

Schedule E
Revised Proposed Changes to 51-102CP

The following are proposed changes to Companion Policy 51-102CP to National Instrument 51-102 *Continuous Disclosure Obligations*.

1. Proposed changes to section 3.5

3.5 Delivery of Financial Statements and Paper Copies of Information Circulars

Section 4.6 of the Instrument requires reporting issuers to send a request form to the registered holders and beneficial owners of their securities. The registered holders and beneficial owners may use the request form to request a copy of the reporting issuer's annual financial statements and related MD&A, an interim financial report and related MD&A, or both. In addition, instructions to receive the annual financial statements and related MD&A also constitute instructions to include a paper copy of the information circular where the reporting issuer uses notice-and-access.

~~MD&A, or both.~~ Reporting issuers are only required to deliver financial statements and MD&A to the person or company that requests them. As a result, if a beneficial owner requests financial statements and MD&A through its intermediary, the issuer is only required to deliver the requested documents to the intermediary.

Failing to return the request form or otherwise specifically request a copy of the financial statements or MD&A from the reporting issuer will override the beneficial owner's standing instructions under NI 54-101 in respect of the financial statements. However, failing to return the request form will not override any beneficial owner standing instructions under NI 54-101 to receive a paper copy of the information circular if the reporting issuer is using notice-and-access to deliver proxy-related materials.

The Instrument does not prescribe when the request form must be sent, or how it must be returned to the reporting issuer.

2. Proposed changes to Part 10 Electronic Delivery of Documents

PART 10 ELECTRONIC DELIVERY OF DOCUMENTS

10.1 Electronic Delivery of Documents

~~Any~~Generally, any documents required to be sent under the Instrument may be sent by electronic delivery, as long as such delivery is ~~made in compliance with Québec Notice 11-201 Relating to the Delivery of Documents by Electronic Means, in Québec, and National Policy 11-201 Delivery of Documents by Electronic Means, in the rest of Canada,~~consistent with the guidance in National Policy 11-201 Electronic Delivery of Documents. However, if a reporting issuer

is using notice-and-access to deliver proxy-related materials, it should refer to the specific guidance in section 10.3 of the Policy.

10.2 Delivery of Proxy-Related Materials

- (1) This section provides guidance on delivery of proxy-related materials. Reporting issuers should also review any other applicable legislation, such as corporate legislation.
- (2) Paper copies of proxy-related materials must be sent using prepaid mail, courier or an equivalent delivery method. An equivalent delivery method is any delivery method where the registered holder receives paper copies in a similar time frame as prepaid mail or courier. For example, a reporting issuer that sponsors an employee share purchase plan could arrange for the proximate intermediary to deliver proxy-related materials to registered holder employees through the reporting issuer's internal mail system.

10.3 Notice-and-access

- (1) The Instrument permits a reporting issuer to use notice-and-access to send proxy-related materials to registered holders.

Prior to using notice-and-access for the first time, a reporting issuer must provide advance notice as specified in section 9.1.2 of the Instrument. We also encourage issuers to consider what additional methods of advance notice are appropriate. For example, an issuer could consider a special purpose mailing to its retail registered holders in advance of the first meeting for which notice-and-access is used.

- (2) Subparagraph 9.1.1(1)(a)(i) of the Instrument requires the registered holder to be sent a notice containing required information about the meeting. With respect to matters to be voted on at the meeting, the notice must only contain a factual description of each matter or group of related matters identified in the form of proxy. We expect that reporting issuers who use notice-and-access will state each matter or group of related matters in the proxy in a reasonably clear and user-friendly manner. For example, it would not be appropriate to identify the matter to be voted on solely by referring to disclosure contained in the information circular, e.g., "To vote For or Against the resolution in Schedule A of management's information circular".

Subparagraph 9.1.1(1)(a)(ii) of the Instrument requires the registered holder be sent a plain language document that explains notice-and-access. This document can also be used to explain other aspects of the proxy voting process to registered holders. However, this document should not contain any substantive discussion of the matters to be considered at the meeting.

- (3) Paragraph 9.1.1(1)(b) of the Instrument requires the registered holder to be sent as part of the notice package the form of proxy.
- (4) Paragraph 9.1.1(1)(c) of the Instrument requires that the registered holder of voting securities be sent the notice package by prepaid mail, courier or the equivalent. In the case of a solicitation by reporting issuer management, the notice package must be sent at least 30 days before the date fixed for the meeting.
- (5) Paragraph 9.1.1(1)(d) of the Instrument requires the reporting issuer to file the notification of meeting and record dates required by subsection 2.2(1) of NI 54-101 at least 30 days before the date fixed for the meeting. This is intended to broadly communicate to the reporting issuer's registered holders that the reporting issuer is using notice-and-access.
- (6) Paragraph 9.1.1(1)(e) of the Instrument requires the information circular and other proxy-related materials to be filed on SEDAR and posted on a website other than SEDAR. The non-SEDAR website can be the website of the person or company soliciting proxies (e.g., the reporting issuer's website) or the website of a service provider.
- (7) Paragraph 9.1.1(1)(f) of the Instrument requires the person or company soliciting proxies to establish a toll-free telephone number for the registered holder to request a paper copy of the information circular. A person or company soliciting proxies may choose to, but is not required to, provide additional methods for requesting a paper copy of the information circular. If a person or company soliciting proxies does so, it must still comply with the fulfillment timelines in paragraph 9.1.1(1)(g) of the Instrument.
- (8) Subsection 9.1.3(2) of the Instrument is intended to allow registered holders to access the posted proxy-related materials in a user-friendly manner. For example, requiring the registered holder to navigate through several web pages to access the proxy-related materials would not be user-friendly. Providing the registered holder with the specific URL where the documents are posted would be more user-friendly. We encourage reporting issuers and their service providers to develop best practices in this regard.
- (9) Where a reporting issuer uses notice-and-access, it generally must send the same basic notice package to all registered holders. However, the following are exceptions to this general principle:
- Section 9.1.4 of the Instrument provides that where a reporting issuer uses notice-and-access, a registered holder still can be sent proxy-related materials using an alternate method to which the registered holder has previously consented. For example, service providers acting on behalf of reporting issuers may have previously obtained (and continue to obtain) consents from shareholders for proxy-related materials to be sent by email. This delivery

method would still be available.

- Section 9.1.5 of the Instrument permits a reporting issuer to obtain standing instructions from a registered holder to be sent a paper copy of the information circular in all cases where the reporting issuer uses notice-and-access. Where such standing instructions have been obtained, the notice package for the registered holder will contain a paper copy of the information circular.
- Section 4.6 of the Instrument establishes an annual request form mechanism for shareholders to request copies of a reporting issuer's annual financial statements and annual MD&A for the following year. A request for annual financial statements and annual MD&A will also constitute a request that the notice package for the registered holder contain a paper copy of the information circular.

The addition of a paper information circular to the notice package sent to some registered holders is referred to as "stratification" and is a term defined in section 1.1 of the Instrument.

We do not mandate the use of stratification, other than to the extent it is necessary to comply with standing instructions or annual requests for paper copies of information circulars that reporting issuers or intermediaries have chosen to obtain from registered holders or beneficial owners. We expect that any additional stratification criteria will develop and evolve through market demand and practice. However, we expect that a reporting issuer that uses stratification for purposes other than complying with shareholder instructions does so in order to enhance effective communication, and not to disenfranchise shareholders. We require reporting issuers to disclose whether they are using stratification, and what criteria they are applying to determine which shareholders will receive a copy of the information circular.