AMENDMENTS TO *POLICY STATEMENT TO REGULATION 41-101 RESPECTING GENERAL PROSPECTUS REQUIREMENTS*

1. Section 1.2 of *Policy Statement to Regulation 41-101 respecting General Prospectus Requirements* is amended, in paragraph (3):

(1) in the title, by inserting, after "**Regulation 51-102**", "**, Regulation 51-103**";

(2) by inserting, after "*Regulation 51-102 respecting Continuous Disclosure Obligations*", "("Regulation 51-102"), *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* ("Regulation 51-103")".

2. Section 3.6 of the Policy Statement is amended, in paragraph (3), by inserting, after "Form 51-102F6", "or Form 51-103F4, as applicable,".

3. Section 3.8 of the Policy Statement is amended:

(1) by inserting, after the words "current AIF", the words "or a current annual report, as applicable";

(2) by inserting, after "Regulation 51-102", "or Regulation 51-103, as applicable";

(3) by inserting, after "section 34.3 of Form 41-101F1", "or section 33.2 of Form 41-101F4, as applicable,";

(4) by inserting, after each occurrence of "section 34.4 of Form 41-101F1", "or section 33.3 of Form 41-101F4, as applicable,";

(5), by inserting, after "subparagraph 34.4(e)(ii) of Form 41-101F1", "or section 33.3 of Form 41-101F4, as applicable".

4. Section 3.11 of the Policy Statement is amended by inserting, after "Form 41-101F1", "or section 19.8 of Form 41-101F4, as applicable,".

5. Section 4.2 of the Policy Statement is amended by inserting, after each occurrence of "section 1.7 of Form 41-101F1", "or section 1.7 of Form 41-101F4, as applicable,".

6. Section 4.3 of the Policy Statement is amended:

(1) in paragraph (1):

(a) by inserting, after "Subsection 6.3(1) of Form 41-101F1", "or Form 41-101F4, as applicable,";

(b) by inserting, after "subsection 21.1(1) of Form 41-101F1", "or section 20.1 of Form 41-101F4, as applicable".

(2) in paragraph (2), by inserting, after "section 6.3 of Form 41-101F1", "or Form 41-101F4, as applicable".

7. Section 4.4 of the Policy Statement is replaced with the following:

"**4.4. MD&A**

(1) **Additional information for senior unlisted issuers, IPO venture issuers and venture issuers without significant revenue** – Section 8.6 of Form 41-101F1 or section 5.8 of 41-101F4, as applicable, requires certain senior unlisted issuers, IPO venture issuers and venture issuers to disclose a breakdown of material costs whether expensed or

recognized as assets. A component of cost is generally considered to be a material component if it exceeds the greater of

(a) 20% of the total amount of the class, and

(b) $25,000.

(2) **Disclosure of outstanding security data** – Section 8.4 of Form 41-101F1 or section 10.2 of Form 41-101F4, as applicable, requires disclosure of information relating to the outstanding securities of the issuer as of the latest practicable date. The "latest practicable date" should be as close as possible to the date of the long form prospectus. Disclosing the number of securities outstanding at the most recently completed financial period is generally not sufficient to meet this requirement.

(3) **Additional disclosure for issuers with significant equity investees** – Section 8.8 of Form 41-101F1 or section 5.10 of Form 41-101F4, as applicable, requires issuers with significant equity investees to provide in their long form prospectuses summarized information about the equity investee. Generally, we will consider that an equity investee is significant if the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1 or the thresholds provided in the guidance under Item 21 in Form 51-103F1, as applicable, using the financial statements of the equity investee and the issuer as at the issuer's financial year-end.".

8. Section 4.6 of the Policy Statement is amended, in paragraph (1), by inserting, after "Form 41-101F1", "or section 9.3 of Form 41-101F4, as applicable,".

9. Section 4.7 of the Policy Statement is amended by inserting, after "Form 41-101F1", "or section 9.5 of Form 41-101F4, as applicable,".

10. Section 4.8 of the Policy Statement is amended by inserting, after "Item 33 of Form 41-101F1", "or Item 32 of Form 41-101F4, as applicable".

11. Section 4.9 of the Policy Statement is amended by inserting, after "Form 41-101F1", "or Item 33 of Form 41-101F4, as applicable,".

12. Section 5.1.1 of the Policy Statement is amended by inserting, after "Form 41-101F1", "or subsections 31.2(2) and 31.3(3) of Form 41-101F4, as applicable".

13. Section 5.2 of the Policy Statement is amended by inserting, after "Form 41-101F1", "or sections 31.6 and 34.6 of Form 41-101F4, as applicable,".

14. Section 5.3 of the Policy Statement is amended:

(1) in paragraph (1):

(a) by inserting, after "Item 32 of Form 41-101F1", "or Item 31 of Form 41-101F4, as applicable,";

(b) by inserting, after "subsection 35.1(4) of Form 41-101F1", "or a major acquisition, as applicable";

(c) by inserting, at the end, "A venture issuer should consider the instructions in section 31.1 of Form 41-101F4.";

(2) in paragraph (2):

(a) by inserting, after "Item 32 of Form 41-101F1", "or under Item 31 of Form 41-101F4, as applicable,";

(b) by inserting, after “sections 32.2 and 32.3 of Form 41-101F1”, “or to sections 31.2 and 31.3 of Form 41-101F4, as applicable”;

(c) by inserting, after “paragraphs 32.4(a) through (e) of Form 41-101F1”, “or in paragraphs 31.4(a) through (c) of Form 41-101F4, as applicable”;

(d) by inserting, after the words “for an issuer that is a reporting issuer in at least one jurisdiction immediately before filing a long form prospectus,”, the words “but is not a venture issuer,”.

15. Section 5.4 of the Policy Statement is amended, in paragraph (1), by inserting, after “Form 41-101F1”, “or Item 31 of Form 41-101F4, as applicable,”.

16. Section 5.5 of the Policy Statement is amended:

(1) in paragraph (1), by inserting, after “Item 32 of Form 41-101F1”, “or Item 31 of Form 41-101F4, as applicable,”;

(2) in paragraph (2), by inserting, after “35.6 of Form 41-101F1”, “or sections 31.2, 31.3, 34.6 and 34.7 of Form 41-101F4, as applicable,”;

(3) in paragraph (3):

(a) in the first paragraph, by inserting, after “subparagraph 32.3(2)(e) and subsection 32.3(4) of Form 41-101F1”, “or paragraph 31.3(2)(d) and subsection 31.3(4) of Form 41-101F4”;

(b) in the third paragraph, by replacing “subsection 32.3(4) of Form 41-101F1 requires these additional reconciliations to be included in the prospectus. Alternatively, pursuant to subsection 32.3(4) of Form 41-101F1” with “subsection 32.3(4) of Form 41-101F1 or subsection 31.3(4) of Form 41-101F4, as applicable, requires these additional reconciliations to be included in the prospectus. Alternatively, pursuant to subsection 32.3(4) of Form 41-101F1 or subsection 31.3(4) of Form 41-101F4, as applicable”.

17. Section 5.6 of the Policy Statement is amended by replacing paragraph (1) with the following:

“(1) We believe investors should receive in a long form prospectus for an IPO under Form 41-101F1no less than three years of audited historical financial statements and under Form 41-101F4 no less than two years of audited historical financial statements and that relief from the financial statements requirements should be granted only in unusual circumstances and generally not related solely to the cost or the time involved in preparing and auditing the financial statements.”.

18. Section 5.8 of the Policy Statement is amended, in paragraph (2):

(1) by inserting, after “Item 32 of Form 41-101F1”, “or Item 31 of Form 41-101F4, as applicable”;

(2) by inserting, after “Item 35 of Form 41-101F1”, “or Item 34 of Form 41-101F4, as applicable”;

(3) by inserting, after “Regulation 51-102”, “or Regulation 51-103, as applicable”.

19. Section 5.9 of the Policy Statement is replaced with the following:

“**5.9. Financial statement disclosure for significant acquisitions and major acquisitions**

(1) **Applicable principles in Regulation 51-102 and Regulation 51-103** – Generally, it is intended that the disclosure requirements set out in Item 35 of Form 41-101F1 for significant acquisitions or Item 34 of Form 41-101F4 for major acquisitions, as applicable, follow the requirements in Part 8 of Regulation 51-102 or in sections 22 and 23 of Regulation 51-103, as applicable.

(1.1) The guidance in Part 8 of the Policy Statement to Regulation 51-102 ("Policy Statement 51-102") apply to any disclosure of a significant business acquisition in a long form prospectus required by Item 35 of Form 41-101F1, except

(a) any headings in Part 8 of Policy Statement 51-102 should be disregarded,

(b) subsections 8.1(1), 8.1(5), 8.7(8), and 8.10(2) of Policy Statement 51-102 do not apply,

(c) other than in subsections 8.3(4) and 8.7(7) of Policy Statement 51-102, any references to a "reporting issuer" should be read as an "issuer",

(d) any references to the "Regulation" should be read as "Regulation 51-102",

(e) any references to a provision in Regulation 51-102 in Policy Statement 51-102 should be read to include the following "as it applies to a long form prospectus pursuant to Item 35 of Form 41-101F1",

(f) any references to "business acquisition report" should be read as "long form prospectus",

(g) in subsection 8.1(2) of Policy Statement 51-102, the term "file a copy of the documents as its business acquisition report" should be read as "include that disclosure in its long form prospectus in lieu of the significant acquisition disclosure required under Item 35 of Form 41-101F1",

(h) in subsection 8.2(1) of Policy Statement 51-102,

(i) the term "The test" should be read as "For any completed acquisition, the test",

(ii) the sentence "For any proposed acquisition of a business or related businesses by an issuer that has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high, the test must be applied using the financial statements included in the long form prospectus." should be added after "the business.", and

(iii) the term "business acquisition report will be required to be filed" should be read as "disclosure regarding the significant acquisition is required to be included in the issuer's long form prospectus",

(i) in subsection 8.3(1) of Policy Statement 51-102, the term "filing a business acquisition report" should be read as "the financial statements used for the optional tests",

(j) in section 8.5, and subsection 8.7(4), of Policy Statement 51-102, the term "filed" wherever it occurs, should be read as "included in the long form prospectus",

(k) in subsection 8.7(1) of Policy Statement 51-102, the term "as already filed" should be read as "included in the long form prospectus",

(l) in subsection 8.7(2) of Policy Statement 51-102, the term "filed under the Regulation" should be read as "included in the long form prospectus",

(m) in subsection 8.7(4) of Policy Statement 51-102, the term "presented" should be read as "for which financial statements are included in the prospectus",

(n) in subsection 8.7(6) of Policy Statement 51-102, the term "for which financial statements are included in the long form prospectus" should be added after "financial year",

(o) in paragraph 8.8(a) of Policy Statement 51-102, the term "prior to the deadline for filing the business acquisition report" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy Statement",

(p) in subsection 8.9(1) of Policy Statement 51-102, the term "before the filing deadline for the business acquisition report and before the closing date of the transaction, if applicable. Reporting issuers are reminded that many securities regulatory authorities and regulators do not have the power to grant retroactive relief" should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy Statement",

(q) in subparagraphs 8.9(4)(a)(i) and 8.9(4)(b)(i) of Policy Statement 51-102, the term "no later than the time the business acquisition report is required to be filed" wherever it occurs should be read as "using the pre-filing procedures referred to in section 5.1 of this Policy Statement", and

(r) in subsection 8.10(1) of Policy Statement 51-102, the term "but must be reviewed" should be added after "may be unaudited".

(2) **Completed significant acquisitions and major acquisitions and the obligation to provide business acquisition report or Form 51-103F2 level disclosure for a non-reporting issuer** – For an issuer that is not a reporting issuer in any jurisdiction immediately before filing the long form prospectus (a "non-reporting issuer"), the long form prospectus disclosure requirements for a significant acquisition or a major acquisition, as applicable, are generally intended to mirror those for reporting issuers subject to Part 8 of Regulation 51-102 or section 22 and 23 of Regulation 51-103, as applicable. To determine whether an acquisition is a significant acquisition or a major acquisition, as applicable, non-reporting issuers would first look to the guidance under section 8.3 of Regulation 51-102 or under section 22 of Regulation 51-103, as applicable.

For issuers other than venture issuers and IPO venture issuers, the initial test for significance would be calculated based on the financial statements of the issuer and acquired business or related businesses for the most recently completed financial year of each that ended before the acquisition date.

For issuers other than venture issuers and IPO venture issuers, to recognize the possible growth of a non-reporting issuer between the date of its most recently completed year end and the acquisition date and the corresponding potential decline in significance of the acquisition to the issuer, issuers should refer to the guidance in paragraph 35.1(4)(b) of Form 41-101F1 to perform the optional test. The applicable time period for this optional test for the issuer is the most recently completed interim period or financial year for which financial statements of the issuer are included in the prospectus and for the acquired business or related businesses is the most recently completed interim period or financial year ended before the date of the long form prospectus.

The significance thresholds for IPO senior unlisted issuers are identical to the significance thresholds for senior unlisted issuers in the case of Regulation 51-102.

The timing of the disclosure requirements set out in subsection 35.3(1) of Form 41-101F1 or section 34.3 of Form 41-101F4, as applicable, are based on the

principles under section 8.2 of Regulation 51-102 or section 24 of Regulation 51-103. For reporting issuers, subsection 8.2(2) of Regulation 51-102 or paragraph 24(1)(a) of Regulation 51-103, as applicable, sets out the timing of disclosures for significant acquisitions or major acquisitions, as applicable, where the acquisition occurs within 45 days after the year end of the acquired business. However, for IPO senior unlisted issuers, paragraph 35.3(1)(d) of Form 41-101F1 imposes a disclosure requirement for all significant acquisitions completed more than 90 days before the date of the long form prospectus, where the acquisition occurs within 45 days after the year end of the acquired business.

This differs from the deadlines for filing a business acquisition report for senior unlisted issuers under paragraph 8.2(2)(b) of Regulation 51-102. The business acquisition report deadline for any significant acquisition where the acquisition occurs within 45 days after the year end of the acquired business is within 120 days after the acquisition date. For a venture issuer, the deadline for filing financial statements under a Form 51-103F2 is the same.

(3) **Probable acquisitions** – When interpreting the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high", it is our view that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement;

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

We generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of Regulation 51-102 or would constitute a major acquisition under section 22 of Regulation 51-103, as applicable. Reporting issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

(4) **Satisfactory alternative financial statements or other information** – Issuers must satisfy the disclosure requirements in section 35.5 or section 35.6 of Form 41-101F1 or section 34.6 or section 34.7 of Form 41-101F4, as applicable, by including either

(i) the financial statements or other information that would be required by Part 8 of Regulation 51-102 or Part 5 and Part 6 of Regulation 51-103, as applicable, or

(ii) satisfactory alternative financial statements or other information.

Satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 35.5(3) or subsection 35.6(3) of Form 41-101F1 or subsection 34.6(3) or subsection 34.7(3) of Form 41-101F4, as applicable, when the financial statements or other information that would be required by Part 8 of Regulation 51-102 or Part 5 and Part 6 of Regulation 51-103, as applicable, relate to a financial year ended within 90 days before the date of the long form prospectus or an interim period ended within 60 days before the date of the long form prospectus for issuers that are senior unlisted issuers, and 45 days for issuers that are not senior unlisted issuers. In these circumstances, we believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or probable acquisition related to

(a) a financial year ended within 90 days before the date of the long form prospectus, or

(b) for issuers that are senior unlisted issuers, an interim period ended within 60 days before the date of the long form prospectus, or

(c) for issuers that are not senior unlisted issuers, venture issuers or IPO venture issuers an interim period ended within 45 days before the date of the long form prospectus.

Examples of satisfactory alternative financial statements or other information that we will generally find acceptable include:

(d) comparative annual financial statements or other information for the acquisition or probable acquisition for at least the number of financial years as would be required under Part 8 of Regulation 51-102 or Part 5 and Part 6 of Regulation 51-103, as applicable, that ended more than 90 days before the date of the long form prospectus, audited for the most recently completed financial period in accordance with section 4.2 of the Regulation, and reviewed for the comparative period in accordance with section 4.3 of the Regulation;

(e) a comparative interim financial report or other information for the acquisition or probable acquisition for any interim period ended subsequent to the latest annual financial statements included in the long form prospectus and more than 60 days before the date of the long form prospectus for issuers that are senior unlisted issuers and 45 days for issuers that are not senior unlisted issuers, venture issuers or IPO venture issuers reviewed in accordance with section 4.3 of the Regulation;

(f) for issuers that are not venture issuers or IPO venture issuers, pro forma financial statements or other information required under Part 8 of Regulation 51-102.

If the issuer intends to include financial statements as set out in the examples above as satisfactory alternative financial statements, we ask that this be highlighted in the cover letter to the long form prospectus. If the issuer does not intend to include financial statements or other information, or intends to file financial statements or other information that are different from those set out above, the issuer should use the pre-filing procedures in Policy Statement 11-202.

(5) **Acquired business has recently completed an acquisition** – When an issuer acquires a business or related businesses that has itself recently acquired another business or related businesses (an "indirect acquisition"), the issuer should consider whether long form prospectus disclosure about the indirect acquisition, including historical financial statements, is necessary to satisfy the requirement that the long form prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. In making this determination, the issuer should consider the following factors:

- whether the indirect acquisition would meet any of the significance

tests in section 35.1(4) of Form 41-101F1 or would constitute a major acquisition for a venture issuer, as applicable, when the issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business;

- whether the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the issuer is acquiring.

(6) **Financial statements or other information** – Paragraphs 35.5(2)(b) and 35.6(2)(b) of Form 41-101F1 and sections 34.3 and 34.4 of Form 41-101F4, as applicable, discuss financial statements or other information for the acquired business or related businesses. This "other information" is intended to capture the financial information disclosures required under Part 8 of Regulation 51-102 and section 23 of Regulation 51-103, as applicable, other than financial statements. An example of "other information" would include the operating statements, property descriptions, production volumes and reserves disclosures described under section 8.10 of Regulation 51-102 or section 31 of Regulation 51-103.

(7) Section 3.11 of Regulation 52-107 permits acquisition statements included in a business acquisition report under Regulation 51-102 or financial statements included in a report prepared in accordance with Form 51-103F2, as applicable, or prospectus to be prepared in accordance with Canadian GAAP applicable private enterprises in certain circumstances. The ability to present acquisition statements using Canadian GAAP applicable to private enterprises would not extend to a situation where an entity acquired or to be acquired is considered the primary business or the predecessor of the issuer.".

20. Appendix A of the Policy Statement is amended by replacing each occurrence of "Financial Statement Disclosure Requirements for Significant Acquisitions" with "Financial Statement Disclosure Requirements for Significant Acquisitions by Issuers Other than Venture Issuers".

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 44-101 RESPECTING SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. Section 1.3 of *Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions* is amended:

(1) by replacing the title with the following:

"**1.3. Interrelationship with Continuous Disclosure (Regulation 51-102, Regulation 51-103 and Regulation 81-106)**";

(2) by inserting, after "Regulation 51-102", ", Regulation 51-103".

2. Section 1.7 of the Policy Statement is amended by replacing paragraph (3) with the following:

"(3) **Current AIF** – An issuer's AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual financial statements, it will not have a current AIF and will not qualify under Regulation 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or changed AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer's current AIF.

An issuer that is a senior unlisted issuer for the purpose of Regulation 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under Regulation 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a senior unlisted issuer for the purposes of Regulation 51-102 can be expected to expire later than the AIF of an issuer that is not a senior unlisted issuer, due to the fact that the deadlines for filing annual financial statements under Regulation 51-102 are later for senior unlisted issuers than for other issuers.

(3.1) **Current Annual Report** – A venture issuer's annual report, which is required to include its annual financial statements, or, in the case of an SEC issuer, the alternative disclosure permitted by section 36 of Regulation 51-103, filed under the applicable CD Rule is a "current annual report" until the venture issuer files an annual report for the next financial year, or is required by the applicable CD rule to have filed its annual report for the next financial year. If a venture issuer fails to file a new annual report by the filing deadline under the applicable CD rule, it will not have a current annual report and will not qualify under Regulation 44-101 to file a prospectus in the form of a short form prospectus. If a venture issuer files a revised or changed annual report for the same financial year as an annual report that has previously been filed, the most recently filed annual report will be the venture issuer's current annual report.".

3. Section 2.1 of the Policy Statement is amended, in paragraph (2), by inserting, after "Regulation 51-102", ", Regulation 51-103".

4. Section 3.5 of the Policy Statement is amended by inserting, after "Regulation 51-102", "or Regulation 51-103, as applicable".

5. Section 4.4 of the Policy Statement is amended, in paragraph (1), by replacing "or item 5.2 in Regulation 51-102F2" with ", item 5.2 of Form 51-102F2 or item 23 of Form 51-103F1, as applicable".

6. Section 4.9 of the Policy Statement is replaced with the following:

"**4.9. Recent and Proposed Acquisitions**

(1) Subsections 10.2(2) and 10.3(2) of Form 44-101F1 require prescribed disclosure of a proposed acquisition that has progressed to a state "where a reasonable person would believe that the likelihood of the acquisition being completed is high" and that would, if completed on the date of the short form prospectus, be a significant acquisition for the purposes of Part 8 of Regulation 51-102 or a major acquisition for the purposes of sections 22 and 23 of Regulation 51-103, as applicable. When interpreting the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high", it is our view that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement;

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

(2) For issuers other than venture issuers, subsection 10.2(3) of Form 44-101F1 requires inclusion of the financial statements or other information relating to certain acquisitions or proposed acquisitions if the inclusion of the financial statements or other information is necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed. We generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of Regulation 51-102. Issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

Subsection 10.2(4) of Form 44-101F1 provides that issuers must satisfy the requirements of subsection 10.2(3) of Form 44-101F1 by including either

(i) the financial statements or other information that would be required by Part 8 of Regulation 51-102, or

(ii) satisfactory alternative financial statements or other information.

Satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 10.2(3) when the financial statements or other information that would be required by Part 8 of Regulation 51-102 relate to a financial year ended within 90 days before the date of the prospectus or an interim period ended within 60 days before the date of the prospectus for issuers that are senior unlisted issuers, and 45 days before the date of the prospectus for issuers that are not senior unlisted

issuers. In these circumstances, we believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or probable acquisition related to

(a) a financial year ended within 90 days before the date of the short form prospectus, or

(b) an interim period ended within 60 days before the date of the short form prospectus for issuers that are senior unlisted issuers or venture issuers and 45 days for issuers that are not senior unlisted issuers.

An example of satisfactory alternative financial statements or other information that we will generally find acceptable would be

(c) comparative annual financial statements or other information for the acquisition or probable acquisition for at least the number of financial years as would be required under Part 8 of Regulation 51-102 that ended more than 90 days before the date of the short form prospectus, audited for the most recently completed financial period in accordance with Regulation 52-107, and reviewed for the comparative period in accordance with section 4.3 of Regulation 44-101,

(d) a comparative interim financial report or other information for the acquisition or probable acquisition for any interim period ended subsequent to the latest annual financial statements included in the short form prospectus and more than 60 days before the date of the short form prospectus for issuers that are senior unlisted issuers, and 45 days for issuers that are not senior unlisted issuers reviewed in accordance with section 4.3 of Regulation 44-101, and

(e) pro forma financial statements or other information required under Part 8 of Regulation 51-102.

If the issuer intends to include financial statements as set out in the example above as satisfactory alternative financial statements or other information, we ask that this be highlighted in the cover letter to the prospectus. If the issuer does not intend to include financial statements or other information, or intends to file financial statements or other information that are different from those set out above, we encourage the utilization of pre-filing procedures.

(3) When an issuer acquires a business or related businesses that has itself recently acquired another business or related businesses (an "indirect acquisition"), the issuer should consider whether prospectus disclosure about the indirect acquisition, including historical financial statements, is necessary to satisfy the requirement that the prospectus contain full, true and plain disclosure of all material facts relating to the securities being distributed. In making this determination, the issuer should consider the following factors:

(a) whether the indirect acquisition would meet any of the significance tests in Part 8 of Regulation 51-102 or in section 22 of Regulation 51-103, as applicable, when the issuer applies each of those tests to its proportionate interest in the indirect acquisition of the business;

(b) whether the amount of time between the separate acquisitions is such that the effect of the first acquisition is not adequately reflected in the results of the business or related businesses the issuer is acquiring.

(4) Subsection 10.2(3) of Form 44-101F1 discusses financial statements or other information for the completed or proposed acquisition of the business or related businesses. This "other information" is intended to capture the financial information disclosures required under Part 8 of Regulation 51-102 other than financial statements. An example of "other information" would include, for an issuer other than a venture issuer, the operating

statements, property descriptions, production volumes and reserves disclosures described under section 8.10 of Regulation 51-102.".

7. Section 4.11 is replaced by the following:

"**4.11. General Financial Statement Requirements**

A reporting issuer, other than a venture issuer, is required under the applicable CD rule to file its annual financial statements 90 days after year end (or 120 days if the issuer is a senior unlisted issuer as defined in Regulation 51-102). A venture issuer is required under Regulation 51-103 to file its annual report, which contains its annual financial statements, 120 days after year end. The financial statement requirements in Regulation 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer's financial statements. However, to the extent an issuer has filed financial statements in advance of the deadline for doing so, those financial statements must be incorporated by reference in the short form prospectus. We are of the view that directors of an issuer should endeavour to consider and approve financial statements in a timely manner and should not delay the approval and filing of the financial statements for the purpose of avoiding their inclusion in a short form prospectus. Once the financial statements have been approved, they should be filed as soon as possible.".

8. Section 4.14 of the Policy Statement is amended, in paragraph (3), by inserting, after "as required by section 5.8 of Regulation 51-102", "or section 39 of Regulation 51-103, as applicable".

9. The Policy Statement is amended by inserting, after section 4.14, the following:

"**4.15. Incorporation by Reference Transition Issues (Regulation 51-103 - Regulation 51-102)**

If since the end of the issuer's most recently completed financial year, the issuer has transitioned from being an issuer other than a venture issuer to being a venture issuer, or from being a venture issuer to being an issuer other than a venture issuer, that issuer may be required to incorporate by reference into its short form prospectus certain documents required under both Regulation 51-103 and Regulation 51-102. An issuer determines which documents it is required to file based on the "applicable time" (see subsection 3(4) of Regulation 51-103). The applicable time for determining whether the issuer is subject to Regulation 51-103 or Regulation 51-102 is different depending on the disclosure required to be provided.

For example, a venture issuer with a year end of December 31 that lists on the TSX in June and files a short form prospectus in December will be obliged to incorporate into its short form prospectus its annual report, required under Regulation 51-103, and its interim financial report and MD&A for the 3rd quarter, required under Regulation 51-102. The issuer in this example would be required to incorporate by reference disclosure from both Regulation 51-103 and Regulation 51-102 because, at the applicable time for the purpose of the annual report, the issuer was a venture issuer and, at the applicable time for the purpose of the interim financial report and MD&A for the 3rd quarter, it was an issuer other than a venture issuer.".

AMENDEMENTS TO *POLICY STATEMENT TO REGULATION 45-106 RESPECTING PROSPECTUS AND REGISTRATION EXEMPTIONS*

1. Section 3.8 of *Policy Statement to Regulation 45-106 respecting Prospectus and Registration Exemptions* is amended by replacing subsection (2) with the following:

"(2) Form of offering memorandum

There are two forms of offering memorandum: Form 45-106F3, which may be used by qualifying issuers, and Form 45-106F2, which must be used by all other issuers. Form 45-106F3 requires qualifying issuers to incorporate by reference their annual information form (AIF), annual report or alternate AIF, as applicable, management's discussion and analysis (MD&A), annual financial statements, if applicable, and subsequent specified continuous disclosure documents required under Regulation 51-102 or under Regulation 51-103, as applicable.

A qualifying issuer is a reporting issuer that has filed an AIF under Regulation 51-102, an annual report under Regulation 51-103, or an alternate AIF, as applicable, and has met all of its other continuous disclosure obligations, including those in Regulation 51-102 or Regulation 51-103, as applicable, *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects*, and *Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities*. Under Regulation 51-102, senior unlisted issuers are not required to file AIFs. However, if a senior unlisted issuer wants to use Form 45-106F3, the senior unlisted issuer must voluntarily file an AIF under Regulation 51-102 in order to incorporate that AIF into its offering memorandum.".

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

1. Section 1.1 of *Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations* is amended, in paragraph (1), by inserting, after the words "investment funds", the words "and venture issuers".

2. Section 2.2 of the Policy Statement is replaced with the following:

"2.2 Investment Funds and Venture Issuers

Section 2.1 of the Regulation states that the Regulation does not apply to an investment fund or to a venture issuer. Investment funds should look to securities legislation of the local jurisdiction including *Regulation 81-106 respecting Investment Fund Continuous Disclosure* to find the continuous disclosure requirements applicable to them and venture issuers should also look to the securities legislation of the local jurisdiction including *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* to determine applicable continuous disclosure requirements.".

3. Section 5.2 of the Policy Statement is amended:

(1) by replacing, in the title, the words "**Venture Issuers**" with the words "**Senior-Unlisted Issuers**";

(2) by replacing the words "venture issuers" with the words "senior-unlisted issuers".

4. Section 8.2 of the Policy Statement is amended, in paragraph (2), by replacing the words "venture issuers" with the words "senior-unlisted issuers".

5. Section 8.7 of the Policy Statement is amended:

(1) in paragraph (5), by replacing the words "venture issuer" with the words "senior-unlisted issuer";

(2) in paragraph (9), by replacing the words "venture issuer" with the words "senior-unlisted issuer".

AMENDMENTS TO *POLICY STATEMENT 12-202 RESPECTING REVOCATION OF A COMPLIANCE-RELATED CEASE TRADE ORDER*

1. Section 3.1 of *Policy Statement 12-202 respecting Revocation of a Compliance-Related Cease Trade Order* is amended:

(1) in paragraph (1), by inserting, after subparagraph (a), the following:

"(a.1) *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers*;";

(2) by replacing paragraph (2) with the following:

"(2) Exceptions to interim filing requirements

In exercising our discretion to revoke a CTO, we may elect not to require the issuer to file certain outstanding interim financial reports, interim MD&A, interim reports, interim MRFP or interim certificates under Regulation 52-109, subject to subsection 3.1(3), if the issuer has filed

(a) all outstanding audited annual financial statements, annual MD&A, annual reports, annual MRFP and annual certificates under Regulation 52-109 required to be filed under applicable securities legislation;

(b) all outstanding annual information forms, information circulars and material change reports required to be filed under applicable securities legislation;

(c) for venture issuers, all outstanding interim reports (which include the applicable interim financial reports, which include the applicable comparatives from the prior fiscal year) for all interim periods in the current fiscal year required to be filed under applicable securities legislation; and

(d) for issuers other than venture issuers, interim financial reports (which include the applicable comparatives from the prior fiscal year), interim MD&A, interim MRFP and interim certificates under Regulation 52-109 for all interim periods in the current fiscal year required to be filed under applicable securities legislation.".

AMENDMENTS TO *POLICY STATEMENT 12-203 RESPECTING CEASE TRADE ORDERS FOR CONTINUOUS DISCLOSURE DEFAULTS*

1. Section 1.2 of *Policy Statement 12-203 respecting Cease Trade Orders for Continuous Disclosure Defaults* is amended by replacing paragraph (c) with the following:

"(c) *MCTOs issued under this policy statement are not a "penalty" or "sanction" for disclosure purposes*

The CSA regulators do not consider MCTOs issued under this policy statement to be a "penalty or sanction" for the purposes of disclosure obligations in Canadian securities legislation relating to penalties or sanctions. They are not issued as part of an enforcement process and the regulators do not intend them to suggest a finding of fault or wrongdoing on the part of any individual named in the MCTO. For example, a defaulting issuer's board of directors might invite an individual to serve as an officer or director of the issuer to assist the issuer in remedying its default. The individual might have no prior involvement with the defaulting reporting issuer. The fact that the PR may subsequently name the individual in an MCTO does not mean the individual had any responsibility for the default, which occurred before the individual joined the issuer.

However, issuers are required to disclose MCTOs issued under this policy statement in accordance with the following disclosure requirements:

- Section 16.2 of Form 41-101F1 *Information Required in a Prospectus*;
- Section 16.1 of Form 41-101F4 *Information Required in a Venture Issuer Prospectus*;
- Item 16 of Form 44-101F1 *Short Form Prospectus*;
- Subsection 10.2(1) of Form 51-102F2 *Annual Information Form*;
- Subsection 7.2 of Form 51-102F5 *Information Circular*;
- Subsection 30(4) of Form 51-103F1 *Annual and Interim Reports*;
- Subsection 14(1) of Form 51-103F4 *Information Circular*.

If an issuer is required to include disclosure of an MCTO in a public filing, the issuer may supplement the disclosure with additional information explaining the circumstances of the MCTO.".

2. Part 2 of the Policy Statement is amended by replacing the definition of "specified requirement" with the following:

""specified requirement" means the requirement to file within the time period prescribed by securities legislation

(a) annual financial statements;

(b) an interim financial report;

(c) an annual or interim management's discussion and analysis (MD&A) or an annual or interim management report of fund performance (MRFP);

(d) an annual information form (AIF);

(d.1) an annual report;

(d.2) an interim report; or

(e) certification of filings under *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*.".

3. Section 4.3 of the Policy Statement is replaced with the following:

"**4.3. Alternative information guidelines – Default Announcement**

If a reporting issuer determines that it will not comply, or subsequently determines that it has not complied, with a specified requirement, this will often represent a material change that the issuer should immediately communicate to the securities marketplace by way of a news release and material change report in accordance with part 7 of *Regulation 51-102 respecting Continuous Disclosure Obligations* (Regulation 51-102) or part 5 of *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (Regulation 51-103), as applicable. In determining whether a failure to comply with a specified requirement is a material change, the issuer should consider both the events leading to the failure and the failure itself.

If the circumstances leading to the default, or the default, do not represent a material change, the issuer should nevertheless consider whether the circumstances involve important information that should be immediately communicated to the marketplace by way of news release.

The regulators will generally not exercise their discretion to issue an MCTO unless the issuer issues and files a default announcement containing the information set out below. If the default involves a material change, the material change report may contain this information, in which case a separate default announcement is not necessary. The default announcement should be authorized by the CEO or the CFO (or equivalent) of the reporting issuer, be approved by the board or audit committee and be prepared and filed with the CSA regulators on SEDAR in the same manner as a news release and material change report referred to in part 7 of Regulation 51-102 or part 5 of Regulation 51-103, as applicable. An issuer will usually be able to determine that it will not comply with a specified requirement at least two weeks before its due date and, as soon as it makes this determination, should issue the default announcement.

The default announcement should

(i) identify the relevant specified requirement and the (anticipated) default;

(ii) disclose in detail the reason(s) for the (anticipated) default;

(iii) disclose the current plans of the reporting issuer to remedy the default, including the date it anticipates remedying the default;

(iv) confirm that the reporting issuer intends to satisfy the provisions of the alternative information guidelines so long as it remains in default of a specified requirement;

(v) disclose relevant particulars of any insolvency proceeding to which the reporting issuer is subject, including the nature and timing of information that is required to be provided to creditors, and confirm that the reporting issuer intends to file with the CSA regulators throughout the period in which it is in default, the same information it provides to its creditors when the information is provided to the creditors and in the same manner as it would file a material change report under part 7 of Regulation 51-102 or part 5 of Regulation 51-103, as applicable; and

(vi) subject to section 4.5 of this policy statement, disclose any other material information concerning the affairs of the reporting issuer that has not been generally disclosed.

A default announcement is not needed if the issuer is in default of a previous specified requirement, has followed the provisions of section 4.3 regarding a default announcement of that earlier default and is complying with the provisions of section 4.4 regarding default status reports.".

4. Section 4.5 of the Policy Statement is replaced with the following:

"**4.5. Confidential material information**

The alternative information guidelines in this policy statement supplement the material change reporting requirements in Regulation 51-102 and Regulation 51-103 and should be interpreted in a similar manner. Similar to the procedures in Regulation 51-102 and Regulation 51-103, an issuer may omit confidential material information from default status announcement or default status reports if in the opinion of the issuer, and if that opinion is arrived at in a reasonable manner, disclosure of the applicable material information would be unduly detrimental to the interests of the reporting issuer.".

5. Section 4.6 of the Policy Statement is amended by inserting, after "part 7 of Regulation 51-102.", the following:

"The same holds true for venture issuers subject to the requirements in Regulation 51-103; if a venture issuer is in default of a specified requirement, it must still comply with all other continuous disclosure requirements.".

6. Sections 4 and 5 of Appendix C of the Policy Statement are replaced with the following:

"4. The Issuer [*is*] [*is not*] [*delete as applicable*] a "venture issuer" as defined in *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (Regulation 51-103) and [*is*] [*is not*] [*delete as applicable*] a "senior-unlisted issuer" as defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* (Regulation 51-102). The Issuer has a financial year ending [*state the issuer's year end, e.g., December 31*].

5. On or about [*identify the deadline for filing*] (the filing deadline), the Issuer will be required to file [briefly describe the required filings, e.g.,

a. annual report, as required by section 7 of Regulation 51-103;

b. audited annual financial statements for the year ended December 31, 2007, as required by Part 4 of Regulation 51-102;

c. management's discussion and analysis (MD&A) relating to the audited annual financial statements, as required by Part 5 of Regulation 51-102; and

d. CEO and CFO certificates relating to the audited annual financial statements, as required by Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings (collectively, the required filings).]".

AMENDMENTS TO *POLICY STATEMENT 41-201 RESPECTING INCOME TRUSTS AND OTHER INDIRECT OFFERINGS*

1. Section 1.1 of *Policy Statement 41-201 respecting Income Trusts and Other Indirect Offerings* is amended by inserting, after "*Regulation 51-102 respecting Continuous Disclosure Obligations*", "or *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (Regulation 51-103)".

2. Section 2.8 of the Policy Statement is amended by inserting, after "*Regulation 51-102 respecting Continuous Disclosure Obligations*", "or section 39 of Regulation 51-103, as applicable".

3. Section 3.2 of the Policy Statement is amended by inserting, after "*Regulation 51-102 respecting Continuous Disclosure Obligations*, or its successor (Regulation 51-102)", "or annual report filed under Regulation 51-103, as applicable".

4. Section 3.3 of the Policy Statement is amended:

(1) by replacing "Regulation Q-28 and Regulation-51-102" with "Regulation Q-28, Regulation 51-102 and Regulation 51-103";

(2) by inserting, after "prospectus and AIF", "or annual report, as applicable".

5. Section 3.4 of the Policy Statement is amended by inserting, after "prospectus and AIF", "or annual report, as applicable".

6. Section 3.7 of the Policy Statement is amended by inserting, after "the income trust's AIF", "or annual report, as applicable".

7. Section 3.11 of the Policy Statement is amended by inserting, after "Item 5.2 of Form 51-102F2 (or its successor)", "or in the issuer's annual report in accordance with section 23 of Form 51-103F1".

8. Section 5.1 of the Policy Statement is amended by inserting, after "Issuers should include in their interim", "MD&A or quarterly highlights,".

9. Section 6.1 of the Policy Statement is amended:

(1) by inserting, after "annual financial statements together with corresponding MD&A", "or quarterly highlights, as applicable";

(2) by inserting, after "an annual information form", "or an annual report, as applicable";

(3) by inserting, at the end of the second paragraph, the following sentence: "If a Form 51-103F2 *Report of Material Change or Other Material Information* is filed for the acquisition by the income trust of the operating entity, in accordance with Parts 5 and 6 of Regulation 51-103, the income trust must include within the report updated financial information about the operating entity.";

(4) in paragraph (A), by inserting, after "*Regulation 51-102 respecting Continuous Disclosure Obligations* or its successor,", "or related annual MD&A or quarterly highlights prepared in accordance with Regulation 51-103".

10. Section 6.2 of the Policy Statement is amended:

(1) by inserting, after "predecessor business in their interim", "MD&A or quarterly highlights, as applicable";

(2) by inserting, after “the trust’s first interim MD&A”, “or quarterly highlights, as applicable”.

11. Section 6.5.1 of the Policy Statement is amended:

(1) by inserting, after “Under Form 51-102F1”, “or Form 51-103F1, as applicable”;

(2) by inserting, after “the instructions in Form 51-102F1”, “and Form 51-103F1”.

12. Section 6.5.2 of the Policy Statement is amended:

(1) by inserting, after “providing information in its interim”, “MD&A or quarterly highlights, as applicable”;

(2) by inserting, after “In order to meet the requirements for MD&A”, “or quarterly highlights, as applicable”;

(3) by inserting, after “including disclosure contained in annual”, “MD&A”;

(4) by inserting, after “and interim MD&A”, “or quarterly highlights, as applicable”.

13. Section 7.2 of the Policy Statement is amended by inserting, after “the issuer’s AIF (if an AIF is filed)”, “or annual report, as applicable”.

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 43-101 RESPECTING STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS*

1. Paragraph 3 of General Guidance of *Policy Statement to Regulation 43-101 Standards of Disclosure for Mineral Projects* is amended:

(1) by inserting, after "(Regulation 51-102)", "or section 39 of *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (Regulation 51-103), as applicable,";

(2) by inserting, after "Part 4A of Regulation 51-102", "or section 39 of Regulation 51-103".

2. Section 4.2 of the Policy Statement is amended, in paragraph (6), by inserting, after "Form 51-102F1, an issuer", the words "other than a venture issuer".

3. Section 6.4 of the Policy Statement is amended by replacing, in the French text, "la législation en valeurs mobilières confère aux investisseurs un droit d'action contre la personne qualifiée si tout ou partie de l'information présentée qui est fondée sur le rapport technique de cette personne est fausse ou trompeuse. Ce droit d'action existe" with "la législation en valeurs mobilières confère aux investisseurs une action en justice contre la personne qualifiée si tout ou partie de l'information présentée qui est fondée sur le rapport technique de cette personne est fausse ou trompeuse. Cette action est ouverte".

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 51-101 RESPECTING STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES*

1. Section 2.4 of *Policy Statement to Regulation 51-101 respecting Standards of Disclosure for Oil and Gas Activities* is replaced with the following:

"**2.4. Annual Information Form or Annual Report**

Section 2.3 of Regulation 51-101 permits *reporting issuers* to satisfy the requirements of section 2.1 of Regulation 51-101 by presenting the information required under section 2.1 in an annual information form or, for venture issuers, in an annual report.

(1) **Meaning of "Annual Information Form"** – Annual information form has the same meaning as "AIF" in *Regulation 51-102 respecting Continuous Disclosure Obligations*. Therefore, as set out in that definition, an annual information form can be a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC issuer (as defined in Regulation 51-102), a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F.

(2) **Information in Annual Information Form or Annual Report** – Form 51-102F2 *Annual Information Form* and Form 51-103F1 *Annual and Interim Reports* require the information required by section 2.1 of Regulation 51-101 to be included in the annual information form or annual report, as applicable. That information may be included either by setting out the text of the information in the annual information form or by incorporating it, by reference from separately filed documents. Venture issuers are not permitted to incorporate this information by reference so must include it in the annual report. The option offered by section 2.3 of Regulation 51-101 enables a reporting issuer to satisfy its obligations under section 2.1 of Regulation 51-101, as well as its obligations in respect of annual information form or annual report disclosure, as applicable, by setting out the information required under section 2.1 only once, in the annual information form or annual report. If the annual information form or annual report is on Form 10-K, this can be accomplished by including the information in a supplement (often referred to as a "wrapper") to the Form 10-K.

A reporting issuer that sets out in full in its annual information form or annual report, as applicable, the information required by section 2.1 of Regulation 51-101 need not also file that information again for the purpose of section 2.1 in one or more separate documents. However, a reporting issuer that follows this approach must file, at the same time and on SEDAR, in the appropriate SEDAR category, a notice in accordance with Form 51-101F4 (see subsection 2.3(2) of Regulation 51-101). This notification will assist other SEDAR users in finding that information. It is not necessary to make a duplicate filing of the annual information form or annual report, as applicable, itself under the SEDAR Regulation 51-101 oil and gas disclosure category.".

2. Section 5.10 of the Policy Statement is amended, in paragraph (1):

(1) by inserting, after the words "**Significant Acquisitions**", the words "**or Major Acquisitions**";

(2) by inserting, after the words "significant acquisition", the words "or major acquisition";

(3) by inserting, after the words "significant acquisitions", the words "or major acquisitions".

AMENDMENTS TO *NATIONAL POLICY 51-201: DISCLOSURE STANDARDS*

1. The title of *National Policy 51-201: Disclosure Standards* is replaced with the following:

"*Policy Statement 51-201 respecting Disclosure Standards*".

2. This Policy Statement is amended, in paragraph (1) of section 6.4, by inserting, after "Regulation 51-102 respecting Continuous Disclosure Obligations", "or Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers, as applicable".

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 52-107 RESPECTING ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS*

1. Section 1.1 of *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* is amended by inserting, after "(Regulation 51-102)", ", *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* (Regulation 51-103)".

2. Section 2.9 of the Policy Statement is amended:

(1) by replacing "of Regulation 51-102 states" with "of Regulation 51-102 and subsection 32(4) of Regulation 51-103 state";

(2) by inserting, after "Form 41-101F1", "and subsection 31.2(5) of Form 41-101F4";

(3) by inserting, after "referred to in section 32.2", "or section 31.2, as applicable,";

(4) by inserting, after "financial years in section 32.2", "or section 31.2, as applicable".

3. Section 2.11 is replaced by the following:

"**2.11. Financial statements for a reverse takeover or capital pool company acquisition**

Subsection 8.1(2) of Regulation 51-102 states that Part 8 of that rule does not apply to a transaction that is a reverse takeover. Similarly, subsection 35.1(1) of Form 41-101F1 and subsection 34.2(1) of Form 41-101F4 indicate that Item 35, in respect of Form 41-101F1, and Item 34, in respect of Form 41-101F4, do not apply to a completed or proposed transaction that was or will be accounted for as a reverse takeover. Therefore, if a document includes financial statements for a reverse takeover acquirer, as defined in Regulation 51-102 and Regulation 51-103, for a period prior to completion of the reverse takeover, section 3.11 of the Regulation does not apply to the financial statements. Such financial statements must comply with section 3.2, 3.7, 3.9, 4.2, 4.7 or 4.9 of the Regulation, as applicable.

Paragraph 32.1(b) of Form 41-101F1 and paragraph 31.1(b) of Form 41-101F4 indicate that financial statements of an issuer required under Item 32, in respect of Form 41-101F1, and Item 31, in respect of Form 41-101F4, include the financial statements of a business acquired or business proposed to be acquired by the issuer if a reasonable investor would regard the primary business of the issuer upon completion of the acquisition to be the acquired business or business proposed to be acquired. Consistent with this provision, if a capital pool company acquires or proposes to acquire a business, regardless of whether or not the transaction will be accounted for as a reverse takeover, financial statements for the acquired business or business proposed to be acquired must comply with section 3.2, 3.7, 3.9, 4.2, 4.7 or 4.9 of the Regulation, as applicable.".

4. Section 2.14 of the Policy Statement is amended:

(1) by replacing the words "venture issuer and not an IPO venture issuer" with the words "venture issuer, an IPO venture issuer, a senior unlisted issuer or an IPO senior unlisted issuer";

(2) by replacing the words "non-venture issuers similar" with the words "issuers that are not venture issuers or senior unlisted issuers similar".

5. Section 2.16 of the Policy Statement is amended by replacing the words “venture issuer or IPO venture issuer” with “venture issuer, an IPO venture issuer, a senior unlisted issuer or an IPO senior unlisted issuer”.

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 52-109 RESPECTING CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS*

1. Section 1.1 of *Policy Statement to Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings* is amended by inserting, after the words "investment funds", the words "and venture issuers".

2. Section 1.3 of the Policy Statement is amended by replacing each instance of the words "venture issuers" with the words "senior-unlisted issuers".

3. Section 6.5 of the Policy Statement is amended by replacing the words "non-venture issuer" with the words "senior-listed issuer".

4. Section 15.1 of the Policy Statement is replaced with the following:

"**15.1. Senior-unlisted issuer basic certificates**

Many senior-unlisted issuers have few employees and limited financial resources which make it difficult for them to address the challenges described in section 6.11 of the Policy Statement. As a result, many senior-unlisted issuers are unable to design DC&P and ICFR without (i) incurring significant additional costs, (ii) hiring additional employees, or (iii) restructuring the board of directors and audit committee. Since these inherent limitations exist for many senior-unlisted issuers, the required forms of certificate for senior-unlisted issuers are Forms 52-109SU1 and 52-109SU2. These forms do not include representations relating to the establishment and maintenance of DC&P and ICFR.

Although Forms 52-109SU1 and 52-109SU2 are the required forms for senior-unlisted issuers, a senior-unlisted issuer may elect to file Forms 52-109F1 or 52-109F2, which include representations regarding the establishment and maintenance of DC&P and ICFR.

Certifying officers of a senior-listed issuer are not permitted to use Forms 52-109SU1 and 52-109SU2. Although a senior-listed issuer may face similar challenges in designing its ICFR, such as those described in section 6.11 of the Policy Statement, the issuer is still required to file Forms 52-109F1 and 52-109F2 and disclose in the MD&A a description of each material weakness existing at the end of the financial period.".

5. Section 15.2 of the Policy Statement is amended by replacing "Forms 52-109FV1 and 52-109FV2" with "Forms 52-109SU1 and 52-109SU2" and the words "venture issuer" with the words "senior-unlisted issuer".

6. Section 15.3 of the Policy Statement is amended by replacing each instance of the words "venture issuer" with the words "senior-unlisted issuer" and each instance of "Form 52-109FV1 or 52-109FV2" with "Form 52-109SU1 or 52-109SU2".

7. Section 16.1 of the Policy Statement is replaced with the following:

"**16.1. Certification requirements after becoming a senior-listed issuer**

Sections 4.5 and 5.5 of the Regulation permit an issuer that becomes a senior-listed issuer to file Forms 52-109F1 – IPO/RTO and 52-109F2 – IPO/RTO for the first certificate that the issuer is required to file under this Regulation, for a financial period that ends after the issuer becomes a senior-listed issuer. If, subsequent to becoming a senior-listed issuer, the issuer is required to file an annual or interim certificate for a period that ended while it was a senior-unlisted issuer, the required form of certificate for that annual or interim filing is Form 52-109SU1 or 52-109SU2.".

AMENDMENTS TO *POLICY STATEMENT 58-201 TO CORPORATE GOVERNANCE GUIDELINES*

1. Section 1.2 if *Policy Statement 58-201 to Corporate Governance Guidelines* is amended by inserting, after the words “other than investment funds”, the words “and venture issuers”.

AMENDMENTS TO *POLICY STATEMENT TO REGULATION 71-102 RESPECTING CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

1. Section 1.1 of *Policy Statement to Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended:

(1) by inserting, after "("Regulation 51-102")", "and *Regulation 51-103 respecting Ongoing Governance and Disclosure Requirements for Venture Issuers* ("Regulation 51-103")";

(2) by inserting, after "Regulation 51-102", "or Regulation 51-103".

2. Section 1.2 of the Policy Statement is amended by adding, after subsection (2), the following:

"(2.1) Regulation 51-103;".

3. Section 6.2 of the Policy Statement is replaced with the following:

"**6.2 SEC Foreign Issuers**

Regulation 51-102 and Regulation 51-103 contain exemptions for SEC issuers from the change in year-end requirements in those rules. SEC foreign issuers under the Regulation will also meet the definition of SEC issuers under Regulation 51-102 or Regulation 51-103, and so will be able to rely on the change in year-end exemption in Regulation 51-102 or 51-103, as applicable.".

4. Section 6.3 of the Policy Statement is replaced with the following:

"**6.3 Foreign Reporting Issuers**

The Regulation does not provide an exemption for any foreign reporting issuers from the requirement in section 4.9 of Regulation 51-102 or section 26 of Regulation 51-103. A foreign reporting issuer must deliver a notice if it has been a party to an amalgamation, arrangement, merger, winding-up, reverse takeover, reorganization or other transaction that will have the effect of changing its continuous disclosure obligations under Regulation 51-102. The Regulation also does not provide an exemption for any foreign reporting issuers from the requirement to file disclosure materials under section 11.1 of Regulation 51-102 or section 25 of Regulation 51-103 or to file a notice of change of status under section 11.2 of Regulation 51-102 or section 26 of Regulation 51-103.".

5. Section 6.4 of the Policy Statement is amended:

(1) in paragraph (b), by inserting, after "Annual and Interim Filings", "and in subsections 8(4) and 10(3) of Regulation 51-103";

(2) in paragraph (c), by inserting, after "Audit Committees", "and in section 5 of Regulation 51-103".

6. Paragraph (3) of section 7.1 of the Policy Statement is replaced with the following:

"(3) If an issuer wishes to seek exemptive relief from Regulation 51-102, Regulation 51-103 or other requirements of provincial and territorial securities legislation on grounds similar but not identical to those permitted under the Regulation, the issuer should apply for this relief under the exemptive provisions of Regulation 51-102, Regulation 51-103 or other provincial and territorial securities legislation, as the case may be.".