

APPENDIX C

Schedule 1

AMENDMENT INSTRUMENT FOR NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

1. This Instrument amends National Instrument 44-101 *Short Form Prospectus Distributions*.

2. Section 1.1 is amended by repealing the following definitions:

- (a) “alternative credit support”;
- (b) “approved rating organization”;
- (c) “asset-backed security”;
- (d) “business acquisition report”;
- (e) “convertible”;
- (f) “credit supporter”;
- (g) “derivative”;
- (h) “designated foreign jurisdiction”;
- (i) “equity securities”;
- (j) “executive officer”;
- (k) “foreign disclosure requirements”;
- (l) “Form 44-101F1”;
- (m) “Form 51-102F2”;
- (n) “Form 51-102F3”;
- (o) “Form 51-102F4”;
- (p) “Form 51-102F5”;
- (q) “full and unconditional credit support”;
- (r) “information circular”;
- (s) “interim period”
- (t) “investment fund”;
- (u) “mineral project”;
- (v) “NI 43-101”;
- (w) “NI 44-102”;
- (x) “NI 51-102”;
- (y) “NI 52-107”;
- (z) “NI 81-106”;
- (aa) “non-convertible”;
- (bb) “reorganization”;

- (cc) “restricted security”;
- (dd) “special warrant”; and
- (ee) “U.S. GAAS”.

3. **Section 1.1 is amended**

- (a) **in the definition of “approved rating” by striking out “Dominion Bond Rating Service Limited” and substituting “DBRS Limited”;**
- (b) **in the definition of “material change report” by striking out “Form 51-102F3” and substituting “Form 51-102F3 *Material Change Report* of NI 51-102”;**
- (c) **by adding the following definition after the definition of “NI 13-101”:**

““NI 41-101” means National Instrument 41-101 *General Prospectus Requirements*”;
- (d) **in the definition of “successor issuer” by striking out “reorganization” wherever it occurs and substituting “restructuring transaction”; and**
- (e) **in paragraph (e) of the definition of “U.S. credit supporter” by adding “as defined in National Instrument 71-101 *The Multijurisdictional Disclosure System*” after “is not a commodity pool issuer”.**

4. **The following section 1.1.1 is added after section 1.1:**

“1.1.1 Definitions in NI 41-101 – Every term that is defined or interpreted in NI 41-101, the definition or interpretation of which is not restricted to a specific portion of NI 41-101, has, if used in this Instrument, the meaning ascribed to it in NI 41-101, unless otherwise defined or interpreted in this Instrument.”

5. **Section 1.5 is repealed.**

6. **Subsection 2.1(1) is amended by adding “of this Instrument” after “in the form of Form 44-101F1”.**

7. **Section 2.7 is amended**

- (a) **in subsection (1)(b), by adding “or each predecessor entity’s” before “comparative annual financial statements for its most recently completed financial year”; and**
- (b) **by repealing subsection (2) and substituting the following:**
 - “(2) Paragraph 2.2(d), paragraph 2.3(1)(d) and paragraph 2.6(1)(b) do not apply to a successor issuer if
 - (a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the successor issuer has not yet, since the completion of the restructuring transaction which resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements, and
 - (b) an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular
 - (i) complied with applicable securities legislation, and
 - (ii) included disclosure in accordance with section 14.2 or 14.5 of Form 51-102F5 for the successor issuer.”

8. **Section 4.1 is amended**

- (a) **by repealing subparagraph (a)(iv) and substituting the following:**
 - “(iv) **Documents Affecting the Rights of Securityholders** – a copy of any document required to be filed under subsection 12.1(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relates to the securities being distributed, and that has not previously been filed;

- (iv.1) **Material Contracts** – a copy of any material contract required to be filed under section 12.2 of NI 51-102 or section 16.4 of NI 81-106 that has not previously been filed;”;
- (b) **in subparagraph (a)(vi), by striking out “4.4” and substituting “10.1 of NI 41-101” before “and that has not been previously filed”; and**
- (c) **by repealing paragraph (b) and substituting the following:**
 - “(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:
 - (i) **Personal Information Form and Authorization to Collect, Use and Disclose Personal Information** – a completed Appendix A to NI 41-101 for,
 - (A) each director and executive officer of an issuer;
 - (B) if the issuer is an investment fund, each director and executive officer of the manager of the issuer;
 - (C) each promoter of the issuer; and
 - (D) if the promoter is not an individual, each director and executive officer of the promoter,

for whom the issuer has not previously filed or delivered,
 - (E) a completed personal information form and authorization in the form set out in Appendix A of NI 41-101,
 - (F) before March 17, 2008, a completed authorization in
 - (I) the form set out in Appendix B to this Instrument,
 - (II) the form set out in Ontario Form 41-501F2 *Authorization of Indirect Collection of Personal Information*, or
 - (III) the form set out in Appendix A of Québec Regulation Q-28 *Respecting General Prospectus Requirements*, or
 - (G) before March 17, 2008, a completed personal information form or authorization in a form substantially similar to a personal information form or authorization in clause (E) or (F), as permitted under securities legislation; and
 - (ii) **Auditor’s Comfort Letter Regarding Audited Financial Statements** – if a financial statement of an issuer or a business included in, or incorporated by reference into, a preliminary short form prospectus is accompanied by an unsigned auditor’s report, a signed letter addressed to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance in the Handbook.”.

9. **Paragraph 4.2(a) is amended**

- (a) **by repealing subparagraph (iii) and substituting the following:**
 - “(iii) **Documents Affecting the Rights of Securityholders** – a copy of any document described under subparagraph 4.1(a)(iv) that has not previously been filed;
 - (iii.1) **Material Contracts** – a copy of any material contract described under subparagraph 4.1(a)(iv.1) that has not previously been filed;”;
- (b) **in subparagraph (iv),**
 - (i) **by striking out “each” and substituting “any” before “report or valuation”;**
 - (ii) **by striking out “section 4.4” and substituting “section 10.1 of NI 41-101”; and**

- (iii) **by adding “or (vi)” after “subparagraph 4.1(a)(v)”;**
- (c) **in subparagraph (v), by striking out “Appendix C” and substituting “Appendix B of NI 41-101”;**
- (d) **by repealing subparagraph (vi) and substituting the following:**
 - “(vi) **Non-Issuer’s Submission to Jurisdiction** – a submission to jurisdiction and appointment of agent for service of process of
 - (A) each selling securityholder, and
 - (B) each person or company required to provide a certificate under Part 5 of NI 41-101 or other securities legislation, other than an issuer,

in the form set out in Appendix C of NI 41-101, if the person or company is incorporated or organized under a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;”;
- (e) **in subparagraph (vii), by striking out “section 4.4” and substituting “section 10.1 of NI 41-101”;**
- (f) **in subparagraph (viii), by striking out “section 21.3 of Form 44-101F1” and substituting “section 5.12 of NI 41-101”;**
- (g) **in subparagraph (viii), by striking out “; and” and substituting “;”;** and
- (h) **by adding the following subparagraphs (ix), (x) and (xi) after subparagraph (viii):**
 - “(ix) **Undertaking in Respect of Credit Supporter Disclosure** – an undertaking of the issuer to file the periodic and timely disclosure of a credit supporter similar to the disclosure provided under section 12.1 of Form 44-101F1, for so long as the securities being distributed are issued and outstanding;
 - (x) **Undertaking to File Documents and Material Contracts** – if a document referred to in subparagraph (iii) or (iii.1) has not been executed or become effective before the filing of the final short form prospectus but will be executed or become effective on or before the completion of the distribution, the issuer must file with the securities regulatory authority, no later than the time of filing of the short form prospectus, an undertaking of the issuer to the securities regulatory authority to file the document promptly and in any event within seven days after the completion of the distribution; and
 - (xi) **Undertaking in Respect of Restricted Securities** – for distributions of non-voting securities an undertaking of the issuer to give notice to holders of non-voting securities of a meeting of securityholders if a notice of such meeting is given to its registered holders of voting securities; and”.

10. Paragraph 4.2(b) is repealed and the following is substituted:

- “(b) deliver to the regulator, no later than the filing of the short form prospectus,
 - (i) a copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus, and
 - (ii) if the issuer has made an application to list the securities being distributed on an exchange in Canada, a copy of a communication in writing from the exchange stating that the application for listing has been made and has been accepted subject to the issuer meeting the requirements for listing of the exchange.”.

11. **Section 4.3 is repealed and the following is substituted:**

“4.3 Review of Unaudited Financial Statements

- (1) Subject to subsection (2), any unaudited financial statements, other than *pro forma* financial statements, included in, or incorporated by reference into, a short form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by the person or company’s auditor or a public accountant’s review of financial statements.
- (2) If NI 52-107 permits the financial statements of the person or company in subsection (1) to be audited in accordance with
 - (a) U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards,
 - (b) International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with International Standards on Review Engagement issued by the International Auditing and Assurance Standards Board, or
 - (c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements
 - (i) may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction, or
 - (ii) do not have to be reviewed if
 - (A) the designated foreign jurisdiction does not have review standards for unaudited financial statements, and
 - (B) the short form prospectus includes disclosure that the unaudited financial statements have not been reviewed.”.

12. **Section 4.4 is repealed.**

13. **Section 4.5 is repealed.**

14. **PART 5 is repealed.**

15. **PART 6 is repealed.**

16. **Except in Ontario, the following section 7.2 is added after section 7.1. In Ontario, section 7.2 is repealed and substituted with the following:**

“7.2 Solicitations of Expressions of Interest – Over-allotment Options – The prospectus requirement does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to an over-allotment option that are qualified for distribution under a short form prospectus in accordance with this Instrument, if

- (a) the issuer has entered into an enforceable agreement with the underwriters who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,
- (b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,
- (c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,
- (d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities, and
- (e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained.”.

17. **Section 8.2 is amended**

(a) **in subsection (1), by striking out “or subsection 4.5(3)”;** and

(b) **by repealing subsection (2) and substituting the following:**

“(2) The issuance of a receipt for a final short form prospectus or an amendment to a final short form prospectus is not evidence that the exemption has been granted unless

(a) the person or company that sought the exemption sent to the regulator

(i) the letter or memorandum referred to in subsection 8.1(3), on or before the date of the filing of the preliminary short form prospectus, or

(ii) the letter or memorandum referred to in subsection 8.1(3) after the date of the filing of the preliminary short form prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1), and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).”.

18. **Appendices B, C and D are repealed.**

Schedule 2

1. **This Schedule amends Form 44-101F1 *Short Form Prospectus*.**

2. **Form 44-101F1 Short Form Prospectus is amended by striking out “security holder” wherever it occurs and substituting “securityholder”.**

3. **The INSTRUCTIONS before Item 1 are amended**

(a) **in Instruction (1), by striking out “, and, in Québec, not to make any misrepresentation likely to affect the value or market price of,”;**

(b) **by repealing Instruction (2) and substituting the following:**

“(2) *Terms used and not defined in this Form that are defined or interpreted in the Instrument or NI 41-101 bear that definition or interpretation. Other definitions are set out in NI 14-101.*”;

(c) **in Instruction (3)**

(i) **by striking out “should be” wherever it occurs and substituting “must be”, and**

(ii) **by striking out “should generally be” and substituting “is”;**

(d) **in Instruction (6), by striking out “easy to read” and substituting “easy-to-read”;**

(e) **by repealing Instruction (8) and substituting the following:**

“(8) *Where the term “issuer” is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, to also include disclosure with respect to persons or companies that the issuer is required, under the issuer’s GAAP, to consolidate, proportionately consolidate or account for using the equity method (for example, including “subsidiaries” as that term is used in the Handbook). If it is more likely than not that a person or company will become an entity that the issuer will be required, under the issuer’s GAAP, to consolidate, proportionately consolidate or account for using the equity method, it may be necessary to also include disclosure with respect to the person or company.*”;

(f) **in Instruction (12), by striking out “National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51-101)” and substituting “NI 51-101”; and**

(g) **by adding the following Instructions (14) through (18) after Instruction (13):**

- “(14) *If an issuer discloses financial information in a short form prospectus in a currency other than the Canadian dollar, prominently disclose the currency in which the financial information is disclosed.*
- (15) *Except as otherwise required or permitted, include information in a narrative form. The issuer may include graphs, photographs, maps, artwork or other forms of illustration, if relevant to the business of the issuer or the distribution and not misleading. Include descriptive headings. Except for information that appears in a summary, information required under more than one Item need not be repeated.*
- (16) *Certain requirements in this Form make reference to requirements in another instrument or form. Unless this Form states otherwise, issuers must also follow the instructions or requirements in the other instrument or form.*
- (17) *Wherever this Form uses the word “subsidiary”, the term includes companies and other types of business organizations such as partnerships, trusts, and other unincorporated business entities.*
- (18) *Issuers must supplement any disclosure incorporated by reference into a short form prospectus if that supplemented disclosure is necessary to ensure that the short form prospectus provides full, true and plain disclosure of all material facts related to the securities to be distributed as required under Item 18 of this Form.”.*

4. Section 1.3 is amended

- (a) **by striking out “bold” and substituting “boldface” before “type and the bracketed information completed.”; and**
- (b) **by striking out “[Insert if the offering is made in Québec – “For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the secretary of the issuer at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.”]”.**

5. Section 1.6 is amended

- (a) **repealing subsection (2) and substituting the following:**
 - “(2) If there is an over-allotment option or an option to increase the size of the distribution before closing,
 - (a) disclose that a purchaser who acquires securities forming part of the underwriters’ over-allocation position acquires those securities under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases, and
 - (b) describe the terms of the option.”;
- (b) **by adding the following subsection (3.1) after subsection (3):**
 - “(3.1) If a minimum subscription amount is required from each subscriber, provide details of the minimum subscription requirements in the table required under subsection (1).”;
- (c) **in subsection (4), by striking out “bold” and substituting “boldface” before “type the effective yield if held to maturity.”; and**
- (d) **by adding the following Instructions (1) and (2) after subsection (7):**
 - “INSTRUCTIONS
 - (1) *Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.*
 - (2) *If debt securities are being distributed, also express the information in the table as a percentage.”.*

6. The following section 1.6.1 is added after section 1.6:

“1.6.1 Offering price in currency other than Canadian dollar – If the offering price of the securities being distributed is disclosed in a currency other than the Canadian dollar, disclose in boldface type the reporting currency.”.

7. Paragraph 1.7(d) is repealed and the following is substituted:

“(d) that prices may vary from purchaser to purchaser and during the period of distribution;”.

8. The following section 1.7.1 is added after section 1.7:

“1.7.1 Pricing Disclosure – If the offering price or the number of securities being distributed, or an estimate of the range of the offering price or of the number of securities being distributed, has been publicly disclosed in a jurisdiction or a foreign jurisdiction as of the date of the preliminary short form prospectus, include this information in the preliminary short form prospectus.”.

9. Section 1.8 is amended by striking out “bold” and substituting “boldface” before “type a cross-reference to the section”.

10. Subsection 1.9(3) is repealed and the following is substituted:

“(3) If no market for the securities being distributed under the short form prospectus exists or is expected to exist upon completion of the distribution, state the following in boldface type:

There is no market through which the securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors.”.

11. Section 1.10 is amended

(a) by repealing subsection (2) and substituting the following:

“(2) If applicable, comply with the requirements of NI 33-105 for front page prospectus disclosure.”;

(b) in subsection (5), by striking out “bold” and substituting “boldface” before “type to the effect that no underwriter has been involved in the preparation”; and

(c) by repealing subsection (6) and substituting the following:

“(6) Provide the following tabular information

Underwriter’s Position	Maximum size or number of securities available	Exercise period or Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer to underwriter			
Total securities under option issuable to underwriter			
Other compensation securities issuable to underwriter			

INSTRUCTION

If the underwriter has been granted compensation securities, state, in a footnote, whether the prospectus qualifies the grant of all or part of the compensation securities and provide a cross-reference to the applicable section in the prospectus where further information about the compensation securities is provided.”.

12. Section 1.11 is repealed and the following is substituted:

“1.11 International Issuers – If the issuer, a selling securityholder, or any person or company required to provide a certificate under Part 5 of NI 41-101 or other securities legislation, is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

“The [issuer, selling securityholder, person or company signing a certificate under Part 5 of NI 41-101 or securities legislation] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the person or company described above] has appointed [name(s) and addresses of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to enforce judgments obtained in Canada against [the person or company described above].”

13. Section 1.12 is repealed and the following is substituted:

“1.12 Restricted Securities

- (1) Describe the number and class or classes of restricted securities being distributed using the appropriate restricted security terms in the same type face and type size as the rest of the description.
- (2) If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.”

14. Section 1.13 is amended by striking out “bold” and substituting “boldface” after “disclose this fact in”.

15. Item 4 is repealed and the following is substituted:

“Item 4 Use of Proceeds

4.1 Proceeds

- (1) State the estimated net proceeds to be received by the issuer or selling securityholder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling securityholder from the sale of the securities distributed.
- (2) State the particulars of any provisions or arrangements made for holding any part of the net proceeds of the distribution in trust or escrow subject to the fulfillment of conditions.
- (3) If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

4.2 Principal Purposes – Generally

- (1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer.
- (2) If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

4.3 Principal Purposes – Indebtedness

- (1) If more than 10% of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used.
- (2) If the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and disclose the outstanding amount owed.

4.4 Principal Purposes – Asset Acquisition

- (1) If more than 10% of the net proceeds are to be used to acquire assets, describe the assets.
- (2) If known, disclose the particulars of the purchase price being paid for or being allocated to the assets or categories of assets, including intangible assets.
- (3) If the vendor of the assets is an insider, associate or affiliate of the issuer, identify the vendor and the nature of the relationship to the issuer, and disclose the method used in determining the purchase price.
- (4) Describe the nature of the title to or interest in the assets to be acquired by the issuer.
- (5) If part of the consideration for the acquisition of the assets consists of securities of the issuer, give brief particulars of the class, number or amount, voting rights, if any, and other appropriate information relating to the securities, including particulars of the issuance of securities of the same class within the two preceding years.

4.5 Principal Purposes – Insiders, etc. – If an insider, associate or affiliate of the issuer will receive more than 10% of the net proceeds, identify the insider, associate or affiliate and the nature of the relationship to the issuer, and disclose the amount of net proceeds to be received.

4.6 Principal Purposes – Research and Development – If more than 10% of the net proceeds from the distribution will be used for research and development of products or services, describe

- (a) the timing and stage of research and development programs that management anticipates will be reached using such proceeds,
- (b) the major components of the proposed programs that will be funded using the proceeds from the distribution, including an estimate of anticipated costs,
- (c) if the issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and
- (d) the additional steps required to reach commercial production and an estimate of costs and timing.

4.7 Business Objectives and Milestones

- (1) State the business objectives that the issuer expects to accomplish using the net proceeds of the distribution under section 4.1.
- (2) Describe each significant event that must occur for the business objectives described under subsection (1) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event.

4.8 Unallocated Funds in Trust or Escrow

- (1) Disclose that unallocated funds will be placed in a trust or escrow account, invested or added to the working capital of the issuer.
- (2) Give details of the arrangements made for, and the persons or companies responsible for,
 - (a) the supervision of the trust or escrow account or the investment of unallocated funds, and
 - (b) the investment policy to be followed.

4.9 Other Sources of Funding – If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of the other funds.

4.10 Financing by Special Warrants, etc.

- (1) If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or the exercise of other securities acquired on a short form prospectus-exempt basis, describe the principal purposes for which the proceeds of the short form prospectus-exempt financing were used or are to be used.
- (2) If all or a portion of the funds have been spent, explain how the funds were spent.”.

16. Section 5.1 is repealed and the following is substituted:

“5.1 Disclosure of Conditions to Underwriters’ Obligations – If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter’s obligations are subject to conditions,

- (a) include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

“Under an agreement dated [insert date of agreement] between [insert name of issuer or selling securityholder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling securityholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling securityholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement.”, and

- (b) describe any other conditions and indicate any information known that is relevant to whether such conditions will be satisfied.”.

17. Section 5.4 is repealed and the following is substituted:

“5.4 Stabilization – If the issuer, a selling securityholder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, describe the nature of these transactions, including the anticipated size of any over-allocation position, and explain how the transactions are expected to affect the price of the securities.”.

18. The following section 5.4.1 is added after section 5.4:

“5.4.1 Underwriting Discounts – Interests of Management and Others in Material Transactions – Disclose any material underwriting discounts or commissions on the sale of securities by the issuer if any of the persons or companies listed under section 13.1 of Form 51-102F2 were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.”.

19. Section 5.5 is repealed and the following is substituted:

“5.5 Minimum Distribution – If securities are being distributed on a best efforts basis and minimum funds are to be raised, state

- (a) the minimum funds to be raised,
- (b) that the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until the minimum amount of funds stipulated in paragraph (a) has been raised, and
- (c) that if the minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deductions.

5.5.1 Approvals – If the proceeds of the distribution will be used to substantially fund a material undertaking that would constitute a material departure from the business or operations of the issuer and the issuer has not obtained all material licences, registrations and approvals necessary for the stated principal use of proceeds, include a statement that

- (a) the issuer must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from subscriptions until all material licenses, registrations and approvals necessary for the stated principal use of proceeds have been obtained, and

- (b) if all material licenses, registrations and approvals necessary for the operation of the material undertaking have not been obtained within 90 days from the date of receipt of the final short form prospectus, the trustee must return the funds to subscribers.”.

20. Section 5.6 is repealed and the following is substituted:

“5.6 Reduced Price Distributions – If the underwriter may decrease the offering price after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus in accordance with the procedures permitted by the Instrument, disclose this fact and that the compensation realised by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling securityholder.”.

21. The following section 5.10 is added after section 5.9:

“5.10 Special Warrants Acquired by Underwriters or Agents – Disclose the number and dollar value of any special warrants acquired by any underwriter or agent and the percentage of the distribution represented by those special warrants.”.

22. Section 6.1 is amended

(a) by repealing subsection (1) and substituting the following:

“(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

- (a) the earnings coverage ratio based on the most recent 12-month period included in the issuer's current annual financial statements included in the short form prospectus,
- (b) if there has been a change in year end and the issuer's most recent financial year is less than nine months in length, the earnings coverage calculation for its old financial year, and
- (c) the earnings coverage ratio based on the 12-month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been included in the short form prospectus.”;

(b) in paragraph (2)(c), by adding “since the date of the annual or interim financial statements” after “in accordance with the issuer's GAAP”;

(c) in subsection (4), by adding “short form” before “prospectus”;

(d) by repealing subsection (5) and substituting the following:

“(5) If the short form prospectus includes a *pro forma* income statement, calculate the *pro forma* earnings coverage ratios for the periods of the *pro forma* income statement, and disclose them in the short form prospectus.”;

(e) in Instruction (6), by adding “, with the bracketed and bulleted information completed” after “disclosure of earnings coverage shall include language similar to the following”;

(f) in Instruction (7), by adding “, with the bracketed and bulleted information completed” after “disclosure of earnings coverage shall include language similar to the following”; and

(g) by repealing Instruction (8).

23. Section 7.3 is repealed and the following is substituted:

“7.3 Asset-backed Securities

- (1) This section applies only if any asset-backed securities are being distributed.
- (2) Describe the material attributes and characteristics of the asset-backed securities, including
 - (a) the rate of interest or stipulated yield and any premium,

- (b) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,
 - (c) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,
 - (d) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,
 - (e) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and
 - (f) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets.
- (3)** Provide financial disclosure that describes the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of
- (a) the composition of the pool as at the end of the period,
 - (b) income and losses from the pool for the period presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,
 - (c) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;
 - (d) servicing and other administrative fees, and
 - (e) any significant variances experienced in the matters referred to in paragraphs (a) through (d).
- (4)** Describe the type of financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets.
- (5)** Describe any person or company who
- (a) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,
 - (b) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,
 - (c) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if
 - (i) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,
 - (ii) a replacement provider of the services is likely to achieve materially worse results than the current provider,
 - (iii) the current provider of the services is likely to default in its service obligations because of its current financial condition, or
 - (iv) the disclosure is otherwise material,

- (d) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or
 - (e) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so.
- (6) Describe the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in subsection (5).
- (7) Describe the terms of any material relationships between
- (a) any of the persons or companies referred to in subsection (5) or any of their respective affiliates, and
 - (b) the issuer.
- (8) Describe any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subsection (5) and the terms on which a replacement may be appointed.
- (9) Describe any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

- (1) *Present the information required under subsection (3) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in paragraph (2)(f) have occurred, are being satisfied or may be satisfied.*
- (2) *If the information required under subsection (3) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with subsection (3) by providing the financial disclosure required based on the larger pool and disclosing that it has done so.*
- (3) *Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in subsection (5) and the contractual arrangements underlying the asset-backed securities is encouraged.”.*

24. Paragraph 7.4(c) is repealed and the following is substituted:

- “(c) settlements that are the result of the exercise of the derivatives;”.

25. Section 7.6 is repealed and the following is substituted:

- “7.6 Special Warrants, etc.** – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of special warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the short form prospectus, with the bracketed information completed:

“The issuer has granted to each holder of a special warrant a contractual right of rescission of the prospectus-exempt transaction under which the special warrant was initially acquired. The contractual right of rescission provides that if a holder of a special warrant who acquires another security of the issuer on exercise of the special warrant as provided for in the prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the short form prospectus or an amendment to the short form prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise of its special warrant and the private placement transaction under which the special warrant was initially acquired,
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the underwriter or issuer, as the case may be, on the acquisition of the special warrant, and
- (c) if the holder is a permitted assignee of the interest of the original special warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.”.

26. Section 7.7 is repealed and the following is substituted:

"7.7 Restricted Securities

- (1) If the issuer has outstanding, or proposes to distribute under a short form prospectus restricted securities, subject securities or securities that are, directly or indirectly, convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of
 - (a) the voting rights attached to the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same as or greater than, on a per security basis, those attached to the restricted securities,
 - (b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of the restricted securities,
 - (c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities that are the subject of the distribution or that will result from the distribution, either directly or following a conversion, exchange or exercise, to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled, and
 - (d) how the issuer complied with, or basis upon which it was exempt from, the requirements of Part 12 of NI 41-101.
- (2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection must include, in boldface, a statement of the rights the holders do not have.
- (3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after effect has been given to the issuance of the securities being offered.”.

27. Section 7.8 is amended by striking out “as to” and substituting “about the” before “modification, amendment or variation”.

28. Section 7.9 is repealed and the following is substituted:

- "7.9 Ratings** – If the issuer has asked for and received a stability rating, or if the issuer is aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose
- (a) each security rating, including a provisional rating or stability rating, received from an approved rating organization,
 - (b) the name of each approved rating organization that has assigned a rating for the securities to be distributed,

- (c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's overall classification system,
- (d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating,
- (e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed,
- (f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization, and
- (g) any announcement made by, or any proposed announcement known to the issuer that is to be made by, an approved rating organization to the effect that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this section.

INSTRUCTION

There may be factors relating to a security that are not addressed by a ratings agency when they give a rating. For example, in the case of cash settled derivatives, factors in addition to the creditworthiness of the issuer, such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis. Rather than being addressed in the rating itself, these factors may be described by an approved rating organization by way of a superscript or other notation to a rating. Any such attributes must be discussed in the disclosure under this section."

29. **Section 7.10 is amended in the Instruction, by adding "short form" before "prospectus".**

30. **The following Item 7A is added after Item 7:**

"Item 7A. Prior Sales

7A.1 Prior Sales – For each class of securities of the issuer distributed under the short form prospectus and for securities that are convertible into those classes of securities, state, for the 12-month period before the date of the short form prospectus,

- (a) the price at which the securities have been issued or are to be issued by the issuer or selling securityholder,
- (b) the number of securities issued at that price, and
- (c) the date on which the securities were issued.

7A.2 Trading Price and Volume

- (1) For each class of securities of the issuer that is traded or quoted on a Canadian marketplace, identify the marketplace and the price ranges and volume traded or quoted on the Canadian marketplace on which the greatest volume of trading or quotation generally occurs.
- (2) If a class of securities of the issuer is not traded or quoted on a Canadian marketplace, but is traded or quoted on a foreign marketplace, identify the foreign marketplace and the price ranges and volume traded or quoted on the foreign marketplace on which the greatest volume or quotation generally occurs.
- (3) Provide the information required under subsections (1) and (2) on a monthly basis for each month or, if applicable, partial months of the 12-month period before the date of the short form prospectus."

31. **Item 8 is repealed and the following is substituted:**

"Item 8 Selling Securityholder

8.1 Selling Securityholder

- (1) If any securities are being distributed for the account of a securityholder, provide the following information for each securityholder:
 1. The name.
 2. The number or amount of securities owned, controlled or directed of the class being distributed.
 3. The number or amount of securities of the class being distributed for the account of the securityholder.
 4. The number or amount of securities of the issuer of any class to be owned, controlled or directed after the distribution, and the percentage that number or amount represents of the total outstanding.
 5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.
- (2) If securities are being distributed in connection with a restructuring transaction, indicate, to the extent known, the holdings of each person or company described in paragraph 1. of subsection (1) that will exist after effect has been given to the transaction.
- (3) If any of the securities being distributed are being distributed for the account of a securityholder and those securities were purchased by the selling securityholder within the two years preceding the date of the short form prospectus, state the date the selling securityholder acquired the securities and, if the securities were acquired in the 12 months preceding the date of the short form prospectus, the cost to the securityholder in the aggregate and on an average cost-per-security basis.
- (4) If, to the knowledge of the issuer or the underwriter of the securities being distributed, any selling securityholder is an associate or affiliate of another person or company named as a principal holder of voting securities in the issuer's information circular required to be incorporated by reference under paragraph 7. of subsection 11.1(1), disclose, to the extent known, the material facts of the relationship, including any basis for influence over the issuer held by the person or company other than the holding of voting securities of the issuer.
- (5) In addition to the above, include in a footnote to the table the required calculation(s) on a fully-diluted basis.
- (6) Describe any material change to the information required to be included in the short form prospectus under subsection (1) to the date of the short form prospectus.

INSTRUCTION

If a company, partnership, trust or other unincorporated entity is a selling securityholder, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity."

32. Item 10 is repealed and the following is substituted:

"Item 10 Recently Completed and Probable Acquisitions

10.1 Application and Definitions – This Item does not apply to a completed or proposed transaction by the issuer that was or will be accounted for as a reverse takeover or a transaction that is a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high.

10.2 Significant Acquisitions

- (1) Describe any acquisition
 - (a) that the issuer has completed within 75 days prior to the date of the short form prospectus;
 - (b) that is a significant acquisition for the purposes of Part 8 of NI 51-102; and
 - (c) for which the issuer has not yet filed a business acquisition report under NI 51-102.
- (2) Describe any proposed acquisition by an issuer that

- (a) has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high; and
 - (b) would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the short form prospectus.
- (3) If disclosure about an acquisition or proposed acquisition is required under subsection (1) or (2), include financial statements of or other information about the acquisition or proposed acquisition if the inclusion of the financial statements is necessary for the short form prospectus to contain full, true and plain disclosure of all the material facts relating to the securities being distributed.
- (4) The requirement to include financial statements or other information under subsection (3) must be satisfied by including
- (a) the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102, or
 - (b) satisfactory alternative financial statements or other information.

INSTRUCTION

For the description of the acquisition or proposed acquisition, include the information required by sections 2.1 through 2.6 of Form 51-102F4. For a proposed acquisition, modify this information as necessary to convey that the acquisition is not yet completed.”

33. The following Item 10A is added after Item 10.

“Item 10A Reverse Takeover and Probable Reverse Takeover

10A.1 Completed Reverse Takeover Disclosure – If the issuer has completed a reverse takeover since the end of the financial year in respect of which the issuer’s current AIF is incorporated by reference into the short form prospectus under paragraph 1. of subsection 11.1(1), provide disclosure about the reverse takeover acquirer by complying with the following:

- 1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.
- 2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1 if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse takeover acquirer were distributing those securities by way of the short form prospectus.

10A.2 Probable Reverse Takeover Disclosure – If the issuer is involved in a proposed reverse takeover that has progressed to a state where a reasonable person would believe that the likelihood of the reverse takeover being completed is high, provide disclosure about the reverse takeover acquirer by complying with the following:

- 1. If the reverse takeover acquirer satisfies the criteria set out in paragraphs 2.2(a), (b), (c), and (d) of the Instrument, incorporate by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the reverse takeover acquirer were the issuer of the securities.
- 2. If paragraph 1 does not apply to the reverse takeover acquirer, include in the short form prospectus the same disclosure about the reverse takeover acquirer that would be required to be contained in Form 41-101F1, if the reverse takeover acquirer were the issuer of the securities being distributed and the reverse takeover acquirer were distributing those securities by way of the short form prospectus.”

34. Subsection 11.1(1) is amended

- (a) in paragraph 4.,

- (i) **by adding** “short form” **before** “prospectus”, **and**
- (ii) **by adding** “historical” **before** “financial information”;
- (b) **in paragraph 6., by striking out** “most recent audited financial statements” **and substituting** “current annual financial statements”; **and**
- (c) **by repealing paragraphs 7., 8., and 9. and substituting the following:**
 - “7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the beginning of the financial year in respect of which the issuer’s current AIF is filed, other than an information circular prepared in connection with an annual general meeting if the issuer has filed and incorporated by reference an information circular for a subsequent annual general meeting.”;
 - 8. The most recent Form 51-101F1, Form 51-101F2 and Form 51-101F3, filed by an SEC issuer, unless
 - (a) the issuer’s current AIF is in the form of Form 51-102F2; or
 - (b) the issuer is otherwise exempted from the requirements of NI 51-101.
 - 9. Any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority since the beginning of the financial year in respect of which the issuer’s current AIF is filed.
 - 10. Any other disclosure document of the type listed in paragraphs 1 through 8 that the issuer has filed pursuant to an exemption from any requirement under securities legislation since the beginning of the financial year in respect of which the issuer’s current AIF is filed.”.

35. Section 11.3 is amended

- (a) **by repealing subsection (1) and substituting the following:**
 - “(1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(1) of the Instrument, include the disclosure, including financial statements and related MD&A, that would otherwise have been required to have been included in a current AIF and current annual financial statements and related MD&A under section 11.1.”; **and**
- (b) **in the INSTRUCTION,**
 - (i) **by striking out** “reorganization” **and substituting** “restructuring transaction”, **and**
 - (ii) **by striking out** “issuer” **and substituting** “entity” **after** “financial statements of any”.

36. Section 12.1 is amended

- (a) **in paragraph 1., by adding** “in at least one jurisdiction” **after** “If the credit supporter is a reporting issuer”;
- (b) **in paragraph 2., by adding** “in any jurisdiction” **after** “If the credit supporter is not a reporting issuer”; **and**
- (c) **in paragraph 4., by striking out** “, and in Québec, disclosure of all material facts likely to affect the value or the market price, of”.

37. Item 13 is repealed and the following is substituted:

“Item 13 Exemptions for Certain Issues of Guaranteed Securities

13.1 Definitions and Interpretation

- (1) In this Item
 - (a) the impact of subsidiaries, on a combined basis, on the financial results of the parent entity is “minor” if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts,

- (b) a parent entity has “limited independent operations” if each item of its summary financial information represents less than 3% of the total consolidated amounts,
- (c) a subsidiary is a “finance subsidiary” if it has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the security being distributed and any other securities guaranteed by its parent entity,
- (d) “parent credit supporter” means a credit supporter of which the issuer is a subsidiary,
- (e) “parent entity” means a parent credit supporter for the purposes of sections 13.2 and 13.3 and an issuer for the purpose of section 13.4,
- (f) “subsidiary credit supporter” means a credit supporter that is a subsidiary of the parent credit supporter, and
- (g) “summary financial information” includes the following line items:
 - (i) sales or revenues;
 - (ii) income from continuing operations;
 - (iii) net earnings or loss; and
 - (iv) unless the issuer’s GAAP permits the preparation of the credit support issuer’s balance sheet without classifying assets and liabilities between current and non-current and the credit support issuer provides alternative meaningful financial information which is more appropriate to the industry,
 - (A) current assets;
 - (B) non-current assets;
 - (C) current liabilities; and
 - (D) non-current liabilities.

(2) For the purposes of this Item, consolidating summary financial information must be prepared on the following basis

- (a) an entity’s annual or interim summary financial information must be derived from the entity’s financial information underlying the corresponding consolidated financial statements of the parent entity included in the short form prospectus,
- (b) the parent entity column must account for investments in all subsidiaries under the equity method, and
- (c) all subsidiary entity columns must account for investments in non-credit supporter subsidiaries under the equity method.

13.2 Issuer is Wholly-owned Subsidiary of Parent Credit Supporter – Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1) or include in the short form prospectus its earning coverage ratios under section 6.1, if

- (a) a parent credit supporter has provided full and unconditional credit support for the securities being distributed;
- (b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;
- (c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;
- (d) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;

- (e) no other subsidiary of the parent credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed;
- (f) the issuer includes in the short form prospectus either
 - (i) a statement that the financial results of the issuer are included in the consolidated financial results of the parent credit supporter, if
 - (A) the issuer is a finance subsidiary, and
 - (B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the parent credit supporter is minor, or
 - (ii) for the periods covered by the parent credit supporter's interim and annual consolidated financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
 - (A) the parent credit supporter;
 - (B) the issuer;
 - (C) any other subsidiaries of the parent credit supporter on a combined basis;
 - (D) consolidating adjustments;
 - (E) the total consolidated amounts.

13.3 Issuer is Wholly-owned Subsidiary of, and One or More Subsidiary Credit Supporters Controlled by, Parent Credit Supporter

- (1) Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 to 4 and 6 to 8 of subsection 11.1(1), or include in the short form prospectus its earning coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if
 - (a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;
 - (b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;
 - (c) the guarantees or alternative credit supports are joint and several;
 - (d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the parent credit supporter;
 - (e) the parent credit supporter is the beneficial owner of all the issued and outstanding equity securities of the issuer;
 - (f) the parent credit supporter controls each subsidiary credit supporter and the parent credit supporter has consolidated the financial statements of each subsidiary credit supporter into the parent credit supporter's financial statements that are included in the short form prospectus; and
 - (g) the issuer includes in the short form prospectus for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:
 - (i) the parent credit supporter;
 - (ii) the issuer;
 - (iii) each subsidiary credit supporter on a combined basis;

- (iv) any other subsidiaries of the parent credit supporter on a combined basis;
- (v) consolidating adjustments;
- (vi) the total consolidated amounts.

(2) Despite paragraph (1)(g)

- (a) if the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financial results of the parent credit supporter is minor, column (iv) may be combined with another column, and
- (b) if the issuer is a finance subsidiary, column (ii) may be combined with another column.

13.4 One or More Credit Supporters Controlled by Issuer – Despite Item 12, an issuer is not required to include in the short form prospectus the credit supporter disclosure for one or more credit supporters required by section 12.1, if

- (a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed,
- (b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several,
- (c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into non-convertible securities of the issuer,
- (d) the issuer controls each credit supporter and the issuer has consolidated the financial statements of each credit supporter into the issuer's financial statements that are included in the short form prospectus, and
- (e) the issuer includes in the short form prospectus either
 - (i) a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, if
 - (A) the issuer has limited independent operations, and
 - (B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor, or
 - (ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of the following:
 - (A) the issuer;
 - (B) the credit supporters on a combined basis;
 - (C) any other subsidiaries of the issuer on a combined basis;
 - (D) consolidating adjustments;
 - (E) the total consolidated amounts.”.

38. Section 14.1 is repealed and the following is substituted:

“14.1 Relationship between Issuer or Selling Securityholder and Underwriter

- (1)** If the issuer or selling securityholder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling securityholder is also an underwriter of the distribution, comply with the requirements of NI 33-105.

- (2) For the purposes of subsection (1), “connected issuer” and “related issuer” have the same meaning as in NI 33-105.”.

39. **Section 15.1 is amended by striking out “statement, report or valuation” wherever it occurs and substituting “report, valuation, statement or opinion”.**

40. **Item 16 is repealed and the following is substituted:**

“Item 16 Promoters

16.1 Promoters

(1) For a person or company that is, or has been within the two years immediately preceding the date of the short form prospectus, a promoter of the issuer or subsidiary of the issuer, state, to the extent not disclosed elsewhere in a document incorporated by reference in the short form prospectus,

- (a) the person or company’s name,
- (b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the person or company,
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return, and
- (d) for an asset acquired within the two years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter,
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company’s relationship with the issuer or the promoter or an affiliate of the issuer or promoter, and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter referred to in subsection (1) is, as at the date of the preliminary short form prospectus, or was within 10 years before the date of the preliminary short form prospectus, a director, chief executive officer or chief financial officer of any person or company that

- (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(3) For the purposes of subsection (2), “order” means:

- (a) a cease trade order,
- (b) an order similar to a cease trade order, or
- (c) an order that denied the relevant person or company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(4) If a promoter referred to in subsection (1)

- (a) is, at the date of the preliminary short form prospectus, or has been within the 10 years before the date of the preliminary short form prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact, or
 - (b) has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.
- (5) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in subsection (1) has been subject to
- (a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority, or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.
- (6) Despite subsection (5), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

INSTRUCTIONS

- (1) *The disclosure required by subsections (2), (4) and (5) also applies to any personal holding companies of any of the persons referred to in subsections (2), (4), and (5).*
- (2) *A management cease trade order which applies to a promoter referred to in subsection (1) is an "order" for the purposes of paragraph (2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*
- (3) *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction".*
- (4) *The disclosure in paragraph (2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued."*

41. Item 17 is repealed and the following substituted:

"Item 17 Risk Factors

- 17.1 Risk Factors** – Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

INSTRUCTIONS

- (1) *Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.*
- (2) *Disclose risks in the order of seriousness from the most serious to the least serious.*
- (3) *A risk factor should not be de-emphasized by including excessive caveats or conditions."*

42. Section 18.1 is amended by striking out ", and in Québec not to make any misrepresentation likely to affect the value or market price of,".

43. Section 20.1 is repealed and the following substituted:

“20.1 General – Include a statement in substantially the following form, with the bracketed information completed:

Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] {T/t}he securities legislation further provides a purchaser with remedies for rescission [or[, in some jurisdictions,] revisions of the price of damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [, revision of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province [or territory] for the particulars of these rights or consult with a legal adviser.”.

44. Item 21 is repealed and the following is substituted:

“Item 21 Certificates

21.1 Certificates – Include the certificates required by Part 5 of NI 41-101 or by other securities legislation.

21.2 Issuer Certificate Form – An issuer certificate form must state

“This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].”

21.3 Underwriter Certificate Form – An underwriter certificate form must state

“To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of [insert the jurisdictions in which qualified].”

21.4 Amendments

(1) For an amendment to a short form prospectus that does not restate the short form prospectus, change “short form prospectus” to “short form prospectus dated [insert date] as amended by this amendment” wherever it appears in the statements in sections 21.2 and 21.3.

(2) For an amended and restated short form prospectus, change “short form prospectus” to “amended and restated short form prospectus” wherever it appears in the statements in sections 21.2 and 21.3.”.

