMATION**

#### **4A.1 Application**

This Part applies to forward-looking information that is released by a reporting issuer other than forward-looking information contained in oral statements.

#### **4A.2 Reasonable Basis**

A reporting issuer must have a reasonable basis for forward-looking information.

#### **4A.3 Disclosure**

Material forward-looking information must include disclosure that

- (a) identifies forward-looking information as such;
- (b) cautions users of forward-looking information that actual results will vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information;
- (c) states the material factors or assumptions used to develop forward-looking information; and
- (d) identifies the reporting issuer's policy for updating forward-looking information if it includes procedures in addition to those described in subsection 5.8(2).

### **PART 4B FOFI AND FINANCIAL OUTLOOKS**

#### **4B.1 Definitions**

In this Part,

"financial outlook" means forward-looking information about prospective results of operations, financial position and/or cash flows, based on assumptions about future economic conditions and courses of action, and not presented in the format of a historical balance sheet, income statement or cash flow statement; examples include expected revenues, net income, earnings per share and R&D spending; a financial outlook relating to earnings is commonly referred to as "earnings guidance";

"FOFI" means future-oriented financial information and is forward-looking information about prospective results of operations, financial position and/or cash flows, based on assumptions about

future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement.

#### **4B.2 Application**

(1) Subject to subsection (2), this Part applies to FOFI or a financial outlook that is released by a reporting issuer other than forward-looking information contained in oral statements.

(2) This Part does not apply to disclosure that is subject to

(a) requirements in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities approved by Ministerial Order no. 2005-15 dated August 2, 2005, or Regulation 43-101 respecting Standards of Disclosure for Mineral Projects; or

(b) the conditions of any exemption from the requirements referred to in paragraph (a) that a reporting issuer received from a regulator or securities regulatory authority.

#### **4B.3 Assumptions**

In addition to the requirement in section 4A.2, in preparing FOFI or a financial outlook, a reporting issuer must

(a) use assumptions that individually, and as a whole, are reasonable and appropriate in the circumstances;

(b) limit the period covered by the FOFI or the financial outlook to a period that is not longer than the point in time for which such information can be reasonably estimated, and

(c) use the accounting policies the reporting issuer expects to use to prepare its historical financial statements for the period covered by the FOFI or the financial outlook.

#### **4B.4 Disclosure**

In addition to the disclosure required by section 4A.3, FOFI or a financial outlook must include disclosure that

(a) identifies the date management approves the FOFI or financial outlook;

(b) explains the purpose of the FOFI or financial outlook and cautions readers that the information may not be appropriate for other purposes.”.

2. The Regulation is amended by adding the following section after section 5.7:

#### **“5.8 Disclosure Relating to Previously Released Forward-Looking Information**

(1) This section applies to material forward-looking information that is released by a reporting issuer other than

(a) forward-looking information contained in oral statements, or

(b) disclosure that is subject to

(i) requirements in Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities or Regulation 43-101 respecting Standards of Disclosure for Mineral Projects, or

(ii) the conditions of any exemption from the requirements referred to in subparagraph (i) that a reporting issuer received from a regulator or securities regulatory authority.

- (2) A reporting issuer must discuss in its MD&A or MD&A supplement if one is required under section 5.2,
- (a) events and circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from forward-looking information for a period that is not yet complete that the reporting issuer previously released to the public, and
  - (b) the expected differences referred to in paragraph (a).
- (3) A reporting issuer is not required to comply with subsection (2) if the reporting issuer includes the information required by paragraph (2)(a) and (b) in a news release issued and filed by the reporting issuer prior to the filing of the MD&A or MD&A supplement referred to in subsection (2).
- (4) A reporting issuer must disclose and discuss in its MD&A or MD&A supplement if one is required under section 5.2, material differences between
- (a) actual results for the annual or interim period to which the MD&A relates, and
  - (b) any FOFI or financial outlook for the period referred to in paragraph (a) that the reporting issuer previously released.
- (5) If during the period to which its MD&A relates, a reporting issuer decides to withdraw previously released forward-looking information,
- (a) the reporting issuer must, in its MD&A or MD&A supplement if one is required under section 5.2, disclose that decision and discuss the events and circumstances that led the reporting issuer to the decision to withdraw the forward-looking information including a discussion of the assumptions underlying the forward-looking information that are no longer valid, and
  - (b) the reporting issuer is not required to comply with subsection (4) if the reporting issuer complies with paragraph (a) in its MD&A or MD&A supplement filed before the end of the period covered by the forward-looking information.
- (6) A reporting issuer is not required to comply with paragraph (5)(a) if the reporting issuer includes the information required by paragraph (5)(a) in a news release issued and filed by the reporting issuer prior to the filing of the MD&A or MD&A supplement.”.
- 3.** Section 8.1 of the Regulation is amended by deleting “approved by Ministerial Order No. 2005-15 dated August 2, 2005” in paragraph (1).
- 4.** Form 51-102A1, Management’s Discussion & Analysis, of the Regulation is amended, in part 1:
- (1) by deleting paragraph (g);
  - (2) by replacing “(h)” with “(g)” in paragraph (h);
  - (3) by replacing “(i)” with “(h)” in paragraph (i);
  - (4) by replacing “(j)” with “(i)” in paragraph (j);
  - (5) by replacing “(k)” with “(j)” in paragraph (k);
  - (6) by replacing “(l)” with “(k)” in paragraph (l);
  - (7) by replacing “(m)” with “(l)” in paragraph (m);

- (8) by replacing “(n)” with “(m)” in paragraph (n);
  - (9) by replacing “(o)” with “(n)” in paragraph (o).
5. This Regulation comes into force on \*\*\* 2007.