

Notice

Rescission of National Policy 48 *Future-Oriented Financial Information*
and
Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*
and
Related Consequential Amendments

This Notice accompanies the following:

1. amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and Form 51-102F1 *Management's Discussion and Analysis* (Form 51-102F1) in respect of forward-looking information, including future-oriented financial information (FOFI) and financial outlooks such as earnings guidance (the NI 51-102 Rule Amendments);
2. related consequential amendments to the following instruments (the Consequential Rule Amendments):
 - Form 44-101F1 *Short Form Prospectus* (Form 44-101F1)
 - Form 45-101F *Information Required in a Rights Offering Circular* (Form 45-101F)
 - Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* (Form 45-106F2)
 - Form 45-106F3 *Offering Memorandum for Qualifying Issuers* (Form 45-106F3);
3. related amendments to the following national policies (the Policy Amendments):
 - Companion Policy 51-102CP *Continuous Disclosure Obligations* (CP 51-102)
 - Companion Policy 44-101CP *Short Form Prospectus Distributions* (CP 44-101)
 - National Policy 41-201 *Income Trusts and Other Indirect Offerings* (NP 41-201)
 - National Policy 51-201 *Disclosure Standards* (NP 51-201); and
4. the rescission of National Policy 48 *Future-Oriented Financial Information* (NP 48).

The NI 51-102 Amendments, the Consequential Rule Amendments and the Policy Amendments (collectively the Amendments) are an initiative of the securities regulatory authorities in each of the provinces and territories.

The NI 52-102 Amendments and the Consequential Rule Amendments (collectively the Rule Amendments) have been made, or are expected to be made, as:

- rules in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island;
- Commission regulations in Saskatchewan and a regulation in Québec, Nunavut and Northwest Territories; and
- policies in the Yukon.

If the required government approval is obtained in British Columbia, the British Columbia Securities Commission intends to make the Rule Amendments and adopt the Policy Amendments.

In Ontario, the Rule Amendments were delivered to the Minister responsible for securities regulation on October 12, 2007, along with amendments to Form 41-501F1 *Information Required in a Prospectus* of OSC Rule 41-501 *General Prospectus Requirements*, and OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (the Ontario Rule Amendments). The Minister may approve or reject the Rule Amendments and the Ontario Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by December 10, 2007, the Rule Amendments will come into force on December 31, 2007.

In Québec, the Instrument is a regulation made under section 331.1 of *The Securities Act* (Québec) and will have to be approved, with or without amendment, by the Minister of Finance. The Instrument will come into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation.

We expect to implement the Amendments on December 31, 2007.

Substance and Purpose

Currently, our expectations for forward-looking information are found in a number of places:

- NP 48 specifies how FOFI should be prepared, updated and compared to actual, and specifies when an auditor should be involved. Since NP 48 was issued in 1993, there has been confusion in the market as to the applicability of NP 48 to other types of forward-looking information, such as earnings guidance.

- NP 51-201 includes best disclosure practices for earnings guidance and for updating forward-looking information. However, since the introduction of NP 51-201 in 2002, issuers have continued to question the applicability of NP 48 to earnings guidance and other financial outlooks.
- Form 51-102F1 includes instructions to issuers who prepare forward-looking information in management's discussion and analysis (MD&A).

The Amendments:

- streamline and clarify the requirements for preparation and disclosure of all forward-looking information in one location, placing them in NI 51-102, with cross-references in the relevant offering document forms to these requirements; and
- apply the same provisions for comparison to actual, updating and withdrawal to both FOFI and financial outlooks such as earnings guidance.

Background

We published the Amendments for comment (the Proposed Amendments) on December 1, 2006 (the December Notice). The comment period ended on March 1, 2007.

Summary of Changes to the Proposed Amendments

We have summarized the principal changes to the Proposed Amendments in Appendix A to this Notice.

Summary of Written Comments Received by the CSA

We received submissions from five commenters. We have considered all the comments received and thank all commenters. Our responses to the comments and the names of the commenters are contained in Appendix B to this Notice.

Questions

Please refer your questions to any of:

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The text of the Amendments can be found as follows:

- Appendix C: Revocation of National Policy 48 *Future-Oriented Financial Information*
- Appendix D: Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*
- Appendix E: Amendments to Form 51-102F1 *Management's Discussion and Analysis*
- Appendix F: Amendments to Companion Policy 51-102CP *Continuous Disclosure Obligations*
- Appendix G: Amendments to Form 44-101F1 *Short Form Prospectus Distributions* and Companion Policy 44-101 CP to National Instrument 44-101 *Short Form Prospectus Distributions*
- Appendix H: Amendments to Form 45-101F *Information Required in a Rights Offering Circular*
- Appendix I: Amendments to Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* and Form 45-106F3 *Offering Memorandum for Qualifying Issuers*
- Appendix J: Amendments to National Policy 41-201 *Income Trusts and Other Indirect Offerings*
- Appendix K: Amendments to National Policy 51-201 *Disclosure Standards*
- Appendix L: Related Amendments to Local Securities Regulation and Additional Information Required in Certain Jurisdictions