

**AMENDMENTS TO POLICY STATEMENT TO REGULATION 51-102
RESPECTING CONTINUOUS DISCLOSURE OBLIGATIONS**

1. The Policy Statement is amended by adding the following after section 4.2,

“PART 4A FORWARD-LOOKING INFORMATION

4A.1 Application

Section 4A.1 of the Regulation indicates that Part 4A applies to forward-looking information that is released by a reporting issuer other than forward-looking information contained in oral statements. Reporting issuers should consider broadly the various instances of forward-looking information made available to the public in considering the scope of forward-looking information that is “released”. This includes, but is not limited to:

- Information that a reporting issuer files with securities regulators
- Information contained in news releases issued by a reporting issuer
- Information published on a reporting issuer’s website
- Information published in marketing materials or other similar materials prepared by a reporting issuer or distributed to the public by a reporting issuer.

4A.2 Reasonable Basis

Section 4A.2 of the Regulation requires a reporting issuer to have a reasonable basis for any forward-looking information it releases. When interpreting "reasonable basis", reporting issuers should consider:

- (a) the reasonableness of the assumptions underlying the forward-looking information; and
- (b) the process followed in preparing and reviewing forward-looking information.

4A.3 Material Forward-Looking Information

Section 4A.3 of the Regulation requires that any material forward-looking information include specified disclosure. Reporting issuers should exercise judgement when determining whether information is material. If a reasonable investor’s decision whether or not to buy, sell or hold securities of the reporting issuer would be influenced or changed if the information was omitted or misstated, then the information is likely material. This concept of materiality is consistent with the financial reporting notice of materiality contained in the Handbook.

4A.4 Location of Disclosure

Section 4A.3 of the Regulation requires that any material forward-looking information include specified disclosure. This disclosure should be presented in a manner that allows an investor who reads the document or other material containing the forward-looking information to be able to readily:

- (a) understand that the forward-looking information is being provided in the document or other material;
- (b) identify the forward-looking information; and
- (c) inform himself or herself of the material assumptions underlying the forward-looking information and the material risk factors associated with the forward-looking information.

4A.5 Disclosure of Cautionary Language and Material Risk Factors

(1) Paragraph 4A.3(b) of the Regulation requires a reporting issuer accompany any forward-looking information with disclosure that cautions users that actual results will vary from the forward-looking information and identifies material risk factors that could cause material variation. The material risk factors identified in the cautionary language should be relevant to the forward-looking information and the disclosure should not be boilerplate in nature.

(2) The cautionary statements required by paragraph 4A.3(b) of the Regulation should identify significant and reasonably foreseeable factors that could reasonably cause results to differ materially from those projected in the forward-looking statement. Reporting issuers should not interpret this as requiring a reporting issuer to anticipate and discuss everything that could conceivably cause results to differ.

4A.6 Disclosure of Material Factors or Assumptions

Paragraph 4A.3(c) of the Regulation requires a reporting issuer to disclose the material factors or assumptions used to develop forward-looking information. This requires the factors or assumptions to be relevant to the forward-looking information. Disclosure of material factors or assumptions does not require an exhaustive statement of every factor or assumption applied – a materiality standard applies.

4A.7 Date of Assumptions

Management of a reporting issuer who releases forward-looking information should satisfy itself that the assumptions are appropriate as of the date management approves the forward-looking information even though the information may have been accumulated over a period of time.

4A.8 Time Period

Paragraph 4B.3(b) of the Regulation requires a reporting issuer to limit the period covered by FOFI or a financial outlook to a period that does not extend beyond the point in time for which information can be reasonably estimated. In most cases that point in time will not extend beyond the end of the reporting issuer's next fiscal year. Some of the factors a reporting issuer should consider include the reporting issuer's ability to make appropriate assumptions, the nature of the reporting issuer's industry, and the reporting issuer's operating cycle.

4A.9 FOFI

Section 4250 *Future-Oriented Financial Information* (Section 4250) of the CICA Handbook is relevant to reporting issuers who release FOFI. If a reporting issuer determines that it has a reasonable basis for FOFI prepared using a hypotheses, as that term is defined in CICA Handbook Section 4250, the hypotheses should be consistent with the courses of action that the reporting issuer intends to adopt.”

2. Part 5 is amended by adding the following after section 5.4,

“5.5 Forward-looking information

(1) Subsection 5.8(2) of the Regulation requires a reporting issuer to discuss events and circumstances that occurred during the period to which its 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. Subsection 5.8(2) also requires a reporting issuer to discuss the expected differences.

For example, assume a reporting issuer published FOFI for the current year assuming no change in the prime interest rate, but by the end of the second quarter the prime interest rate went up by 2%. In its MD&A for the second quarter, the reporting issuer should discuss the interest rate increase and its expected effect on results compared to those indicated in the FOFI.

A reporting issuer should consider whether the events and circumstances that trigger MD&A disclosure under subsection 5.8(2) of the Regulation might also trigger material change reporting requirements under Part 7 of the Regulation.

(2) Subsection 5.8(4) of the Regulation requires a reporting issuer to disclose and discuss material differences between actual results for the annual or interim period to which its MD&A relates and any FOFI or financial outlook for that period that the reporting issuer previously released to the public. A reporting issuer should disclose and discuss material differences for material individual items included in the FOFI or financial outlook including assumptions.

For example, if the actual dollar amount of revenue approximates forecasted revenue but the sales mix or sales volume differs materially from what the reporting issuer expected, the reporting issuer should explain the differences.

(3) Subsection 5.8(5) of the Regulation addresses a reporting issuer's decision to withdraw previously released forward-looking information. The subsection requires the reporting issuer to 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 included in the forward-looking information that are no longer valid. A reporting issuer should consider whether the events and circumstances that trigger MD&A disclosure under subsection 5.8(5) of the Regulation might also trigger material change reporting requirements under Part 7 of the Regulation. In all cases, to properly effect a withdrawal, a reporting issuer should promptly communicate to the market its decision to withdraw forward-looking information.”.