

Schedule A
Proposed Prospectus Disclosure Rule

Proposed National Instrument 41-103
Supplementary Prospectus Disclosure Requirements for
Securitized Products

PART 1
DEFINITIONS AND INTERPRETATION

1. Definitions - In this Instrument

“asset-backed security” means a security that is primarily serviced by the cash flows of a discrete pool of mortgages, receivables or other financial assets, fixed or revolving, that by their terms convert into cash within a finite period and any rights or assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

"mortgage investment entity" means a person or company

- (a) who invests substantially all of its assets in debts owing to it that are secured by one or more mortgages, hypothecs, or other instruments, on real property; and
- (b) whose primary purpose or business activity is originating and administering mortgage loans, with the intent of holding such mortgages for the entire term and of using the revenues generated by holding the mortgages to provide a return for its investors;

“securitized product” means any of the following:

- (a) a security that entitles the security holder to receive payments that primarily depend on the cash flow from self-liquidating financial assets collateralizing the security, such as loans, leases, mortgages, and secured or unsecured receivables, including:
 - (i) an asset-backed security;
 - (ii) a collateralized mortgage obligation;
 - (iii) a collateralized debt obligation;
 - (iv) a collateralized bond obligation;
 - (v) a collateralized debt obligation of asset-backed securities;
 - (vi) a collateralized debt obligation of collateralized debt obligations;

- (b) a security that entitles the security holder to receive payments that substantially reference or replicate the payments made on one or more securities of the type described in paragraph (a) but that do not primarily depend on the cash flow from self-liquidating financial assets that collateralize the security, including:
- (i) a synthetic asset-backed security;
 - (ii) a synthetic collateralized mortgage obligation;
 - (iii) a synthetic collateralized debt obligation;
 - (iv) a synthetic collateralized bond obligation;
 - (v) a synthetic collateralized debt obligation of asset-backed securities;
 - (vi) a synthetic collateralized debt obligation of collateralized debt obligations;

“transaction agreement” means an agreement relating to a securitized product transaction that imposes an obligation on any party described in Item 1 (Parties with significant functions and responsibilities) of Form 41-103F1 or that provides a holder of a securitized product with rights or entitlements in respect of the securitized product.

2. Interpretation

- (1) Terms defined in the following Instruments and used in this Instrument have the respective meanings ascribed to those terms in those Instruments:
- (a) National Instrument 41-101 *General Prospectus Requirements*;
 - (b) National Instrument 44-101 *Short Form Prospectus Distributions*;
 - (c) National Instrument 44-102 *Shelf Distributions*;
 - (d) National Instrument 51-102 *Continuous Disclosure Obligations*.
- (2) In this Instrument, other than in Part 3 or unless otherwise stated, a reference to a prospectus includes
- (a) a preliminary prospectus;
 - (b) a preliminary short form prospectus and short form prospectus;
 - (c) a preliminary base shelf prospectus, base shelf prospectus and corresponding base shelf prospectus supplement;
 - (d) a preliminary base PREP prospectus, a base PREP prospectus and corresponding supplemented PREP prospectus;
 - (e) an amendment to any of the foregoing.

3. Application

- (1) This Instrument applies to an issuer that distributes a securitized product under a prospectus.
- (2) Despite subsection (1), this Instrument does not apply to a distribution under a prospectus of any of the following:
 - (a) a covered bond;
 - (b) a security, other than a debt security, that is issued by a mortgage investment entity.

PART 2

SUPPLEMENTARY PROSPECTUS DISCLOSURE FOR ISSUERS OF ASSET-BACKED SECURITIES AND OTHER SECURITIZED PRODUCTS

4. Supplementary prospectus disclosure for securitized products

- (1) An issuer that files a prospectus to distribute a securitized product must include in the prospectus the disclosure referred to in Form 41-103F1.
- (2) Despite subsection (1), an issuer is not required to complete a part of Form 41-103F1 that is inapplicable due to one or more attributes of the securitized product or the structure of the securitized product transaction under which the securitized product is issued.

PART 3

EXEMPTIONS

5. Exemptions

- (1) The regulator or, in Québec, the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.
- (4) Without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption may be evidenced by the issuance of a receipt for a prospectus, short form prospectus, base shelf prospectus, base PREP prospectus, or an

amendment to any of the foregoing, as applicable.

- (5) The issuance of a receipt is not evidence that the exemption has been granted unless
- (a) the person or company that sought the exemption sent to the regulator or, in Québec, the securities regulatory authority
 - (i) a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the exemption, on or before the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable; or
 - (ii) a letter or memorandum referred to in subparagraph (i) after the date of the filing of the preliminary prospectus, preliminary short form prospectus, preliminary base shelf prospectus, or preliminary base PREP prospectus, as applicable, and the person or company received a written acknowledgement from the regulator or, in Québec, the securities regulatory authority that the exemption may be evidenced in the manner set out in subsection (1); and
 - (b) the regulator or, in Québec, the securities regulatory authority has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

PART 4

EFFECTIVE DATE

6. Effective date

- (1) This Instrument shall come into force on [*].