

**Notice of Amendments to
National Instrument 41-101 *General Prospectus Requirements* and
Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General
Prospectus Requirements***

and

**Amendments to
National Instrument 44-101 *Short Form Prospectus Distributions* and
Companion Policy 44-101CP *to National Instrument 44-101 Short Form Prospectus
Distributions***

and

**Amendments to
National Instrument 44-102 *Shelf Distributions***

Introduction

We, the Canadian Securities Administrators (the CSA or we), are implementing amendments to:

- National Instrument 41-101 *General Prospectus Requirements* (NI 41-101),
- Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements* (41-101CP),
- National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101),
- Companion Policy 44-101CP *to National Instrument 44-101 Short Form Prospectus Distributions* (44-101CP), and
- National Instrument 44-102 *Shelf Distributions* (NI 44-102).

This notice forms part of a series of notices which address changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

At this time, we are not implementing amendments to Form 41-101F2 *Information Required in an Investment Fund Prospectus* (Form 41-101F2). Form 41-101F2 will be the subject of a separate notice.

Background

NI 41-101 provides a comprehensive set of prospectus requirements for issuers. NI 44-101 sets out requirements for an issuer to file a prospectus in the form of a short form prospectus. NI 44-102 sets out requirements for a distribution under a short form prospectus using shelf procedures (NI 41-101, NI 44-101 and NI 44-102 are collectively referred to in this notice as “the prospectus rules”).

The prospectus rules refer to and rely on references to Canadian generally accepted accounting principles (Canadian GAAP), which are established by the Canadian Accounting Standards Board (AcSB). In February 2006, the AcSB published a strategic plan to transition, over a period of five years, Canadian GAAP for public enterprises to IFRS, as adopted by the International Accounting Standards Board (IASB). In March 2008, the timing of the transition was confirmed. IFRS will apply to most Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011.

The AcSB has incorporated IFRS into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Canadian GAAP for most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

- Part I of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011, and
- Part V of the Handbook - Canadian GAAP for public enterprises that is the pre-changeover accounting standards (current Canadian GAAP).

The prospectus rules also refer to and rely on references to current Canadian generally accepted auditing standards (Canadian GAAS), which are established by the Canadian Auditing and Assurance Standards Board (AASB). The AASB published their strategic plan to adopt International Standards on Auditing as Canadian Auditing Standards in February 2007. These standards will continue to be known as Canadian GAAS in the Handbook. Canadian Auditing Standards are effective for audits of financial statements for periods ending on or after December 14, 2010.

Consistent with these changes, the CSA is repealing and replacing National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (to be renamed *Acceptable Accounting Principles and Auditing Standards*) (NI 52-107). The new version of NI 52-107 will require domestic issuers to comply with IFRS for financial years beginning on or after January 1, 2011 and will set out the accounting principles and auditing standards that apply to financial statements filed in a jurisdiction. The implementation of the new version of NI 52-107 is described in a separate notice (the NI 52-107 Notice).

The amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The CSA is implementing amendments to National Instrument 14-101 *Definitions* to include a definition of IFRS that incorporates amendments made to IFRS from time to time.

Substance and Purpose of the Amendments

The primary purpose of the changes to the prospectus rules is to accommodate the transition to IFRS and the new version of NI 52-107. A small number of housekeeping changes are also being made. The amendments:

- replace current Canadian GAAP terms and phrases with IFRS terms and phrases,

- change disclosure requirements in instances where IFRS contemplates different financial statements than current Canadian GAAP,
- provide a 30 day extension to the deadline for reporting issuers, other than investment funds, to include in a prospectus the first interim financial report in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, and
- clarify the current provisions or, where part or all of a provision is no longer accurate or appropriate, amend or delete it.

Appendix B sets out the amendments to NI 41-101 and 41-101CP. Appendix C sets out the amendments to NI 44-101 and 44-101CP. Appendix D sets out the amendments to NI 44-102.

Transition

After the IFRS changeover date on January 1, 2011, non calendar year-end issuers will continue to prepare financial statements in accordance with current Canadian GAAP until the start of their new financial year. To accommodate for this, we have included transition provisions in the amendment instruments that provide that the amendments only apply to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011. Thus, during the transition period,

- issuers only including or incorporating by reference financial statements prepared in accordance with current Canadian GAAP will be required to comply with the versions of the prospectus rules that contain current Canadian GAAP terms and phrases, and
- issuers including or incorporating by reference financial statements that comply with IFRS will be required to comply with the versions of the prospectus rules that contain IFRS terms and phrases.

After the transition period all issuers will be required to comply with the versions of the prospectus rules that contain IFRS terms and phrases.

To further assist issuers and their advisors and to increase transparency, during the transition period certain jurisdictions will post two different unofficial consolidations of the prospectus rules on their websites:

- the current versions of the prospectus rules that contain current Canadian GAAP terms and phrases, which apply to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning before January 1, 2011; and

- the new versions of the prospectus rules that contain IFRS terms and phrases, which apply to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

52/53 week financial years

Notwithstanding the above, the amendment instruments for the prospectus rules now include a transition provision which provides the amendments may be applied by an issuer to a preliminary prospectus, an amendment to a preliminary prospectus, a final prospectus or an amendment to a final prospectus of the issuer which includes financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

Rate-regulated activities

Furthermore, subsection 1.3(6) of 41-101CP provides that if a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of the new version of NI 52-107, then the qualifying entity may interpret any reference in NI 41-101 to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook.

Summary of Written Comments Received by the CSA

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, published the amendments to the prospectus rules for comment on September 25, 2009 (the September 2009 Materials). We only received submissions on the September 2009 Materials from commenters who submitted comment letters on the proposed changes to NI 52-107. The names of those commenters and a summary of their comments, together with our responses, are in Appendices A and B to the NI 52-107 Notice.

The Autorité des marchés financiers and the New Brunswick Securities Commission published the amendments to the prospectus rules for comment on March 12, 2010. No comments were received.

We thank the commenters for their comments.

Summary of Changes to the September 2009 Materials

See Appendix A for a detailed summary of the changes made to the September 2009 Materials.

Implementation

In some jurisdictions, Ministerial approval is required for these changes. Provided all necessary approvals are obtained, the amendments will come into force on January 1, 2011.

Questions

Please refer your questions to any of:

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