

Proposed National Instrument 51-103
Ongoing Governance and Disclosure Requirements for
Venture Issuers

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Guidance:

The grey shaded text marked “Guidance” found within this Instrument is not legally binding and does not form part of the official version of this Instrument. The guidance provides cross-references to certain other provisions and, in some cases, clarification as to the intention or expectation of the securities regulatory authority or regulator with respect to a particular legal requirement.

National Instrument 51-103
Ongoing Governance and Disclosure Requirements for
Venture Issuers

PART 1
DEFINITIONS, INTERPRETATION AND APPLICATION

Definitions

1. In this Instrument,

“acquisition” includes an acquisition of an interest in a business that is consolidated for accounting purposes or accounted for by another method, such as the equity method;

“acquisition date” has the same meaning as in the issuer’s GAAP;

“annual financial statements” means the financial statements required under section 8;

“annual report” means a completed Form 51-103F1 *Annual and Interim Reports*, prepared as an annual report or, in the case of an SEC issuer that is a venture issuer, the alternative disclosure permitted under section 45;

“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 other assets designed to assure the servicing or the timely distribution of proceeds to securityholders;

“board of directors” includes, for a person or company that does not have a board of directors, an individual or group that acts in a capacity similar to a board of directors;

“capital pool company” has the same meaning as “CPC” in the corporate finance manual of the TSX Venture Exchange, as amended;

“chief executive officer” includes an individual performing functions similar to a chief executive officer;

“chief financial officer” includes an individual performing functions similar to a chief financial officer;

“convertible security” means a security that is exercisable into, convertible or exchangeable for another security;

“credit support issuer” has the same meaning as in subsection 13.4(1) of National Instrument 51-102 *Continuous Disclosure Obligations*;

“equity investee” means a business that the venture issuer has invested in and accounted for using the equity method;

“exchangeable security issuer” has the same meaning as in subsection 13.3(1) of National Instrument 51-102 *Continuous Disclosure Obligations*;

“executive officer” means, for a venture issuer, an individual to which any of the following apply:

- (a) the individual is the chair, vice-chair or president;
- (b) the individual is a chief executive officer or chief financial officer;
- (c) the individual is a vice-president in charge of a principal business unit, division or function, including sales, finance or production;
- (d) the individual performs a policy-making function in respect of the issuer;

“founder” means, for a venture issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) has been actively involved in the issuer’s business at any time within
 - (i) the 2 most recently completed financial years, or
 - (ii) the current financial year;

“information circular” means a completed Form 51-103F4 *Information Circular*;

“inter-dealer bond broker” means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

“interim period” means,

- (a) in the case of a year other than a non-standard year or a transition year, a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year;
- (b) in the case of a non-standard year, a period commencing on the first day of the financial year and ending within 22 days of the date that is 9, 6 or 3 months before the end of the financial year; or

- (c) in the case of a transition year, a period commencing on the first day of the transition year and ending
 - (i) 3, 6, 9 or 12 months, if applicable, after the end of the old financial year, or
 - (ii) 12, 9, 6 or 3 months, if applicable, before the end of the transition year;

“interim report” means a Form 51-103F1 *Annual and Interim Reports*, completed for an interim period in accordance with Part 8 of that form or, in the case of an SEC issuer that is a venture issuer, the alternative disclosure permitted by section 45;

“issuer’s GAAP” has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“major acquisition” has the same meaning as in section 22;

“marketplace” means any of the following but does not include an inter-dealer bond broker:

- (a) an exchange;
- (b) a quotation and trade reporting system;
- (c) a person or company not included in paragraph (a) or (b) that does all of the following:
 - (i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;
 - (ii) brings together the orders for securities of multiple buyers and sellers;
 - (iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade;
- (d) a dealer that executes a trade of an exchange-traded security outside of a marketplace;

“material contract” means a contract that a venture issuer or any of its subsidiaries is a party to and that is material to the venture issuer;

“non-standard year” means a financial year, other than a transition year, that does not have 365 days, or 366 days if the financial year includes February 29;

“predecessor auditor” means the auditor of a venture issuer that is the subject of the most recent termination or resignation;

“principal securityholder” means a person or company that beneficially owns or controls or directs, directly or indirectly, securities of a venture issuer carrying more than 10% of the voting rights attached to any class of the venture issuer’s outstanding voting securities;

“proxy form” means a form of proxy prepared in accordance with Form 51-103F3 *Proxy Form* or as otherwise permitted by this Instrument;

“publicly accountable enterprise” has the same meaning as in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“published venture market” means, for a venture issuer, a market that publishes closing prices for securities traded on that market;

“related business” means a business to which, in relation to a second business, any of the following apply:

- (a) it was under common control or management with the second business before the acquisitions;
- (b) the acquisition of one was conditional upon the acquisition of the other;
- (c) the acquisitions of both were contingent upon a single common event;

“related entity” means, for a venture issuer, a person or company that, at the relevant time, is any of the following:

- (a) a “related party” as that term is defined in the issuer’s GAAP;
- (b) a founder or insider of the venture issuer or "close members of the family", as defined under Canadian GAAP applicable to publicly accountable enterprises, of a founder or insider;
- (c) a director, executive officer or insider of the venture issuer or “close members of the family”, as defined under Canadian GAAP applicable to publicly accountable enterprises, of a director, executive officer or insider;
- (d) an affiliated person or company of any person or company referred to in any of paragraphs (b) or (c);
- (e) a person or company of which one or more persons or companies described in paragraphs (a) to (d) beneficially own or control, in the aggregate, more than 50% of any class of equity securities;

“related entity transaction” means one or more of the following, if the transaction is material to a venture issuer:

- (a) a related party transaction as defined in the issuer's GAAP;
- (b) an oral or written agreement, or a transaction, to which a venture issuer or an affiliate of the venture issuer is a party and to which a person or company that is a related entity of the venture issuer at the time the agreement is entered into or the transaction is agreed to is also a party;
- (c) a material amendment to an agreement referred to in paragraph (b);

“restricted security” means an equity security of a venture issuer if any of the following apply:

- (a) there is another class of securities of the venture issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security;
- (b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the venture issuer, or the venture issuer's constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities;
- (c) the venture issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the venture issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities;

“reverse-takeover” means either of the following:

- (a) a reverse acquisition, which has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;
- (b) a transaction where an issuer acquires a person or company by which the securityholders of the acquired person or company, at the time of the transaction, obtain control of the issuer, where for purposes of this paragraph, “control” has the same meaning as in Canadian GAAP applicable to publicly accountable enterprises;

“reverse-takeover acquiree” means the legal parent in a reverse-takeover;

“reverse-takeover acquirer” means the legal subsidiary in a reverse-takeover;

“SEC issuer” means a venture issuer that meets both of the following:

- (a) it has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act;

- (b) it is not registered or required to be registered as an investment company under the Investment Company Act of 1940 of the United States of America, as amended;

“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, without limitation
 - (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, or
 - (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, without limitation
 - (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, or
 - (vi) a synthetic collateralized debt obligation of collateralized debt obligations;

“SEDAR” has the same meaning as in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

“senior-unlisted issuer” means an issuer that

- (a) does not have any of its securities listed or quoted on any of the marketplaces listed in paragraph 3(2)(b), and
- (b) the only outstanding securities that it has distributed by prospectus are any of the following:
 - (i) debt securities;
 - (ii) preferred shares;
 - (iii) securitized products;

“solicit”, in connection with a proxy,

- (a) includes
 - (i) requesting a proxy, whether or not the request is accompanied by or included in a form of proxy,
 - (ii) requesting a securityholder to execute or not to execute a form of proxy or to revoke a proxy,
 - (iii) sending a form of proxy or other communication to a securityholder under circumstances that to a reasonable person will likely result in the giving, withholding or revocation of a proxy, or
 - (iv) sending a form of proxy to a securityholder by management of a venture issuer,
- (b) but does not include
 - (i) sending a form of proxy to a securityholder in response to an unsolicited request made by or on behalf of the securityholder,
 - (ii) performing ministerial acts or professional services on behalf of a person or company soliciting a proxy,
 - (iii) sending, by an intermediary as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, of the documents referred to in that instrument,
 - (iv) soliciting by a person or company in respect of securities of which the person or company is the beneficial owner,

- (v) publicly announcing, by a securityholder, how the securityholder intends to vote and the reasons for that decision, if that public announcement is made by
 - (A) a speech in a public forum, or
 - (B) a press release, an opinion, a statement or an advertisement provided through a broadcast medium or by a telephonic, electronic or other communication facility, or appearing in a newspaper, a magazine or other publication generally available to the public,
- (vi) communicating for the purposes of obtaining the number of securities required for a securityholder proposal under the laws under which the venture issuer is incorporated, organized or continued or under the venture issuer's constating or establishing documents, or
- (vii) communicating, other than a solicitation by or on behalf of the management of the venture issuer, to securityholders in any of the following circumstances:
 - (A) by one or more securityholders concerning the business and affairs of the venture issuer, including its management or proposals contained in a management information circular, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person or company acting on their behalf, unless the communication is made by
 - (I) a securityholder who is an officer or director of the venture issuer if the communication is financed directly or indirectly by the venture issuer,
 - (II) a securityholder who is a nominee or who proposes a nominee for election as a director, if the communication relates to the election of directors,
 - (III) a securityholder whose communication is in opposition to an amalgamation, arrangement, consolidation or other transaction recommended or approved by the board of directors of the venture issuer and who is proposing or intends to propose an alternative transaction to which the securityholder or an affiliate or associate of the securityholder is a party,
 - (IV) a securityholder who, because of a material interest in the subject-matter to be voted on at a securityholders' meeting,

is likely to receive a benefit from its approval or non-approval, which benefit would not be shared pro rata by all other holders of the same class of securities, unless the benefit arises from the securityholder's employment with the venture issuer, or

- (V) any person or company acting on behalf of a securityholder described in any of clauses (A) to (D);
- (B) by one or more securityholders and concerns the organization of a dissident's proxy solicitation, and no form of proxy is sent to those securityholders by the securityholder or securityholders making the communication or by a person or company acting on their behalf;
- (C) as clients, by a person or company who gives financial, corporate governance or proxy voting advice in the ordinary course of business and concerns proxy voting advice if
 - (I) the person or company discloses to the securityholder any significant relationship with the venture issuer and any of its affiliates or with a securityholder who has submitted a matter to the venture issuer that the securityholder intends to raise at the meeting of securityholders and any material interests the person or company has in relation to a matter on which advice is given,
 - (II) the person or company receives any special commission or remuneration for giving the proxy voting advice only from the securityholder or securityholders receiving the advice, and
 - (III) the proxy voting advice is not given on behalf of any person or company soliciting proxies or on behalf of a nominee for election as a director;
- (D) by a person or company who does not seek directly or indirectly the power to act as a proxyholder for a securityholder;

“SOX 302 rules” means U.S. federal securities laws implementing the annual periodic certification requirements in section 302(a) of the *Sarbanes-Oxley Act of 2002* of the United States of America, as amended;

“successor auditor” means the person or company that becomes the venture issuer's auditor after the termination or resignation of the venture issuer's predecessor auditor when

- (a) that person or company is appointed,

- (b) the board of directors have proposed to holders of qualified securities that the person or company be appointed, or
- (c) the board of directors have decided to propose to holders of qualified securities that the person or company be appointed;

“transition year” means the financial year of a venture issuer or business in which the venture issuer or business changes its financial year-end;

“venture issuer” means an issuer in respect of which this Instrument applies as determined under section 3.

Guidance:

- (1) *Securities statutes in local jurisdictions may provide definitions or meanings for “associate”, “control person”, “distribution”, “director”, “exchange contract”, “forward-looking information”, “insider”, “investment fund”, “issuer”, “material change”, “material fact”, “promoter”, “reporting issuer”, “security”, and “special relationship”.*
- (2) *Refer to National Instrument 14-101 Definitions for the definitions of “1933 Act”, “1934 Act”, “Canadian GAAP”, “Canadian GAAS”, “Handbook”, “IFRS”, “local jurisdiction”, “regulator”, “securities legislation”, and “securities regulatory authority”.*
- (3) *Securities legislation defines the term “person” and in Alberta, Saskatchewan, Manitoba and Nova Scotia also defines the term “company”. Where the phrase “person or company” is used in this Instrument, refer to National Instrument 14-101 Definitions for the meaning of that phrase in British Columbia, New Brunswick, Northwest Territories, Prince Edward Island, Québec and Yukon Territory.*
- (4) *This Instrument uses accounting terms that are defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises. In certain cases, some of those terms are defined differently in securities legislation. In deciding which meaning applies, venture issuers should consider that National Instrument 14-101 Definitions provides that a term used in this Instrument that is defined in the securities statute of a local jurisdiction has the meaning given to it in the statute unless: (a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure; or (b) the context otherwise requires.*

For example, the term “associate” is defined in both local securities statutes and Canadian GAAP applicable to publicly accountable enterprises. We are of the view that the references to the term “associate” in this Instrument and its forms (e.g., item 12(2)(e) of Form 51-103F4 Information Circular) should be given the meaning of the term under local securities statutes since the context does not indicate that the accounting meaning of the term should be used.

If an issuer is permitted under National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards to file financial statements or interim financial reports prepared in accordance with acceptable accounting principles other than Canadian GAAP then the issuer should interpret any reference in this Instrument to a term or provision defined, or referred to, in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in the other acceptable accounting principles.

- (5) *Refer to Canadian GAAP applicable to publicly accountable enterprises for the definition of “interim financial report”.*
- (6) *When this Instrument requires disclosure of a “material” relationship, transaction, agreement, plan or other information, in determining whether or not a particular matter is material, consider whether disclosing, omitting or misstating the relationship, transaction, agreement, plan or other information would likely influence or change a reasonable investor’s decision as to whether or not to buy, sell or hold a security in the capital of the venture issuer.*

Interpretation

2. In this Instrument,

- (a) an issuer is an affiliate of another issuer if one of them is the subsidiary of the other or if each of them is controlled by the same person or company;
- (b) a person or company (the “first person”) is considered to control another person or company (the “second person”) if any of the following apply:
 - (i) the first person beneficially owns, or controls or directs, directly or indirectly, securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership;
 - (iii) the second person is a limited partnership and the general partner of the limited partnership is the first person;
- (c) paragraph (b) applies only to subsections (a) and (d);
- (d) an issuer is a subsidiary of another issuer if it is controlled by that other issuer.

Application

- 3.(1)** In this section, “venture market” means the Alternative Investment Market of the London Stock Exchange, the PLUS-SX market operated by PLUS Markets Group, plc, the NZAX Market of the New Zealand Stock Exchange, the Segmento de Capital de Riesgo de la Bolsa de Valores de Lima, the NASDAQ *OMX* First North or the Bolsa de Valores de Colombia.
- (2)** This Instrument applies to a reporting issuer unless, as determined at the applicable time set out in subsection (4), any of the following apply:
- (a) it is an investment fund;
 - (b) any of its securities are listed or quoted on one or more of the following:
 - (i) the Toronto Stock Exchange;
 - (ii) Alpha Main;
 - (iii) an exchange registered as a “national securities exchange” under section 6 of the 1934 Act;
 - (iv) a marketplace outside of Canada or the United States, other than a venture market;
 - (c) Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*, as amended, applies to the issuer;
- Guidance:**
Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Market does not apply in Ontario.
- (d) the issuer is a senior-unlisted issuer.
- (3)** Despite subsection (2), paragraph 35(1)(c) applies to an issuer that was a venture issuer but has ceased to be a venture issuer.
- (4)** For the purposes of subsection (2), the applicable time of the determination is
- (a) the end of the most recently completed financial year for the purpose of
 - (i) determining whether it is required to file an annual report under this Instrument,
 - (ii) the definition of “applicable CD rule” under National Instrument 44-101 *Short Form Prospectus Distributions*,

- (iii) determining whether it is required to file an information circular in Form 51-103F4 *Information Circular*, or
 - (iv) determining whether it is required to file a technical report under paragraph 4.2(1)(b.1) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*,
- (b) the end of the venture issuer's applicable interim period for the purpose of determining whether it is required to file an interim report under this Instrument,
 - (c) the acquisition date for the purpose of determining whether it is required to file a report in Form 51-103F2 *Report of Material Change or Other Material Information* under this Instrument disclosing a major acquisition, or
 - (d) the date of the material change for the purpose of
 - (i) determining whether it is required to file a report in Form 51-103F2 *Report of Material Change or Other Material Information*, or
 - (ii) the definition of "material change report" under National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 45-106 *Prospectus and Registration Exemptions*.
 - (e) the date the prospectus is filed for the purpose of determining whether it is required to file a prospectus in Form 41-101F4 *Information Required in a Venture Issuer Prospectus*.

Guidance:

- (1) *The SEC website provides a list that identifies each exchange registered as a "national securities exchange". See <http://www.sec.gov/divisions/marketreg/mrechanges.shtml>*
- (2) *In determining whether or not a venture issuer's securities are listed or quoted on a "marketplace" outside of Canada or the United States, consider whether the securities are "listed or quoted", as opposed to merely admitted for trading. Refer to the definition of "marketplace".*

PART 2 GOVERNANCE RESPONSIBILITIES

Conflicts of Interest and Related Entity Transactions

- 4. The board of directors of a venture issuer must develop and implement policies and procedures to ensure that each director is made aware of and has an opportunity to consider, discuss and address in a timely fashion, each of the following:

- (a) conflicts of interest between the venture issuer and any of its directors or executive officers;
- (b) proposed related entity transactions and the consideration to be paid or received by the venture issuer.

Guidance:

- (1) *Venture issuers have discretion in designing their policies and procedures to achieve the desired objectives. The policies and procedures could be implemented in a variety of ways. For example, through written corporate policies or by way of conditions in employment or consulting agreements.*
- (2) *In designing policies to address conflicts of interest and related entity transactions, boards of directors may consider similar corporate law requirements in this area.*
- (3) *Some of the matters that would likely be addressed in policies and procedures include*
 - (a) *definitions and possibly examples of what might constitute a conflict of interest or related entity transaction,*
 - (b) *a description of when directors and executive officers are required to report a conflict of interest or related entity transaction,*
 - (c) *a description of how directors and executive officers are generally expected to report conflicts of interest and related entity transactions, for example, in writing or verbally at a meeting,*
 - (d) *details on the type of information that would need to be reported to provide the board of directors with sufficient information to consider the nature, effect and significance of the conflict of interest or proposed related entity transaction,*
 - (e) *a description of the process the board of directors might follow in considering the report of a conflict of interest or related entity transaction, for example, calling a special board meeting or setting aside additional time at the next regularly scheduled board meeting and documenting any decision or response flowing from the report, and*
 - (f) *examples of circumstances in which it would be inappropriate for a director to vote on a particular issue.*
- (4) *In designing its procedures, boards of directors of venture issuers may want to consider establishing a requirement for periodic confirmations from the directors and executive officers that they are aware of the venture issuer's policies on conflicts of interest and related entity transactions. Similarly, setting aside a few minutes at each board meeting or establishing a schedule to periodically query the existence and nature of any conflicts*

of interest and related entity transactions could be of assistance in achieving the desired objectives.

Audit Committee

5. (1) The board of directors of a venture issuer must appoint an audit committee composed of at least 3 directors, a majority of whom are not executive officers, employees or control persons of the venture issuer or an affiliate of the venture issuer.
- (2) The audit committee of a venture issuer must do all of the following:
- (a) make a recommendation to the board of directors for the appointment of an auditor;
 - (b) oversee the performance of services provided to the venture issuer by the auditor and the auditor's interaction with the venture issuer's management, including by doing all of the following:
 - (i) be informed of all services provided by the auditor which are beyond the scope of the venture issuer's audit and the amount of fees charged for those services relative to the fees charged for the audit of the venture issuer's annual financial statements;
 - (ii) meet annually with the auditors, independent of the executive officers of the venture issuer, before the board of directors' review and approval of the annual financial statements, to determine whether there have been any disagreements or contentious issues between the auditor and the venture issuer's executive officers relating to the venture issuer's disclosure and whether those issues have been resolved to the satisfaction of the auditor;
 - (iii) meet with the auditor at such other times as reasonably necessary;
 - (iv) review and approve the hiring policies regarding employees and consultants that are currently, or were previously, employed by or partners of the venture issuer's auditor or predecessor auditor;
 - (c) review the annual financial statements, the auditor's report relating to those annual financial statements and the associated management's discussion and analysis contained in the annual report, before it is filed or disclosed, and make a recommendation to the board of directors regarding whether to approve the financial statements and management's discussion and analysis;
 - (d) review the interim financial report and associated quarterly highlights contained in the interim report, before the report is filed or disclosed, and approve that disclosure, if authorized to do so, or make a recommendation to the board of directors regarding whether to approve that disclosure;

- (e) review each news release, before it is filed or disclosed, if it contains financial information derived from annual financial statements or an interim financial report;
- (f) establish procedures reasonably designed to ensure all of the following:
 - (i) the committee receives, has a reasonable opportunity to consider and address, and keeps a record of, each complaint or concern regarding questionable accounting, internal accounting controls or auditing matters;
 - (ii) a complaint or concern can be submitted to a member of the audit committee or another individual designated by the audit committee who is not an executive officer, employee or control person of the venture issuer or an affiliate of the venture issuer and is not a member of management or a family member of management;
 - (iii) employees and consultants of the venture issuer can submit a complaint or concern on a confidential basis or anonymously.

Guidance:

Subsection 7(3) requires that the board of directors approve the annual report. Subsection 9(3) requires that either the board of directors or the audit committee, if authority has been delegated to the audit committee, approve the interim report.

Trading Policies

- 6. A venture issuer must develop and implement policies and procedures reasonably designed to
 - (a) monitor information about the venture issuer's business activities,
 - (b) control access to information about the venture issuer's business activities,
 - (c) identify who is in a special relationship with the venture issuer, and
 - (d) deter a person or company that is in a special relationship with the venture issuer, when that person or company has knowledge of a material fact or material change with respect to the venture issuer that has not been generally disclosed, from violating securities legislation.

Guidance:

Activities that could lead to a violation of securities legislation include

- (a) *buying, selling or otherwise entering into a transaction with respect to a security when that person or company has knowledge of a material fact or material change with respect to the venture issuer that has not been generally disclosed,*

- (b) *except as necessary in the course of business, informing (“tipping”) another person or company of the material fact or material change, and*
 - (c) *recommending or encouraging another person or company to buy, sell or otherwise enter into a transaction with respect to a security.*
- (1) *Policies and procedures that could significantly assist the board of directors in complying with the obligation in section 6 include those that*
 - (a) *implement procedures to enable the board and management to become aware on a timely basis that undisclosed material information exists or is expected to become known within the venture issuer so that steps can be taken promptly to deal with it appropriately,*
 - (b) *identify persons or companies who typically have access to undisclosed material information and establish procedures for reasonably limiting that group,*
 - (c) *are designed to ensure directors, executive officers, employees and consultants are aware of the venture issuer’s trading policies and the securities law prohibitions on insider trading, tipping and recommending, when a person or company is in possession of undisclosed material information, and*
 - (d) *establish certain black-out periods during which trading by persons or companies with access to undisclosed material information is prohibited. For example, during the preparation of and for some specified period (perhaps 2 trading days) after filing of the annual report, interim report or a news release containing material information.*
- (2) *Policies and procedures can be implemented in a variety of ways, for example, by formally adopting corporate policies or by including them as terms of employment and consulting agreements.*
- (3) *Part VI of National Policy 51-201 Disclosure Standards provides guidance on establishing corporate disclosure policies and insider trading policies and other useful disclosure practices.*
- (4) *Part III of National Policy 51-201 Disclosure Standards provides additional guidance on the meanings of the term “special relationship” and the phrase “necessary course of business”. Part IV of that policy provides guidance on assessing materiality.*

PART 3 PERIODIC DISCLOSURE

Guidance:

- (1) *Generally, securities legislation in each of the jurisdictions prohibits a venture issuer from making a statement that is a misrepresentation or otherwise, in a material respect and at the time and in light of the circumstances, is false or misleading or fails to state a fact that is either required to be stated or that is necessary to make another statement not misleading. These prohibitions can apply in a number of circumstances and may differ somewhat among jurisdictions. Examples of when those prohibitions may apply include making a misleading statement*
- (a) *that could reasonably be expected to have a significant effect on the market price or value of the securities,*
 - (b) *to securities regulatory authorities or in a document provided to securities regulatory authorities, or*
 - (c) *in connection with activities or oral or written communications, by or on behalf of an issuer that promote or reasonably could be expected to promote the purchase or sale of securities of the issuer.*
- Breaching these provisions can lead to a variety of sanctions including, in some circumstances, fines and imprisonment.*
- (2) *Directors and officers of a venture issuer can also be held liable for false or misleading statements if they authorize, acquiesce to or permit the statements. Directors and officers will therefore want to exercise diligence with respect to the accuracy and completeness of the disclosure made or authorized by the venture issuer.*

Approval and Filing of Annual Report

7. (1) A venture issuer must file an annual report for each financial year ended after becoming a venture issuer.
- (2) A report referred to in subsection (1) must be filed on or before the 120th day after the end of the venture issuer's most recently completed financial year.
- (3) The board of directors of the venture issuer must approve the annual report before it is filed.

Guidance:

Under subsection 5(2)(c), the audit committee is required to first make a recommendation to the board of directors regarding whether to approve the annual financial statements and associated management's discussion and analysis forming part of the annual report.

Annual Report and Annual Financial Statements

- 8. (1)** A venture issuer must prepare an annual report in accordance with Form 51-103F1 *Annual and Interim Reports*.
- (2)** A venture issuer's annual report must contain financial statements that
- (a) include a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows for
 - (i) the most recently completed financial year, and
 - (ii) the financial year immediately preceding the most recently completed financial year, if any,
 - (b) if the venture issuer presents the components of profit or loss in a separate income statement, display the separate income statement immediately before the statement of comprehensive income filed under paragraph (a),
 - (c) include a statement of financial position as at the end of each of the periods referred to in paragraph (a),
 - (d) include a statement of financial position as at the beginning of the financial year immediately preceding the most recently completed financial year in the case of a venture issuer that discloses in its annual financial statements an unreserved statement of compliance with IFRS and that
 - (i) applies an accounting policy retrospectively in its annual financial statements,
 - (ii) makes a retrospective restatement of items in its annual financial statements, or
 - (iii) reclassifies items in its annual financial statements,
 - (e) in the case of a venture issuer's "first IFRS financial statements", as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, include the opening IFRS statement of financial position at the "date of transition to IFRS", as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, and
 - (f) include notes to the annual financial statements.
- (3)** The annual financial statements contained in the annual report must be audited.

- (4) The chief executive officer and chief financial officer of the venture issuer must certify and date the annual report, and any revised annual report, as set out in sections 43 and 44 of Form 51-103F1 *Annual and Interim Reports*.
- (5) If a venture issuer has outstanding restricted securities, or securities that are directly or indirectly convertible into or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, the venture issuer must comply with Part 10 of National Instrument 51-102 *Continuous Disclosure Obligations* as if it were a senior-unlisted issuer to which that instrument applies and include the disclosure required under Part 10 of that instrument in the annual report.

Guidance:

- (1) *Form 51-103F1 Annual and Interim Reports requires that the venture issuer's annual financial statements and management's discussion and analysis, accompanied by the auditor's report, be included in the annual report. The annual report must also be certified by the chief executive officer and chief financial officer.*
- (2) *Because the definition of annual financial statements in this Instrument includes both the financial statements for the most recently completed financial year and the comparative statements for the financial year immediately preceding the most recently completed financial year, a venture issuer will generally be required to include one set of audited financial statements that contain the 2 most recently completed financial years.*
- (3) *Canadian GAAP applicable to publicly accountable enterprises provides an issuer 2 alternatives in presenting its income: (a) in one single statement of comprehensive income, or (b) in a statement of comprehensive income with a separate income statement. If an issuer presents its income using the second alternative, both statements must be filed to satisfy the requirements of paragraphs 8(2)(b) and 10(2)(c).*
- (4) *Venture issuers should consider the obligations imposed under section 34 of this Instrument. If a venture issuer sends a disclosure document that contains material information (for example, financial statements) to its security holders, or files it with a regulator in another jurisdiction, that document must be concurrently filed with the applicable securities regulatory authority or regulator. There is allowance under section 34 for instances where it is not reasonably practicable to file a document concurrently, but we are of the view that these circumstances will be rare.*

Approval and Filing of Interim Report

9. (1) A venture issuer must file an interim report for each interim period ended after becoming a venture issuer.
- (2) A report referred to in subsection (1) must be filed on or before the 60th day after the end of the venture issuer's most recently completed interim period.

- (3) The board of directors of the venture issuer, or the audit committee if authority is delegated to the audit committee, must approve the interim report before it is filed.

Interim Report and Interim Financial Report

10. (1) A venture issuer must prepare its interim report in accordance with Part 8 of Form 51-103F1 *Annual and Interim Reports*.

- (2) A venture issuer's interim report must contain an interim financial report that
- (a) includes a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, all for the year-to-date interim period and comparative financial information for the comparative interim period in the immediately preceding financial year, if any,
 - (b) includes, for interim periods other than the first interim period in a venture issuer's financial year, a statement of comprehensive income for the 3 month period ending on the last day of the interim period and comparative financial information for the comparative period in the immediately preceding financial year, if any,
 - (c) if the venture issuer presents the components of profit or loss in a separate income statement, displays the separate income statement immediately before the statement of comprehensive income filed under paragraph (a),
 - (d) includes a statement of financial position as at the end of each of
 - (i) the period referred to in paragraph (a)(i), and
 - (ii) the immediately preceding financial year, if any,
 - (e) in the following circumstances, includes a statement of financial position as at the beginning of the immediately preceding financial year:
 - (i) the venture issuer discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*; and
 - (ii) the venture issuer
 - (A) applies an accounting policy retrospectively in its interim financial report,
 - (B) makes a retrospective restatement of items in its interim financial report, or
 - (C) reclassifies items in its interim financial report,

- (f) in the case of a venture issuer's first interim financial report in the year of adopting IFRS, includes the opening IFRS statement of financial position at the "date of transition to IFRS," as that phrase is defined in Canadian GAAP applicable to publicly accountable enterprises, and
 - (g) includes notes to the interim financial report.
- (3) The chief executive officer and chief financial officer of the venture issuer must certify and date the interim report, and any revised interim report, as set out in sections 43 and 44 of Form 51-103F1 *Annual and Interim Reports*.

Guidance:

- (1) *An interim report is required to be prepared in the form of Form 51-103F1 Annual and Interim Reports. It is required to include the venture issuer's interim financial report and certain additional information, including quarterly highlights. It is required to be certified by the venture issuer's chief executive officer and chief financial officer.*
- (2) *The term "interim financial report" is defined in Canadian GAAP applicable to publicly accountable enterprises.*

First Annual Financial Statements and Interim Financial Reports After Becoming a Reporting Issuer

11. (1) Despite any other provision of this Part, a venture issuer must file annual financial statements and an interim financial report for each annual and interim period immediately following the periods covered by the financial statements and the interim financial report of the venture issuer in the document filed
- (a) that resulted in the venture issuer becoming a reporting issuer, or
 - (b) in respect of a transaction that resulted in the venture issuer becoming a reporting issuer.
- (2) If subsection (1) requires a venture issuer to file annual financial statements or an interim financial report for a period that ended on or before the date the venture issuer became a reporting issuer, the statements or report must be filed by the later of
- (a) in the case of annual financial statements,
 - (i) the 20th day after the venture issuer became a reporting issuer,
 - (ii) on or before the 120th day after the end of the venture issuer's most recently completed financial year, and
 - (b) in the case of an interim financial report,
 - (i) the 10th day after the venture issuer became a reporting issuer,

- (ii) on or before the 60th day after the end of the venture issuer's most recently completed interim period.
- (3) A venture issuer is not required to provide comparative financial information in the statements or report referred to in subsection (1) for interim periods that ended before the venture issuer became a reporting issuer if all of the following apply:
- (a) the board of directors or audit committee, acting reasonably, determines that it is impracticable to present prior-period information on a basis consistent with the requirements for an interim financial report;
 - (b) the prior-period information that is available is presented in the report;
 - (c) the notes to the interim financial report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial report.
- (4) Annual financial statements filed under this Part must be audited.

Guidance:

- (1) *Section 11 is intended to provide investors with access to the current financial history of the venture issuer by requiring venture issuers to file financial statements for all annual periods and interim financial reports for all interim periods that ended after the periods that are covered by the financial statements and interim financial reports which were included in the prospectus, information circular or other document that was filed in connection with the venture issuer becoming a reporting issuer.*
- (2) *Securities regulatory authorities are of the view that it is only "impracticable to present prior-period information" if the venture issuer has made every reasonable effort to present prior-period information on a basis consistent with the interim financial report. We are of the view that an issuer should only rely on this exemption in unusual circumstances and generally not for reasons related solely to the cost or the time involved in preparing the interim financial report.*

Delivery Options for an Annual Report or Interim Report

12. A venture issuer must send its annual report and interim reports to each registered securityholder and beneficial owner using one or any combination of the following methods:
- (a) a method to which the registered securityholder or beneficial owner consents;
 - (b) the method set out in section 4.6 of National Instrument 51-102 *Continuous Disclosure Obligations* as if the venture issuer were a senior-unlisted issuer to which that instrument applies;
 - (c) a method that satisfies all of the following:

- (i) the venture issuer must issue a news release disclosing the filing of each annual report and interim report as soon as reasonably practicable, and in any event within 3 business days of the filing;
- (ii) the news release must do each of the following:
 - (A) provide the address of the SEDAR website and the specific address or a link to the specific page on another website, at which the annual report or interim report, as applicable, can be viewed electronically;
 - (B) disclose that a registered securityholder or beneficial owner may receive, upon request, from the venture issuer a copy of the most recently filed annual report or interim report, as applicable, free of charge;
 - (C) disclose contact details through which the request can be made;
- (iii) if a registered securityholder or beneficial owner of the venture issuer requests a copy of an annual report or interim report, the venture issuer must send the most recently filed annual report or interim report, as applicable, to the registered securityholder or beneficial owner, without charge, as soon as reasonably practicable following the request and, in any event, within 3 business days of the request by either
 - (A) sending a paper copy by pre-paid mail, courier or another method that provides delivery within an equivalent time period, or
 - (B) any other method to which the registered securityholder or beneficial owner consents.

Guidance:

- (1) *Section 12 permits use of a notice and access system as an alternative to mailing the annual report or interim report. However, applicable corporate law or the legal documents creating or establishing the issuer may impose a requirement that the annual financial statements be placed before or sent to the securityholders.*
- (2) *References to “interim financial report” and “interim management’s discussion and analysis” as used in section 4.6 of National Instrument 51-102 Continuous Disclosure Obligations mean, in the context of this Instrument, the interim report.*
- (3) *Securities regulatory authorities are of the view that “registered securityholder” is a registered holder of voting securities of a venture issuer as indicated on the register of shareholders maintained by the venture issuer or its registrar and transfer agent.*

PART 4
PROXY SOLICITATION AND INFORMATION CIRCULARS

Requirements for Proxy Form and Information Circular

- 13. (1)** If management of a venture issuer gives notice to registered securityholders of a meeting of securityholders, management must, at or before the time of giving that notice, send to each registered securityholder who is entitled to notice of the meeting
- (a) a proxy form, and
 - (b) an information circular.
- (2)** If a person or company, other than management of a venture issuer, solicits proxies from registered securityholders of a venture issuer, the person or company must, at or before the time of solicitation, send to each registered securityholder of the venture issuer whose proxy is solicited, an information circular.
- (3)** A proxy form required to be filed or sent under this Part must be prepared in accordance with Form 51-103F3 *Proxy Form*.
- (4)** A proxy form may confer discretionary authority but only by way of a specific statement conferring such authority and only if
- (a) the proxy form states in bold-face type how the securities represented by the proxy form will be voted in respect of each such matter or group of related matters if a securityholder does not specify a choice with respect to a matter referred to in paragraph 3(2)(b) of Form 51-103F3 *Proxy Form*, and
 - (b) with respect to amendments or variations to matters identified in the notice of meeting or other matters properly coming before the meeting, the person or company by whom or on whose behalf the solicitation is made is not aware within a reasonable time before the time the solicitation is made that any of these amendments or variations or other matters are to be presented for action at the meeting.
- (5)** Despite subsection (4), a proxy form must not confer discretionary authority to vote in either of the following two circumstances:
- (a) for the election of any person as a director unless a bona fide proposed nominee for that election is named in the proxy form;
 - (b) at a meeting other than the meeting specified in the notice of meeting or any adjournment of that meeting.
- (6)** An information circular required to be filed or sent under this Part must be prepared and dated in accordance with Form 51-103F4 *Information Circular*.

- (7) A person or company required to send a document under this Part, must promptly file the following:
- (a) a copy of that document;
 - (b) all other material sent to registered securityholders in connection with the applicable meeting.

Delivery Options for Proxy Form

14. A person or company required to send a proxy form to a registered securityholder under this Part must use one or any combination of the following methods:
- (a) send paper copies by prepaid mail, courier or another method that provides for delivery in an equivalent time period;
 - (b) any method to which that registered securityholder consents.

Delivery Options for Information Circular and Proxy Related Material

15. (1) A person or company required to send an information circular or any other proxy related material to a registered securityholder under this Part must use one or any combination of the following methods:
- (a) a method to which the registered securityholder consents;
 - (b) send paper copies by prepaid mail, courier or another method that provides for delivery in an equivalent time period;
 - (c) a method that satisfies the following:
 - (i) at least 30 days before the date fixed for the meeting, send, at no cost to a registered securityholder, in one of the methods described in paragraphs (a) or (b), a document containing all of the following information and no other information:
 - (A) the date, time and location of the venture issuer's securityholder meeting;
 - (B) a factual description of each matter or group of related matters identified in the form of proxy to be voted on;
 - (C) the website address other than the address for SEDAR, where the proxy-related materials are located;
 - (D) a reminder to review the information circular before voting;

- (E) an explanation of how to obtain a paper copy of the information circular from the person or company;
- (F) a document in plain language that explains notice and access and includes the following information:
 - (I) why the person or company is using notice-and-access;
 - (II) if the person or company is using stratification, as defined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, which registered holders or beneficial owners are receiving paper copies of the information circular;
 - (III) the date and time by which a request for a paper copy of the information circular should be received in order for the requester to receive the information circular in advance of any deadline for the submission of voting instructions and the date of the meeting;
 - (IV) an explanation of how to return voting instructions, including any deadline for the return of the instructions;
 - (V) reference to the location in the information circular where disclosure regarding each matter or group of related matters identified in the notice in clause (i)(B) can be found;
 - (VI) contact details the beneficial owner can use to ask questions about notice-and-access;
- (ii) in the case of a solicitation by or on behalf of management of the venture issuer, at least 30 days before the date fixed for the meeting, issue a news release containing all of the following:
 - (A) the information required in the document referred to in subparagraph (i);
 - (B) if management is using the procedures in this paragraph only in respect of certain registered securityholders, an explanation of this decision;
- (iii) from the day the person or company soliciting proxies sends the documents required under paragraph (b) until at least the date of the meeting for which proxies are being solicited,

- (A) provide public electronic access, to the extent reasonably practicable, through a website, other than SEDAR, to the information circular and all other proxy-related material in a format that permits a person or company with a reasonable level of computer skill and knowledge to access, read, search, download and print the document, and
 - (B) maintain a telephone number that can be used by registered securityholders to request a paper copy of the information circular and other proxy-related materials;
 - (iv) if a request is received by a registered securityholder for a paper copy of the information circular or other proxy-related materials, send the information circular or other proxy-related materials, as applicable, to the registered securityholder in a method described in paragraph (a) or (b) no later than 3 business days after the request is received;
 - (v) in the case of a solicitation by or on behalf of management of a venture issuer, where management sends paper copies of the information circular to other registered securityholders, send the paper copies to those other registered securityholders on the same day as they are sent under paragraph (b).
- (2) A venture issuer that uses the notice and access procedures in subsection (1)(c) to send proxy-related materials to a registered securityholder must do the following not more than 6 months, and not less than 3 months, before the expected date for the first meeting for which proxy-related materials will be sent by notice and access:
- (a) post on a website that is not SEDAR a document in plain language that explains the notice and access procedures;
 - (b) issue a news release stating that the venture issuer intends to use notice and access procedures to deliver proxy-related materials and providing the website address where the document in subparagraph (1)(c)(i) is posted.

Guidance:

- (1) *Section 15 permits use of a notice and access system as an alternative to mailing an information circular. However, applicable corporate law or constating documents may impose a mailing requirement.*
- (2) *This Instrument only addresses the notification and delivery requirements for registered securityholders. National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer addresses delivery obligations with respect to beneficial securityholders.*

Dissident Proxy Solicitation Exemption

16. (1) Despite subsection 13(2), a person or company, other than management of a venture issuer or a person or company acting on behalf of management, may solicit proxies from registered securityholders of a venture issuer without sending an information circular if

- (a) the solicitation is made to the public by broadcast, speech or publication, in a manner legally permitted by the laws under which the venture issuer is incorporated, organized or continued,
- (b) in the case of a solicitation that occurs in connection with a transaction referred to in subsection 32(6),
 - (i) the following information is contained in the broadcast, speech or publication:
 - (A) the name and address of the venture issuer to which the solicitation relates;
 - (B) the information required under sections 7 and 26(b) and (d) of Form 51-103F4 *Information Circular*;
 - (C) whether the person or company giving a proxy has the right to revoke it and, if so, a description of any limitations on or conditions to the right to revoke;
 - (D) a statement identifying the document referred to in clause (b)(ii)(A) and indicating that it is or will be available at www.sedar.com,
 - (ii) all of the following documents are filed:
 - (A) a document containing the information required under clauses (1)(b)(i)(A), (B) and (C);
 - (B) any information required to be disclosed or sent to securityholders by the laws under which the venture issuer is incorporated, organized or continued;
 - (C) any communication to be published or sent to securityholders, or
- (c) in the case of a solicitation that occurs in connection with the nomination of a director,
 - (i) a document containing the information required under Part 4 of Form 51-103F4 *Information Circular* is filed, and

- (ii) the broadcast, speech or publication indicates that the solicitation is made in connection with the nomination of a director, identifies the document in paragraph (c)(i) and indicates that it is or will be available at www.sedar.com.
- (2) A solicitation under subsection (1) is not considered to be made to the public unless it is disseminated using one or more of the following methods that the person or company making the solicitation reasonably believes to be effective in reaching the market for the venture issuer's voting securities:
 - (a) a speech in a public forum that is generally accessible;
 - (b) a news release, statement or advertisement provided through a news wire, broadcast medium, magazine or newspaper of general and widespread circulation, telephone conference call, webcast or similar communication facility that is generally accessible.
- (3) Subsection (1) does not apply to a person or company that is proposing, at the time of the solicitation, a transaction that would be a transaction referred to in subsection 32(6), that would involve the venture issuer and the person or company or an affiliate of the person or company, if in relation to the transaction the securities of the person or company, or securities of an affiliate of the person or company, are to be changed, exchanged, issued or distributed unless
 - (a) the person or company has filed an information circular or other document containing the information required under Form 51-103F4 *Information Circular* in respect of either or both of the transactions, and
 - (b) the solicitation refers to that information circular or other document and discloses that the information circular or other document is available on SEDAR.
- (4) Subsection (1) does not apply to a person or company that is nominating or proposing to nominate, at the time of the solicitation, an individual, including him or herself, for election as a director of the venture issuer unless
 - (a) the person or company has filed an information circular or other document containing the information required under Form 51-103F4 *Information Circular* in respect of the proposed nominee, and
 - (b) the solicitation refers to that information circular or other document and discloses that the information circular or other document is available on SEDAR.

Guidance:

The definition of solicit in this Instrument may differ from applicable corporate law or the issuer's constating documents. For example, corporate law may impose additional obligations or restrictions on persons or companies soliciting proxies in connection with a dissident information circular.

Other Solicitation Exemptions

- 17. (1)** Section 13(2) does not apply if the total number of securityholders whose proxies are solicited is not more than 15, where joint registered securityholders are counted as a single registered securityholder.
- (2)** Sections 13 to 16 do not apply to a venture issuer, or a person or company, that solicits proxies from registered securityholders if
- (a)** the venture issuer or other person or company complies with the requirements of the laws relating to solicitation of proxies under which the venture issuer is incorporated, organized or continued,
 - (b)** those requirements are substantially similar to the requirements of this Part, and
 - (c)** the venture issuer or other person or company promptly files a copy of each form of proxy, information circular or other document that contains substantially similar disclosure, sent by the venture issuer, person or company in connection with the meeting.

PART 5 MATERIAL CHANGES AND OTHER MATERIAL INFORMATION

Disclosure of Material Changes and Other Material Information

- 18.** A venture issuer must, immediately after any of the following events occur, issue and file a news release authorized by an executive officer disclosing the event:
- (a)** a material change;
 - (b)** a related entity transaction;
 - (c)** a decision to implement a related entity transaction made by either of the following:
 - (i)** the board of directors of the venture issuer,
 - (ii)** senior management of the venture issuer who believe that confirmation of the decision by the board of directors is probable;
 - (d)** a major acquisition.

Contents of and Filing Deadline for Form 51-103F2 *Report of Material Change or Other Material Information*

- 19. (1)** As soon as practicable but in any case by the 10th day after any of the events referred to in section 18, a venture issuer must prepare and file a report

- (a) in accordance with Form 51-103F2 *Report of Material Change or Other Material Information*, or
- (b) as the news release referred to in section 18, if that news release
 - (i) contains the information required under Form 51-103F2 *Report of Material Change or Other Material Information*, other than section 8 of Form 51-103F2 *Report of Material Change or Other Material Information*, and
 - (ii) includes a title stating that it is a Form 51-103F2 *Report of Material Change or Other Material Information*.
- (2) A news release prepared and filed in accordance with paragraph (1)(b) is deemed to be a Form 51-103F2 *Report of Material Change or Other Material Information*.
- (3) A Form 51-103F2 *Report of Material Change or Other Material Information* that discloses a material change as required under paragraph 18(a) is a material change report.

Guidance:

- (1) *National Instrument 13-101 requires that a Form 51-103F2 Report of Material Change or Other Material Information be filed in the SEDAR category for material change reports.*
- (2) *If a Form 51-103F2 Report of Material Change or Other Material Information is prepared in the form of a news release under paragraph 19(1)(b) and filed in the SEDAR category for material change reports, it does not need to also be filed as a news release. However, the reverse is not true. If a Form 51-103F2 Report of Material Change or Other Material Information is prepared in the form of a news release it is not sufficient to file it only in the SEDAR category for news releases. The report must also be filed in the SEDAR category for material change reports.*
- (3) *Whether the venture issuer chooses to prepare its report in the form of a Form 51-103F2 Report of Material Change or Other Material Information or in the form of a news release under paragraph 19(1)(b), that report is considered a “core document” for purposes of secondary market civil liability.*

Confidential Report of Material Change

- 20. (1)** Despite sections 18 and 19, a venture issuer may delay generally disclosing a material change that is not a related entity transaction if
- (a) the venture issuer immediately delivers the report required under section 19 marked to indicate that it is confidential, together with written reasons for non-disclosure, and

- (b) either,
 - (i) in the opinion of the venture issuer, and if that opinion is arrived at in a reasonable manner, the disclosure required under section 18 would be unduly detrimental to the interests of the venture issuer, or
 - (ii) the material change consists of a decision to implement a change made by senior management of the venture issuer who believe that confirmation of the decision by the board of directors is probable, and senior management has no reason to believe that a person or company with knowledge of the material change has made use of that knowledge to buy or sell a security of the venture issuer.
- (2) If a venture issuer has filed a report under paragraph (1)(a), and the venture issuer believes the report should continue to remain confidential, the venture issuer must advise the securities regulatory authority or, except in Ontario and Québec, the regulator, in writing of this within 10 days of the date of filing of the initial report and every 10 days after that until either of the following applies:
 - (a) the material change is generally disclosed as required under paragraph 18(a);
 - (b) if the material change consists of a decision of the type referred to in subparagraph (1)(b)(ii), until that decision has been rejected by the board of directors of the venture issuer.
- (3) If a report has been filed under paragraph (1)(a), the venture issuer must promptly generally disclose the material change in the manner referred to in sections 18 and 19 upon the venture issuer becoming aware, or having reasonable grounds to believe, that a person or company is purchasing or selling securities of the venture issuer with knowledge of the material change that has not been generally disclosed.

PART 6
ADDITIONAL DISCLOSURE FOR MAJOR ACQUISITIONS AND OTHER
SIGNIFICANT TRANSACTIONS

Definitions

21. In this Part

“business” includes an interest in an oil and gas property to which reserves, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, have been specifically attributed;

“market capitalization” means the sum of the aggregate market value of each class of equity securities of a venture issuer, where the market value of each class of securities is calculated by multiplying the number of securities of that class that were outstanding

immediately before the announcement of the acquisition by the last trading price before the announcement of the acquisition;

“trading price” means,

- (a) if the class of equity securities is traded on a published venture market, the 10 day volume-weighted average closing price of those securities as reported by the published venture market on the last trading day before the announcement of the acquisition,
- (b) if the class of equity securities is not traded on a published venture market but the venture issuer has made application to have that class of securities listed or quoted on a published venture market and,
 - (i) if the venture issuer is conducting an initial public offering in connection with its application to list or quote that class of securities, then either
 - (A) the initial public offering price per security, if the initial public offering price has been determined, or
 - (B) the price per security at which the board of directors reasonably anticipates the securities will be issued on the initial public offering, if the initial public offering price has not been determined,
 - (ii) if the venture issuer is not conducting an initial public offering in connection with its application to list or quote that class of securities, then either
 - (A) the price per security of the concurrent financing, if the venture issuer is conducting a concurrent financing, or
 - (B) the price per security at which the board of directors reasonably anticipates the securities to commence trading on the published venture market, if the venture issuer is not conducting a concurrent financing, or
- (c) if the class of equity securities is not traded on a published venture market and no application to list or quote that class of securities on a published venture market has been made, the fair value of the outstanding securities of that class the day before the announcement of the acquisition.

Guidance

For this purpose, the securities regulatory authority or regulator will consider as evidence of the fair value such things as fairness opinions, valuations and letters from registered dealers.

Major Acquisition

- 22. (1)** A direct or indirect acquisition of a business or related business by a venture issuer or a subsidiary of a venture issuer is a major acquisition if the pre-announcement value of the consideration to be transferred for the business or related business, calculated reasonably, equals 100% or more of the market capitalization of the venture issuer.
- (2)** For the purpose of subsection (1), an acquisition includes a lease or an option to acquire.
- (3)** For the purpose of the calculation in subsection (1), the consideration transferred must be determined without re-measuring previously held equity interests.
- (4)** For the purpose of subsection (1), the pre-announcement value of any securities to be transferred for the business or related business is obtained by multiplying the number of securities to be transferred by the last trading price of the securities before announcement of the acquisition.

Guidance:

- (1)** *The “pre-announcement value” in (1) is only used for the purpose of calculating whether an acquisition is a major acquisition. The actual value of the securities to be transferred, as required to be reported in the issuer’s financial statements is calculated as at the acquisition date.*
- (2)** *Under section 23, a venture issuer that has made a major acquisition must include in its Form 51-103F2 Report of Material Change or Other Material Information certain financial statements of each business acquired. When determining whether a venture issuer is acquiring a “business”, consideration should be given to the particulars of the acquisition. The CSA generally considers a separate entity, a subsidiary or a division to be a business. In certain circumstances, a smaller component of a company may also be a business, whether or not that business previously prepared financial statements.*
- (3)** *In determining whether a venture issuer is acquiring a business, a venture issuer should consider the continuity of business operations, including the following factors:*
- (a)** *whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition; and*
- (b)** *whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the venture issuer instead of remaining with the seller after the acquisition.*

Additional Disclosure for a Major Acquisition

- 23.(1)** A report filed under section 18 for a major acquisition must include, or incorporate by reference, each of the following for each business or related business:

- (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the following periods:
 - (i) if the business has completed one financial year,
 - (A) the most recently completed financial year ended on or before the acquisition date,
 - (B) the financial year immediately preceding the most recently completed financial year, if any;
 - (ii) if the business has not completed one financial year, the financial period commencing on the date of formation and ending on a date not more than 45 days before the acquisition date;
 - (b) a statement of financial position as at the end of each of the periods specified in paragraph (a);
 - (c) notes to the financial statements.
- (2) The most recently completed financial period referred to in subsection (1) must be audited.

Guidance:

Venture issuers are reminded that National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards sets out the accounting principles and auditing standards that must be used to prepare and audit the financial statements required for major acquisitions.

- (3) A report filed under section 18 for a major acquisition must include, or incorporate by reference, interim financial reports for each business or related business for each of the following:
- (a) the most recently completed interim period, or other period, that started the day after the date of the statement of financial position specified in paragraph (1)(b) and ended
 - (i) in the case of an interim period, before the acquisition date, or
 - (ii) in the case of a period other than an interim period, after the interim period referred to in subparagraph (i) and on or before the acquisition date; and
 - (b) a comparable period in the preceding financial year of the business.

Guidance:

Section 5 of Form 51-103F2 Report of Material Change or Other Material Information requires that if information is incorporated by reference into a report that information must be filed by the venture issuer under its filer profile for SEDAR.

Filing Extension for Disclosure of a Major Acquisition

- 24. (1)** Despite section 19(1), a venture issuer may file the disclosure required under subsection 23(1), either
- (a) within 75 days after the acquisition date, or
 - (b) if the most recently completed financial year of the acquired business ended 45 days or less before the acquisition date, within 120 days after the acquisition date.
- (2)** If a venture issuer relies on the exemption in subsection (1) the disclosure must
- (a) be filed as a Form 51-103F2 *Report of Material Change or Other Material Information*, and
 - (b) be accompanied by a notice
 - (i) entitled “Addendum to Form 51-103F2 *Report of Material Change or Other Material Information*”, stating that the annual financial statements and interim financial reports, as applicable, are for a business acquired by the issuer that was a major acquisition and the acquisition date, and
 - (ii) stating the date of each Form 51-103F2 *Report of Material Change or Other Material Information* that has been filed relating to the major acquisition.

Contents of Interim Financial Report - Canadian GAAP Applicable to Major Acquisitions of Private Enterprises

- 25.(1)** If a venture issuer is required under subsection 23(3) to include an interim financial report in the report required to be filed under section 19 and the interim financial report for the business or related business acquired is prepared in accordance with Canadian GAAP applicable to private enterprises, as permitted under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, the interim financial report must include each of the following:
- (a) a balance sheet as at the end of the interim period and a balance sheet as at the end of the immediately preceding financial year, if any;
 - (b) an income statement, a statement of retained earnings and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any;
 - (c) notes to the interim financial report.

Financial Statements for a Major Acquisition of a Related Business

26. If a venture issuer is required under section 23 to include financial statements for more than one business because a major acquisition involves an acquisition of related businesses, the financial statements required must be presented separately for each business, except for the periods during which the businesses have been under common control or management, in which case the venture issuer may present the financial statements of the businesses on a combined basis.

Exemption for Major Acquisitions Accounted for Using the Equity Method

27. A venture issuer is exempt from section 23 if
- (a) the acquisition is, or will be, of an equity investee;
 - (b) the report required to be filed under section 19 includes disclosure for the periods for which financial statements are otherwise required under subsection 23(1) that
 - (i) summarizes financial information of the equity investee, including the aggregated amounts of assets, liabilities, revenue and profit or loss; and
 - (ii) describes the venture issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the venture issuer's share of profit or loss;
 - (c) the financial information provided under paragraph (b) for the most recently completed financial year
 - (i) has been derived from audited financial statements of the equity investee, or
 - (ii) has been audited;
 - (d) the report required to be filed under section 19
 - (i) identifies the financial statements referred to in subparagraph (c)(i) from which the disclosure provided under paragraph (b) has been derived, or
 - (ii) discloses that the financial information provided under paragraph (b), if not derived from audited financial statements, has been audited; and
 - (iii) discloses that the auditor expressed an unmodified opinion with respect to the financial statements or the financial information referred to in paragraph (d).

Exemption for Major Acquisitions if Financial Year End Changed

28. If under section 23 a venture issuer is required to provide financial statements for a business acquired and the business changed its financial year end during either of the financial years required to be included, the venture issuer may include financial statements for the transition year in satisfaction of the financial statements for one of the years, if the transition year is at least 9 months.

Exemption from Comparatives if Interim Financial Report for a Major Acquisition Not Previously Prepared

29. A venture issuer is not required to provide comparative information for an interim financial report required under subsection 23(3) for a business acquired if
- (a) to a reasonable person it is impracticable to present prior-period information on a basis consistent with the most recently completed interim period of the acquired business,
 - (b) the prior-period information that is available is presented in the report, and
 - (c) the notes to the report disclose the fact that the prior-period information has not been prepared on a basis consistent with the most recent interim financial information.

Guidance:

- (1) *Securities regulatory authorities are of the view that it is only “impracticable to present prior-period information” if the venture issuer has made every reasonable effort to present prior-period information on a basis consistent with the interim financial report. We are of the view that an issuer should only rely on this exemption in unusual circumstances and generally not for reasons related solely to the cost or the time involved in preparing the financial statements or interim financial report.*
- (2) *Section 29 provides that a venture issuer does not have to provide comparative financial information for an acquired business if specific requirements are met. This exemption may, for example, apply to an acquired business that was, before the acquisition, a private entity. In this example, the venture issuer may be unable to prepare the comparative financial information because it is impracticable to do so.*
- (3) *Relief may be granted from the requirement to include certain financial statements of an acquired business or related business in some situations that may include the following:*
 - (a) *the business’s historical accounting records have been destroyed and cannot be reconstructed. In this case, as a condition of granting the exemption, the venture issuer may be requested by the securities regulatory authority or regulator to*
 - (i) *represent in writing to the securities regulatory authority or regulator, no later than the time Form 51-103F2 Report of Material Change or Other*

Material Information is required to be filed, that the venture issuer made every reasonable effort to obtain copies of, or reconstruct the historical accounting records necessary to prepare and audit the financial statements, but such efforts were unsuccessful; and

- (ii) disclose in Form 51-103F2 Report of Material Change or Other Material Information the fact that the historical accounting records have been destroyed and cannot be reconstructed; or*
- (b) the business has recently emerged from bankruptcy and current management of the business and the venture issuer is denied access to the historical accounting records necessary to audit the financial statements. In this case, as a condition of granting the exemption, the venture issuer may be requested by the securities regulatory authority or regulator to*
 - (i) represent in writing to the securities regulatory authority or regulator, no later than the time Form 51-103F2 Report of Material Change or Other Material Information is required to be filed that the venture issuer has made every reasonable effort to obtain access to, or copies of, the historical accounting records necessary to audit the financial statements but that such efforts were unsuccessful; and*
 - (ii) disclose in Form 51-103F2 Report of Material Change or Other Material Information the fact that the business has recently emerged from bankruptcy and current management of the business and the venture issuer are denied access to the historical accounting records.*

Exemption for a Major Acquisition by Multiple Investments in the Same Business

- 30.** Despite section 23, a venture issuer is exempt from the requirements to include, or incorporate by reference, financial statements and interim financial reports, as applicable, for an acquired business in the report required to be filed under section 19 if the venture issuer has made multiple investments in the same business and the acquired business has been consolidated in the venture issuer's most recent annual financial statements that have been filed.

Exemption for a Major Acquisition of an Interest in an Oil and Gas Property

- 31.(1)** A venture issuer is exempt from the requirements in section 23 if

- (a) the major acquisition is an acquisition of a business that is an oil and gas property or related businesses that are interests in oil and gas properties and that is not of securities of another issuer, unless the seller transferred the business to that other issuer which*
 - (i) was created for the sole purpose of facilitating the acquisition, and*

- (ii) other than assets or operations relating to the transferred business, has no substantial assets or operating history;
 - (b) the venture issuer is unable to provide the financial statements or interim financial reports in respect of the major acquisition required under section 23, or as otherwise permitted by sections 25, 27, 28, 29 or 30 because those financial statements or interim financial reports, as applicable, do not exist or because the venture issuer does not have access to those financial statements or interim financial reports, as applicable;
 - (c) the acquisition does not constitute a reverse-takeover;
 - (d) subject to subsection (2), in respect of the business or related businesses, for each of the financial periods for which financial statements or an interim financial report, as applicable, would, but for this section, be required under section 23, or as otherwise permitted by sections 25, 27, 28, 29 or 30, Form 51-103F2 *Report of Material Change or Other Material Information* includes each of the following:
 - (i) an operating statement for the business or related businesses prepared in accordance with subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;
 - (ii) a description of the property or properties and the interest acquired by the venture issuer;
 - (iii) disclosure of the annual oil and gas production volumes from the business or related businesses;
 - (e) the operating statement for the most recently completed financial period referred to in subsection 23(1) is audited; and
 - (f) the report required to be filed under section 19 discloses both of the following:
 - (i) the estimated reserves and related future net revenue attributable to the business or related businesses, the material assumptions used in preparing the estimates and the identity and relationship to the venture issuer or to the seller of the person who prepared the estimates;
 - (ii) the estimated oil and gas production volumes from the business or related businesses for the first year reflected in the estimates disclosed under subparagraph (i).
- (2) A venture issuer is exempt from the requirements of subparagraphs (1)(d)(i) and (iii), if both of the following apply:
- (a) production, gross revenue, royalty expenses, production costs and operating income were nil for the business or related businesses for each financial period;

- (b) the report required to be filed under section 19 discloses this fact.

Additional Disclosure and Financial Statements Required for Certain Transactions

- 32. (1)** If a venture issuer conducts a transaction referred to in subsection (6) it must disclose, or incorporate by reference, information, including annual financial statements and interim financial reports, if applicable, for each of the following:
- (a) the venture issuer if it has not filed all documents required under this Instrument;
 - (b) each person or company, other than the venture issuer, whose securities are being changed, exchanged, issued or distributed, if the venture issuer's current securityholders will have an interest in that person or company after the transaction referred to in subsection (6) is completed;
 - (c) each person or company that would result from the transaction referred to in subsection (6), if the venture issuer's securityholders will have an interest in that person or company after the transaction referred to in subsection (6) is completed.
- (2)** The disclosure required under subsection (1) for the venture issuer and each person or company referred to in paragraphs (1)(b) or (1)(c) must be the disclosure, including annual financial statements and interim financial reports, if any, prescribed under securities legislation and described in the form of prospectus that the venture issuer or person or company, respectively, would be eligible to use immediately prior to the sending and filing of the information circular in respect of the transaction referred to in subsection (6) for a distribution of securities in the jurisdiction.
- (3)** If the venture issuer's securityholders are solicited in respect of a transaction referred to in subsection (6), the disclosure required under this Part must be included in the information circular prepared for the meeting of securityholders.
- (4)** If disclosure will not be provided in an information circular, the disclosure required under this Part must be included in a Form 51-103F2 *Report of Material Change or Other Material Information*.
- (5)** Despite subsections (3) and (4), if disclosure of a transaction referred to in subsection (6) has been included in a prospectus, a securities exchange takeover bid circular or other filed document, a venture issuer may comply with the disclosure requirements of this section by including in the information circular or Form 51-103F2 *Report of Material Change or Other Material Information* required under this section a statement:
- (a) indicating that the applicable disclosure is incorporated by reference from another document and identifying that other document by name and date;
 - (b) identifying the location of the relevant disclosure in the other document;
 - (c) indicating that the other document is available on SEDAR at www.sedar.com.

- (6) The disclosure required under subsections (1) and (2) is required for each of the following transactions involving a venture issuer:
- (a) a reverse-takeover;
 - (b) an amalgamation, merger, arrangement or reorganization;
 - (c) a transaction or series of transactions in which the venture issuer acquires assets and issues securities where both of the following apply immediately after the transaction
 - (i) the venture issuer has issued that number of voting securities that is at least 50% of the number of voting securities outstanding prior to the transaction, and
 - (ii) one or more persons or companies described in subsection (7) meet either of the following conditions:
 - (A) alone or with their associates or affiliates are able to materially affect control of the venture issuer;
 - (B) alone or with their associates or affiliates hold more than 20% of the outstanding voting securities of the venture issuer, unless there is evidence showing that holding those securities does not materially affect the control of the venture issuer;
 - (d) any other transaction or series of transactions similar to the transactions listed in paragraphs (a) to (c).
- (7) The persons or companies referred to in paragraph (6)(c)(ii) are any of the following:
- (a) the sellers of the assets;
 - (b) a person or company who, alone or with that person or company's associates or affiliates, did not, prior to the transaction, meet either of the following conditions:
 - (i) have the ability to materially affect the control of the venture issuer;
 - (ii) hold more than 20% of the outstanding voting securities of the venture issuer;
 - (c) a combination of persons or companies, acting together, who did not, prior to the transaction, meet either of the following conditions:
 - (i) have the ability to materially affect the control of the venture issuer;

- (ii) hold more than 20% of the outstanding voting securities of the venture issuer;
 - (d) one or more individuals who, prior to the transaction, were not management of the venture issuer.
- (8) Despite subsection (4), disclosure under subsections (1) and (2) is not required for a subdivision, consolidation, or other transaction that does not alter a securityholder's proportionate interest in the venture issuer and the venture issuer's proportionate interest in its assets.

Guidance:

Section 5 of Form 51-103F2 Report of Material Change or Other Material Information requires that if information is incorporated by reference into a report that information must be filed by the venture issuer under its filer profile for SEDAR.

Filing Extension for Additional Disclosure Provided in Form 51-103F2 Report of Material Change or Other Material Information

33. (1) Despite section 18, if the additional disclosure required under subsection 32(1) is included in a Form 51-103F2 *Report of Material Change or Other Material Information*, a venture issuer may file the disclosure,
- (a) within 75 days after the date of closing of the transaction, or
 - (b) if the most recently completed financial year of a person or company for which additional disclosure is required ended 45 days or less before the date of closing of the transaction, within 60 days after the date of closing.
- (2) If a venture issuer relies on the exemption in subsection (1) the disclosure must be accompanied by a notice
- (a) entitled "Addendum to Form 51-103F2 *Report of Material Change or Other Material Information*", stating that the annual financial statements and interim financial reports, as applicable, are for a person or company with which the venture issuer conducted a significant transaction, including a brief description of that transaction and the date of closing of the transaction, and
 - (b) stating the date of each Form 51-103F2 *Report of Material Change or Other Material Information* that has been filed relating to the transaction.

**PART 7
OTHER REQUIRED DISCLOSURE**

Disclosure Made in Other Jurisdictions or Sent to Securityholders

- 34. (1)** A venture issuer must concurrently file any disclosure document, other than one filed in connection with a distribution, that contains material information that has not previously been filed if any of the following apply:
- (a) it sends the disclosure document to its securityholders;
 - (b) it files the disclosure document with a securities regulatory authority or regulator in another province or territory;
 - (c) in the case of an SEC issuer, it files the disclosure document with or furnishes it to the SEC under the 1934 Act, including material information filed as an exhibit to another document that has not been included in a document already filed by the SEC issuer in a jurisdiction;
 - (d) it files the disclosure document with a foreign securities regulatory authority.
- (2) Despite subsection (1), if a concurrent filing is not reasonably practicable, the venture issuer must file the disclosure document as soon as reasonably practicable.

Guidance:

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards requires that, subject to certain exceptions, all financial statements and interim financial reports “filed” be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and, if required by securities legislation to be audited, must be audited in accordance with Canadian GAAS. Accordingly, if a financial statement, interim financial report and/or auditors’ report is required to be filed because of section 34 it must comply with National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

Change of Reporting Issuer Status or Name

- 35. (1)** An issuer must file a notice as soon as practicable, and in any event, not later than the deadline for the first filing required under this Instrument, after the occurrence of any of the following:
- (a) the issuer becomes a venture issuer;
 - (a) the venture issuer changes its name;
 - (c) the issuer ceases to be a venture issuer.
- (2) The notice required under subsection (1) must disclose each of the following:
- (a) the circumstances of the change of status or change of name;
 - (b) the significant terms of any transaction that occurred in connection with the change of status or change of name, including the names of the parties and the effective date of the transaction;

- (c) if paragraph (1)(a) applies, each of the following:
 - (i) the date of the first financial year-end for the reporting issuer after becoming a reporting issuer;
 - (ii) the periods, including comparative periods, of any of the interim financial reports and annual financial statements required to be filed for the venture issuer's first financial year after becoming a reporting issuer;
 - (iii) the documents that were filed under this Instrument describing the transaction and where those documents can be found on SEDAR.
- (3) This section does not apply if the venture issuer has disclosed the change of status or change of name as a material change under Part 5 and files a copy of the report required to be filed under section 19 in the SEDAR category for changes in status.

Guidance:

If an issuer ceases or intends to cease to be a reporting issuer, refer to CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer. If an issuer fails to file the applicable notice, regulators will not receive notice to update their records and may continue to report the issuer on a list of defaulting issuers.

Securityholder Documents and Material Contracts

- 36. (1)** A venture issuer must file a copy of each of the following documents and a copy of any material amendment to the following, unless previously filed:
- (a) articles of incorporation, amalgamation, continuation or any other constating or establishing documents of the venture issuer;
 - (b) the venture issuer's by-laws or other corresponding instruments currently in effect;
 - (c) any securityholder or voting trust agreement that the venture issuer has access to and that can reasonably be regarded as material to an investor in securities of the venture issuer;
 - (d) any securityholders' rights plan or similar plan or contract of the venture issuer or a subsidiary of the venture issuer that significantly affects the rights or obligations of securityholders;
 - (e) a material contract.
- (2)** Despite paragraph (1)(e), a venture issuer is not required to file a copy of a material contract entered into in the ordinary course of business unless the material contract is any of the following:

- (a) a contract to which directors, executive officers, or founders are parties other than a contract of employment;
- (b) a continuing contract to sell the majority of the venture issuer's products or services or to purchase the majority of the venture issuer's requirements of goods, services or raw materials;
- (c) a franchise or license or other agreement to use a patent, formula, trade secret, process or trade name;
- (d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;
- (e) an external management or external administration agreement;
- (f) a contract on which the venture issuer's business is substantially dependent.

Guidance:

Some examples of a contract on which the continuation of the venture issuer's business might be substantially dependent include:

- (a) *financing or credit agreements that provide a majority of the venture issuer's capital requirements if alternative financing on comparable terms is not readily available;*
- (b) *a contract calling for the purchase or sale of substantially all of the venture issuer's property, plant and equipment, long-lived assets, or total assets;*
- (c) *an option, joint venture, purchase or other agreement relating to a mining or oil and gas property that represents a majority of the venture issuer's business.*

- (3) A venture issuer may omit or mark a provision of a material contract so that it is unreadable if
 - (a) an executive officer of the venture issuer reasonably believes that disclosure of the provision would be seriously prejudicial to the interests of the venture issuer or violate confidentiality provisions,
 - (b) the provision does not relate to
 - (i) debt covenants and ratios in a financing or credit agreement,
 - (ii) events of default or other terms relating to the termination of a material contract, or
 - (iii) other terms necessary for understanding the impact of the material contract on the venture issuer's business, and

- (c) the venture issuer includes a description of the type of information that has been omitted or marked to be unreadable in the material contract, immediately below the omitted or unreadable provision.
- (4) Unless previously filed, a venture issuer must file a copy of a material contract entered into
 - (a) within the last financial year, or
 - (b) before the last financial year if that material contract is still in effect.
- (5) The documents required to be filed under (1) must be filed no later than the earlier of
 - (a) the date the venture issuer files a report in Form 51-103F2 *Report of Material Change or Other Material Information*, if the making of the document is a material change for the issuer, or
 - (b) the date that the venture issuer's annual report is filed.

Guidance:

- (1) *Venture issuers should consider their securities law disclosure obligations when negotiating material contracts. Securities regulatory authorities or regulators will only consider exemptions from section 36(2)(b) in limited circumstances such as where it is reasonable for an executive officer of the venture issuer to consider that the disclosure would be seriously prejudicial to the venture issuer and the contract was negotiated before the issuer was a reporting issuer.*
- (2) *Disclosure that would violate applicable privacy legislation in Canada could be “seriously prejudicial”; however, generally when securities legislation requires disclosure of a particular type of information, applicable privacy legislation provides an exemption for the disclosure.*
- (3) *The CSA will consider schedules, side letters or exhibits referred to in a material contract to be part of the material contract for purposes of section 36 and these documents or attachments are also required to be filed. Subsection 36(3) allows the venture issuer to omit or make provisions of material contracts unreadable in certain circumstances; this provision extends to the schedules, side letters or exhibits.*
- (4) *Whether the venture issuer entered into a contract in the ordinary course of business is determined based on a review of the facts surrounding the contract including consideration of the venture issuer’s business and industry.*

Change of Auditor

37. (1) This section does not apply to

- (a) a change of auditor required by legislation,

- (b) a change of auditor resulting from a reverse takeover, amalgamation, merger, arrangement or reorganization of the venture issuer if the reason for the change of auditor is not a situation referred to in subparagraph (2)(d)(i), (ii) or (iii), or
 - (c) a change of auditor that arises from an amalgamation, merger or other reorganization of the auditor.
- (2) If there is a change of auditor, the venture issuer must prepare a notice that includes the following information:
- (a) the date of termination or resignation;
 - (b) whether the termination or resignation of the predecessor auditor and any appointment of the successor auditor were considered or approved by the audit committee of the venture issuer's board of directors or the venture issuer's board of directors;
 - (c) whether the predecessor auditor
 - (i) resigned on the predecessor auditor's own initiative or at the venture issuer's request,
 - (ii) declined to stand for re-election or was removed, or
 - (iii) was not reappointed or has not been proposed for reappointment.
 - (d) whether the change of auditor is a result of any of the following:
 - (i) a difference of opinion related to the content or presentation of the venture issuer's previously issued annual financial statements or interim financial reports or the predecessor auditor's audit report or communication of the results of the auditor's review of the issuer's interim financial report;
 - (ii) a difference of opinion related to the content or presentation of the venture issuer's annual financial statements or interim financial reports proposed to be issued or the predecessor auditor's proposed audit report or communication of the results of the auditor's proposed review of the issuer's interim financial report;
 - (iii) a consultation, unresolved issue or any other reason unrelated to the content or presentation of the venture issuer's annual financial statements or interim financial reports referred in subparagraphs (i) and (ii).
- (3) The notice required under subsection (2) must be filed with the securities regulatory authority or regulator and must be delivered to the venture issuer's predecessor auditor and, if applicable, its successor auditor on the earlier of
- (a) 30 days after the change of auditor, or

- (b) the next filing deadline for the venture issuer's annual report required under this Instrument.
- (4) If a predecessor or successor auditor concludes that the venture issuer's notice required under subsection (2) fails to fairly and fully provide the information required by subparagraphs (2)(d)(i), (2)(d)(ii) and (2)(d)(iii), the auditor must, within 7 days, deliver a letter to the securities regulatory authority or regulator that provides notice of the deficiency and an explanation of the inaccuracy.

Guidance:

- (1) *In situations described in subparagraph 2(d)(i) where management of the venture issuer does not take the necessary steps to ensure that anyone in receipt of the previously issued financial statements is informed of the situation, and amend the financial statements in circumstances where the auditor believes they need to be amended, Canadian Auditing Standards require that the auditor notify management of the venture issuer that the auditor will seek to prevent future reliance on the auditor's report. If, despite such notification, management do not take the necessary steps, the auditor shall take appropriate action to seek to prevent reliance on the auditor's report.*
- (2) *If a venture issuer is required to describe a consultation under subparagraph 2(d)(iii), the description should include both the predecessor auditor and successor auditor advice, if applicable. Advice includes both oral and written forms.*
- (3) *Form 51-103F4 Information Circular requires that the notice required under subsection (2) be included in the next information circular that is sent and filed in connection with a meeting at which securityholders will be asked to appoint an auditor.*

Financial News Release

- 38. If a venture issuer issues a news release disclosing information about its historical or prospective financial performance or financial condition, the venture issuer must promptly file that news release.

Guidance:

Subsection 5(2) requires that the news release be reviewed by the audit committee before it is issued.

Forward-Looking Information, Future Oriented Financial Information and Financial Outlooks

- 39. (1) This section applies to forward-looking information that is disclosed by a venture issuer other than forward-looking information contained in oral statements.
- (2) A venture issuer that discloses material forward-looking information must have a reasonable basis for that information, and must do each of the following, in connection with disclosing that information:

- (a) identify the statements that contain the forward-looking information;
 - (b) caution users of the forward-looking information that actual results may vary and identify material known and reasonably foreseeable risk factors that could cause actual results to differ materially;
 - (c) state the material factors or assumptions used to develop the forward-looking information;
 - (d) describe any policy of the venture issuer for updating forward-looking information, beyond that which is required under section 40.
- (3) A venture issuer may only disclose material forward-looking information about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action, regardless of whether it is presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows, that is “future oriented financial information”, or presented in some other manner, that is a “financial outlook”, if
- (a) at the time of disclosure, the assumptions supporting the financial outlook or future oriented financial information are reasonable in the circumstances,
 - (b) such information is limited to a period for which it can be reasonably estimated, and
 - (c) the venture issuer uses the accounting policies it expects to use to prepare its historical annual financial statements and interim financial reports for the period covered by such information.
- (4) A venture issuer that discloses information described in subsection (3) must, in addition to making the disclosure required under paragraph (2),
- (a) state the date management approved the information unless the document in which the information is disclosed is dated, and
 - (b) explain the purpose of the information and provide a caution to readers that the information may not be appropriate for other purposes.
- (5) Subsections (3) and (4) do not apply to either of the following:
- (a) disclosure subject to the requirements of either or both of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

- (b) disclosure that has been made to comply with an exemption previously provided from the applicable requirements of paragraph (3)(a) if that exemption has not been removed.

Guidance:

- (1) *The provisions dealing with forward-looking information in section 39 apply not only to documents filed by a venture issuer with securities regulatory authorities but also to its news releases, website and marketing materials.*
- (2) *In addition to the provisions in this Instrument dealing with forward-looking information, the securities legislation in certain jurisdictions contains secondary market civil liability provisions which create a statutory right of action on the part of persons or companies who relied on the forward-looking information if the forward-looking information contains a misrepresentation.*

Securities legislation may provide a defence to liability where there was a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information and there is a statement proximate to the forward looking information which contains reasonable cautionary language identifying the forward-looking information and the material factors that could cause results to differ materially from it as well as a statement of material factors or assumptions that were applied in drawing the conclusion or making the forecast or project set out in the forward-looking information.

- (3) *Examples of financial outlooks include expected revenue, profit or loss, earnings per share and research and development spending. A financial outlook relating to profit or loss is commonly referred to as “earnings guidance”.*
- (4) *An example of forward-looking information that is not a financial outlook or future oriented financial information would be an estimate of future store openings by an issuer in the retail industry. This type of information may or may not be material, depending on whether a reasonable investor’s decision whether or not to buy, sell or hold securities of that issuer would be influenced or changed if the information were omitted or misstated.*
- (5) *Paragraph 39(3)(b) requires a venture issuer to limit the period covered by future oriented financial information or a financial outlook to a period for which the information can be reasonably estimated. In many cases that time period will not go beyond the end of the venture issuer’s next fiscal year. Some of the factors a venture issuer should consider include the venture issuer’s ability to make appropriate assumptions, the nature of the venture issuer’s industry and the venture issuer’s operating cycle.*
- (6) *Venture issuers may consider using tables and other methods of presentation that clearly link specific material risk factors and material factors and assumptions to the particular forward-looking information.*

Disclosure Relating to Previously Disclosed Material Forward-Looking Information

- 40. (1)** If a venture issuer previously disclosed material forward-looking information to the public, other than forward-looking information referred to in section 39(5), it must update that disclosure in accordance with section 22(1) of Form 51-103F1 *Annual and Interim Reports*.
- (2)** If, during the period to which an annual report or interim report relates, a venture issuer decides to withdraw previously disclosed forward-looking information, the venture issuer must provide disclosure in accordance with section 22(2) of Form 51-103F1 *Annual and Interim Reports*.

Change in Year End

- 41. (1)** A venture issuer that decides to change its financial year-end must, as soon as practicable, and in any event not later than the deadline for the first filing required under this Instrument following that decision, file a notice disclosing the following:
- (a)** that it has decided to change its year-end and the reason for the change;
 - (b)** its old financial year-end and new financial year-end;
 - (c)** the length and ending date of the periods, including comparative periods, of each interim financial report and the annual financial statements to be filed for its transition year and new financial year;
 - (d)** the filing deadlines, respectively, for the interim reports and annual report for its transition year.
- (2)** For the purposes of this section,
- (a)** a transition year must not exceed 15 months, and
 - (b)** the first interim period after an old financial year must not exceed 4 months.
- (3)** Despite section 8, a venture issuer is not required to file an interim report for any period in its transition year that ends not more than one month
- (a)** after the last day of its old financial year, or
 - (b)** before the first day of its new financial year.
- (4)** If a transition year is less than 9 months in length, the venture issuer must include each of the following as comparative financial information to its annual financial statements for its new financial year:
- (a)** a statement of financial position, a statement of comprehensive income, a

statement of changes in equity, a statement of cash flows and notes to the financial statements for its transition year;

- (b) a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows, and notes to its financial statements for its old financial year;
 - (c) a statement of financial position as at the beginning of the old financial year, in the case of a venture issuer that discloses in its annual financial statements an unreserved statement of compliance with IFRS and that
 - (i) applies an accounting policy retrospectively in its annual financial statements,
 - (ii) makes a retrospective restatement of items in its annual financial statements, or
 - (iii) reclassifies items in its annual financial statements;
 - (d) in the case of the venture issuer's first IFRS financial statements, the opening IFRS statement of financial position at the date of transition to IFRS.
- (5) If the interim period for the venture issuer's transition year ends 3, 6, 9 or 12 months after the end of its old financial year, the venture issuer must include each of the following as comparative financial information in each interim financial report:
- (a) during its transition year, the comparative financial information required under section 10, except if an interim period during the transition year is 12 months in length and the venture issuer's transition year is longer than 13 months, the comparative financial information must be the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows for the 12 month period that constitutes its old financial year;
 - (b) during its new financial year,
 - (i) a statement of financial position as at the end of its transition year, and
 - (ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the periods in its transition year or old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year;
 - (c) a statement of financial position as at the beginning of the earliest comparative period in the case of a venture issuer that discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting* and that
 - (i) applies an accounting policy retrospectively in its interim financial report,

- (ii) makes a retrospective restatement of items in its interim financial report, or
 - (iii) reclassifies items in its interim financial report;
 - (d) in the case of the venture issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.
- (6) If the interim period for a venture issuer's transition year ends 12, 9, 6 or 3 months before the end of the transition year, the venture issuer must include each of the following as comparative financial information in each interim financial report:
- (a) during its transition year, a statement of financial position as at the end of its old financial year, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for periods in its old financial year, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the transition year;
 - (b) during its new financial year,
 - (i) a statement of financial position as at the end of its transition year, and
 - (ii) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows in its transition year or old financial year, or both, as appropriate, for the same calendar months as, or as close as possible to, the calendar months in the interim period in the new financial year;
 - (c) in the case of a venture issuer that discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, a statement of financial position as at the beginning of the earliest comparative period if the venture issuer
 - (i) applies an accounting policy retrospectively in its interim financial report,
 - (ii) makes a retrospective restatement of items in its interim financial report, or
 - (iii) reclassifies items in its interim financial report;
 - (d) in the case of the venture issuer's first interim financial report required to be filed in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS.

Guidance:

For assistance with determining filing requirements for changes in year end, venture issuers may wish to consult Appendix A of Companion Policy 51-102CP – Continuous Disclosure Requirements.

Reverse-takeovers

- 42. (1)** A venture issuer that completes a reverse-takeover must file the following financial statements and interim financial reports for the reverse-takeover acquirer, unless the financial statements or interim financial reports have already been filed:
- (a) audited annual financial statements for all financial years and interim financial reports for each interim period ending before the date of the reverse-takeover and after the date of the financial statements and interim financial reports, as applicable, included in either of the following if the document was prepared in connection with the reverse-takeover:
 - (i) an information circular or similar document;
 - (ii) under section 11 of Form 51-103F2 *Report of Material Change or Other Material Information*, or
 - (b) if the venture issuer did not file a document referred to in paragraph (a) or the document did not include the financial statements or interim financial reports of the reverse-takeover acquirer that would be required to be included in a prospectus, the financial statements and each interim financial report that the reverse-takeover acquirer would be required to provide in the prospectus the reverse-takeover acquirer was eligible to file immediately before the reverse-takeover.
- (2)** The annual financial statements required under subsection (1) must be filed by the later of
- (a) the 20th day after the date of the reverse-takeover, or
 - (b) the 120th day after the end of the financial year.
- (3)** The interim financial reports for interim periods required under subsection (1) must be filed by the later of
- (a) the 10th day after the date of the reverse-takeover,
 - (b) the 60th day after the end of the interim period, or
 - (c) the filing deadline in subsection (2).
- (4)** A venture issuer is not required to provide comparative interim period financial information in the financial statements or interim financial reports of the reverse-takeover acquirer for periods that ended before the date of a reverse-takeover if it is impracticable,

and if applicable, the notes to the interim financial report must disclose that the prior period information was not prepared on the same basis as the most recent interim financial report.

Guidance:

- (1) *Following a reverse-takeover, the venture issuer that legally acquired the business that is now its legal subsidiary remains the reporting issuer. From a legal perspective, this issuer was the acquirer; however, for accounting purposes this issuer is referred to as the reverse-takeover acquiree. The venture issuer's financial statements and interim financial reports for periods ended on or after the date of the reverse-takeover will reflect the financial performance of the legal subsidiary, referred to, for accounting purposes, as the reverse-takeover acquirer. Consequently, the venture issuer's financial statements for annual financial years and interim financial reports for interim periods that end on or after the date of the reverse-takeover must be prepared and filed as if the reverse-takeover acquirer had always been the reporting issuer.*
- (2) *The venture issuer must also file all annual reports and interim reports of the reverse-takeover acquiree for each annual financial year and interim period ending before the date of the reverse-takeover, even if the filing deadline for those financial statements and interim financial reports is after the date of the reverse-takeover.*
- (3) *See the guidance following section 11 regarding the meaning of the word "impracticable".*
- (4) *If a venture issuer changes its year end in connection with a reverse-takeover, section 41 requires that it file a notice.*

Refiling of a Continuous Disclosure Document

- 43.(1)** If a venture issuer makes a decision to re-file a document filed under this Instrument or under National Instrument 51-102 *Continuous Disclosure Obligations* and the information in the re-filed document will differ materially from the information originally filed, then the venture issuer must immediately issue and file a news release that describes the nature and substance of the change or proposed change and that news release must be authorized by an executive officer.
- (2) If any revisions are made to an annual report or to an interim report that differ materially from the information originally filed, then the entire revised annual report or interim report must be re-filed and recertified.

PART 8 EXEMPTIONS

Discretionary Exemptions

- 44. (1)** The securities regulatory authority or regulator may grant an exemption from this Instrument, in whole or in part, subject to such conditions and 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) may be granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction or as otherwise permitted in the local jurisdiction.

SEC Issuers

- 45. (1)** A venture issuer that is an SEC issuer satisfies the requirements of section 8, with respect to the contents of an annual report for a financial year, if it
- (a)** files an annual report or transition report prepared under the 1934 Act on Form 10-K or Form 20-F for that financial year,
 - (b)** files concurrently with or as soon as reasonably practicable after the filing of the report referred to in paragraph (a), the information required under Item 402 “Executive Compensation” of Regulation S-K under the 1934 Act other than, as a foreign private issuer, by providing the information required under Items 6.B “Compensation” and 6.E.2 “Share Ownership” of Form 20-F under the 1934 Act, prepared for the financial year referred to in paragraph (a),
 - (c)** is in compliance with the SOX 302 rules, and files the signed certificates required under the SOX 302 rules relating to the report referred to in paragraph (a) together or concurrently with the filing of that report,
 - (d)** discloses in the report referred to in paragraph (a) or files together or concurrently with that report a document which includes the disclosure required under the following items of Form 51-103F1 *Annual and Interim Reports*:
 - (i)** subsections 18(3) to (5) (management’s discussion and analysis disclosure for venture issuers without significant revenue);
 - (ii)** section 19 Business Objectives, Performance Targets and Milestones;
 - (iii)** section 21 Significant Equity Investee;
 - (iv)** section 22 Forward-Looking Information, Future Oriented Financial Information and Financial Outlooks;

- (v) section 26 Outstanding, Escrowed and Fully-Diluted Securities;
 - (vi) section 29 Trading Price and Volume;
 - (vii) section 30 Directors' and Executive Officers' Biographical Information, Securityholdings and Conflicts of Interest, but only as it relates to securityholdings, and
- (e) files together or concurrently with the report referred to in paragraph (a), the certificates required under subsection 8(4), modified as necessary to indicate that the certification applies to the disclosure required under paragraphs (b) and (d), if the disclosure required under paragraphs (b) or (d) is not included in the report referred to in paragraph (a).
- (2) A venture issuer that is an SEC issuer satisfies the requirements of section 10, with respect to an interim report for an interim period, if it
- (a) files each Form 10-Q or Form 6-K required under the 1934 Act that was prepared for an interim period and contained the venture issuer's quarterly interim financial report and management's discussion and analysis,
 - (b) is in compliance with the SOX 302 rules and files the signed certificates required under the SOX 302 rules relating to the report referred to in paragraph (a) together or concurrently with that report.
- (3) Section 12(c) does not apply to an SEC issuer if it uses the procedures in Rule 14a-16 under the 1934 Act to deliver proxy-related materials to a registered securityholder.
- (4) An SEC issuer satisfies the requirements of section 41 if it
- (a) complies with the requirements of U.S. federal securities laws relating to a change of fiscal year, and
 - (b) files a copy of all materials required by U.S. laws relating to a change of fiscal year at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC and, in the case of annual and interim reports, no later than the filing deadlines prescribed under sections 9 and 11.
- (5) Section 37 does not apply to an SEC issuer if it
- (a) complies with the requirements of U.S. laws relating to a change of auditor,
 - (b) files a copy of all materials required by U.S. laws relating to a change of auditor at the same time as, or as soon as practicable after, they are filed with or furnished to the SEC, and

- (c) includes the materials referred to in paragraph (b) with the next information circular that is sent and filed in connection with a meeting at which securityholders will be asked to appoint an auditor.

Guidance:

Paragraph 34(1)(c) requires that the documents referred to in this section, if they are filed with or furnished to the SEC, must be concurrently filed with the securities regulatory authority or regulator.

Exemptions for Exchangeable Security Issuers and Credit Support Issuers

- 46. (1) An exchangeable security issuer satisfies the requirements of this Instrument and the insider reporting and insider profile filing requirements under National Instrument 55-102 *System for Electronic Disclosure by Insiders* if it qualifies under and complies with section 13.3 of National Instrument 51-102 *Continuous Disclosure Obligations* as if it were a senior-unlisted issuer to which that instrument applies.
- (2) A credit support issuer satisfies the requirements of this Instrument and the insider reporting and insider profile filing requirements under National Instrument 55-102 *System for Electronic Disclosure by Insiders* if it qualifies under and complies with section 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations* as if it were a senior-unlisted issuer to which that instrument applies.

Existing Exemptions

- 47. (1) A venture issuer that was entitled to rely on an exemption, waiver or approval granted to it by a securities regulatory authority or regulator relating to continuous disclosure requirements of securities legislation or securities directions under one of the following instruments, is exempt from each substantially similar provision of this Instrument to the same extent and on the same conditions, if any, as contained in the exemption, waiver or approval:
 - (a) National Instrument 51-102 *Continuous Disclosure Obligations*;
 - (b) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;
 - (c) National Instrument 52-110 *Audit Committees*;
 - (d) National Instrument 58-101 *Disclosure of Corporate Governance Practices*.
- (2) The venture issuer must deliver a notice to the regulator advising of its intent to rely on an exemption, waiver or approval referred to in subsection (1) together with a copy of such exemption, waiver or approval.

**PART 9
LANGUAGE OF DOCUMENTS**

Language of Documents

- 48. (1)** A document required to be filed under this Instrument may be filed in English or French.
- (2)** Despite subsection (1), if a person or company files a document only in English or French but delivers to securityholders a version of the document in the other language, the person or company must file the version in the other language not later than when it is first delivered to securityholders.
- (3)** If a person or company files a document under this Instrument that is a translation of a document prepared in a language other than English or French, the person or company must
- (a)** attach a certificate as to the accuracy of the translation to the filed document, and
 - (b)** make a copy of the document in the original language available to a registered holder or beneficial owner of its securities, on request.
- (4)** In Québec, a venture issuer must comply with linguistic obligations and rights prescribed by Québec law.

**PART 10
EFFECTIVE DATE AND TRANSITION**

Effective Date

- 49.** This Instrument comes into force [●].

Transition

- 50.** Despite section 49, Parts 3, 4 and 7 do not apply to a venture issuer until the last day of a venture issuer's most recently completed financial year end which is on or after [●].