

**Notice of Amendments to
National Instrument 51-102 *Continuous Disclosure Obligations*,
Form 51-102F2 *Annual Information Form*,
Form 51-102F5 *Information Circular* and
Companion Policy 51-102CP *Continuous Disclosure Obligations***

and

**Notice of Consequential and Other Amendments to
National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards
and Reporting Currency*,
Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and
Interim Filings*,
Multilateral Instrument 52-110 *Audit Committees*,
National Instrument 58-101 *Disclosure of Corporate Governance Practices* and
National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to
Foreign Issuers***

and

**Notice and Request for Comment
Proposed Amendments to National Instrument 51-102
Continuous Disclosure Obligations,
Companion Policy 51-102CP *Continuous Disclosure Obligations* and
National Instrument 52-108 *Auditor Oversight***

This notice is in two parts. Part A of this notice sets out amendments that we have made to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and other instruments.

Part B of this notice sets out additional proposed amendments to NI 51-102 and other instruments.

PART A: NOTICE OF ADOPTION

Introduction

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

- NI 51-102,
- its related Form 51-102F2 *Annual Information Form* and Form 51-102F5 *Information Circular* (the Forms), and
- its companion policy (CP 51-102).

The text of these amendments is set out in Appendices C to F.

We are also implementing consequential and other amendments to:

- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107),
- Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109),
- Multilateral Instrument 52-110 *Audit Committees* (MI 52-110),
- National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102).

The text of these amendments is set out in Appendices G to K.

The amendments have been made or are expected to be made by each member of the CSA.

In Ontario, the amendments to NI 51-102 and the Forms (together, the Rules) and the consequential and other amendments set out in Appendices G to K have been made. Also, in Ontario, the amendments to CP 51-102 have been adopted. The amendments to the Rules, the consequential and other amendments, and other required materials were delivered to the Minister of Government Services on October 12, 2007. If the Minister does not approve or reject the amendments to the Rules and the consequential and other amendments or return them for further consideration, they will come into force on December 31, 2007.

In Québec, the national and multilateral instruments described above are regulations made under section 331.1 of the Quebec Securities Act and the amendments to the instruments must be approved, with or without amendment, by the Minister of Finance. The amendments to the instruments will come into force on the date of their publication in the Gazette officielle du Québec or on any later date specified in the regulation. They must also be published in the Bulletin.

In Alberta, the consequential amendments set out in Appendices H, I and J require Ministerial approval. Subject to receipt of Ministerial approval, those consequential amendments will come into force on December 31, 2007. The Alberta Securities Commission will issue a separate notice advising of whether the Minister has approved or rejected the consequential amendments.

Provided all necessary ministerial approvals are obtained, the amendments will come into force on December 31, 2007. The amendments to CP 51-102 will come into effect at the same time as the amendments to NI 51-102.

Substance and Purpose

The amendments to the instruments that we are adopting will:

- reduce the requirement for issuers to disclose cease trade orders and similar orders issued against companies that the directors, executive officers and significant shareholders of the issuer were involved with.
- update some provisions in the instruments, including
 - revising the definition of *venture issuer* to reflect the change of name of OFEX to the PLUS markets.
 - revising the definition of *approved rating organization* to reflect the change of name of Dominion Bond Rating Service Limited to DBRS Limited.
 - repealing the definition of *investment fund* and *non-redeemable investment fund* since each jurisdiction has adopted or is expected to adopt harmonized definitions of investment fund and non-redeemable investment fund in their local securities legislation.
- clarify some provisions in the instruments, including:
 - clarifying the prospectus-level disclosure required in certain continuous disclosure documents for reverse take-overs, significant acquisitions and restructuring transactions.
 - clarifying what information an issuer needs to include in an annual information form if that issuer is not required to send an information circular to any of its shareholders.
 - making other drafting and “housekeeping” changes.

To the extent that these amendments were made to NI 51-102 and the Forms, consequential amendments were also made to other CSA instruments having similar provisions.

The amendments to CP 51-102 will give guidance on the interpretation of:

- the terms chief executive officer and chief financial officer.
- section 14.2 of Form 51-102F5 regarding the prospectus-level disclosure required in certain continuous disclosure documents for significant acquisitions and restructuring transactions.

Background

We published the amendments for comment on March 29, 2007 together with the proposed amendments relating to executive compensation. The comment period expired on June 30, 2007.

The CSA will be publishing a notice on the proposed executive compensation amendments at a later date.

Summary of Written Comments Received by the CSA

We received submissions from 15 commenters on the proposed amendments. We have considered the comments received and thank all the commenters. The names of the 15 commenters and a summary of the comments on the proposed amendments, together with our responses, are in Appendix B to this notice.

After considering the comments, we have decided not to proceed with certain proposed amendments.

We also made changes to other proposed amendments and decided to make additional amendments. However, as these changes are not material, we are not republishing the amendments for a further comment period.

Summary of Changes to the Proposed Amendments

See Appendix A for a summary of the changes made to the amendments as originally published.

PART B: NOTICE AND REQUEST FOR COMMENT

Introduction

The CSA is also publishing for comment proposed amendments to the proxy solicitation and information circular provisions of NI 51-102 and CP 51-102.

Background

In 2001, amendments to the *Canada Business Corporations Act* (CBCA) relaxed the rules relating to proxy solicitation. Similar amendments to the *Business Corporations Act* (Ontario)(OBCA) came into force in 2007. Among these corporate law reforms, a dissident shareholder may solicit proxies without preparing and sending an information circular to shareholders if the solicitation is, in the prescribed circumstances, conveyed by public broadcast, speech or publication.

However, even though this corporate legislation provides exemptions for these types of solicitations, dissident shareholders of reporting issuers governed by that legislation are unable to take advantage of the exemptions because there is no corresponding exemption from the proxy solicitation and information circular provisions of NI 51-102.

Substance and Purpose and Summary of the Proposed Amendments

The amendments we are publishing for comment would:

- add a new exemption from the information circular requirements in NI 51-102 for certain proxy solicitations conveyed by public broadcast, speech or publication.
- provide guidance in CP 51-102 on what constitutes a public solicitation.
- revise the existing exemption in section 9.5 of NI 51-102 so that it applies to a person or company that solicits proxies, not just reporting issuers.

The text of these amendments is set out in Appendix L and M.

The policy rationale for these amendments is that if corporate law has evolved to increase shareholder rights, then securities legislation should not prevent shareholders from exercising these rights.

Solicitations by public broadcast, speech or publication

The proposed exemption from the information circular requirements for certain proxy solicitations conveyed by public broadcast, speech or publication generally corresponds to the exemption in subsection 150(1.2) of the CBCA, subsection 112(1.2) of the OBCA and the regulations under those statutes. In order to have the benefit of the exemption, a dissident shareholder must:

- include certain information in the solicitation, and
- file the information with securities regulators before soliciting proxies.

Since the proposed exemption will only apply if the solicitation is public, the proposed amendment to CP 51-102 gives guidance on how a solicitation will be considered to be public if it is disseminated in a manner calculated to effectively reach the marketplace.

Furthermore, the proposed exemption will not apply to a person or company that is proposing a significant acquisition or restructuring transaction under which securities of the person or company are to be changed, exchanged, issued or distributed unless the person or company has filed certain information with securities regulators for posting on www.sedar.com.

Similarly, the proposed exemption will not apply to a person or company that is proposing a nominee for election as a director of the reporting issuer unless the person or company has filed certain information about the proposed nominee with securities regulators for posting on www.sedar.com.

Compliance with substantially similar requirements

Section 9.5 of NI 51-102 currently exempts any reporting issuer from the proxy solicitation and information circular provisions of NI 51-102 where it is complying with substantially similar requirements under the laws of the jurisdiction under which it is incorporated, organized or continued. The proposed revised version of section 9.5 would extend the exemption to a person or company that solicits proxies and complies with substantially similar requirements of the laws under which the relevant reporting issuer is incorporated, organized or continued.

Alternatives considered

Instead of proposing the amendments, we considered issuing a notice indicating that we would be willing to grant relief to dissident shareholders of CBCA and OBCA corporations that wanted to solicit proxies by public broadcast, speech or publication. However, we believe that dissident shareholders should not have to incur the costs and time delays of filing an application for exemptive relief in order to have the benefit of an exemption that is available to them under corporate law.

Anticipated costs and benefits

The proposed amendments will permit securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement, or over the Internet. This will allow securityholders and their representatives a greater level of participation in decision-making at annual and special meetings of securityholders. The proposed amendments will allow securityholders to engage in these activities without incurring substantial financial costs by having to mail formal proxy requests and information circulars to all securityholders.

The proposed amendments will not impose any additional obligations or costs on reporting issuers.

Unpublished materials

In proposing these amendments to NI 51-102 and CP 51-102, we have not relied on any significant unpublished study, report or other written materials.

Local amendments

We also propose to:

- amend subsection 4.11(8) of NI 51-102 so that it will apply in Alberta and Manitoba.
- amend National Instrument 52-108 *Auditor Oversight* (NI 52-108) so that section 2.1 and Part 3 of that instrument will apply in Alberta, British Columbia and Manitoba.

The text of these amendments appears in section 2 of Appendix L and in Appendix N.

The amendments to subsection 4.11(8) of NI 51-102 are required to be published for comment in Alberta and Manitoba, but not in the other jurisdictions. Similarly, the amendments to NI 52-108 are required to be published for comment in Alberta, British Columbia and Manitoba, but not in the other jurisdictions. However, the other members of the CSA intend to make the same amendments so that the text of NI 51-102 and NI 52-108 will be the same in each jurisdiction.

Comments on Part B of the Notice

We request your comments on the proposed amendments outlined above. Please provide your comments by January 11, 2008. Please address your submissions to all of the CSA member commissions.

Please deliver your comments to the addresses below. Your comments will be distributed to the other participating CSA members.

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If you do not submit your comments by e-mail, a diskette or CD-ROM containing the submissions in Word should also be provided.

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Please refer your questions to any of:

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