

Appendix A

Summary of proposed amendments

NI 51-102

We propose to amend NI 51-102 as follows:

Part 1 Definitions

- to amend the definition of *interim period* and add related definitions to account for issuers with financial years that are not 365 or 366 days long; this addresses differences in the definition of *month* in various *Interpretation Acts* across Canada
- to add a definition of *restructuring transaction* that would apply to disclosure in material change reports and information circulars
- to amend the definition of *venture issuer* to provide that issuers listed on the Alternative Investment Market of the London Stock Exchange are venture issuers; this will replace the blanket orders that some jurisdictions have implemented and make the application of the definition consistent across all jurisdictions

Part 3 Language of documents

- to add a requirement for a certificate as to the accuracy of translations, where a filed document has been translated from a language other than French or English; this is consistent with a requirement in NI 71-102

Part 4 Financial statements

- to eliminate inconsistencies between the interim financial statement filing requirement in section 4.3 and requirements for filings after an issuer becomes a reporting issuer in sections 4.7 and 4.10
- to eliminate the requirement to send a request form, as discussed in this Notice under the heading *Request for comments*
- to clarify the delivery deadline for foreign issuers; this will make the requirement consistent with discretionary relief we have granted
- to clarify the delivery deadline for issuers that send their financial statements to all their shareholders; this will eliminate the current ambiguity in NI 51-102 and ensure shareholders receive financial information promptly
- to clarify who has to file a change in corporate structure notice, and when
- to provide an exemption from having to provide comparative financial information in interim financial statements after a reverse takeover to parallel the exemption that applies after an issuer becomes a reporting issuer

Part 5 Management's discussion & analysis

- to clarify when an issuer does not have to provide MD&A
- to clarify when an SEC issuer has to file a supplement to its MD&A
- to require additional information from an issuer that has invested in a significant business and accounted for it using the equity method; this is consistent with business acquisition reporting for these investments

Part 8 Business acquisition report

- to streamline the business acquisition reporting requirement by
 - clarifying what is a business in connection with interests in oil and gas properties
 - eliminating the requirement for non-venture issuers to test significance at the 40% level
 - requiring only one year of audited financial statements of an acquired business, with unaudited comparative information
 - permitting issuers to average their consolidated income from continuing operations for the income test, even if their consolidated income in their most recently completed financial year was negative
 - permitting issuers to apply the income test based on certain previously filed pro forma financial information
 - providing additional exemptions from the interim financial statement requirements for an acquired business
 - eliminating the asset test and revising the income test for acquisitions of interests in oil and gas properties, unless the acquisition is of securities of another issuer
 - eliminating the requirement for a compilation report on pro forma financial statements
- to ensure that the acquired business's most recent annual financial statements are included in the business acquisition report and to give more time to file the report in some circumstances

Part 11 Additional filing requirements

- to add a requirement for an issuer to file a copy of certain documents it filed with another securities regulatory authority in Canada
- to add a requirement for an issuer to issue a press release if it is determined that the issuer filed a document that is materially deficient

Part 13 Exemptions

- to expand the exemptions in Part 13 to reflect discretionary relief we have granted since we implemented NI 51-102

Form 51-102F1 Management's Discussion and Analysis

We propose to amend the Form 51-102F1 as follows:

- to require an issuer to disclose and discuss material differences between actual results for the historical period to which its MD&A relates and future oriented financial information for that period that the issuer previously released to the public
- to eliminate the requirement to provide a sensitivity analysis relating to critical accounting estimates in every case and replace it with instructions relating to quantitative and qualitative disclosure; this amendment is subject to results from staff's continuing review of issuers' MD&A disclosure of their sensitivity analysis
- to clarify in the instructions how an issuer applies the principle of updating its annual MD&A in its interim MD&A in various circumstances

Form 51-102F2 Annual Information Form

We propose to amend Form 51-102F2 as follows:

- to clarify in the instructions how and when an issuer must disclose cease trade orders, bankruptcies, penalties or sanctions relating to its directors, executive officers and significant securityholders
- to require an issuer to disclose any penalties or sanctions imposed against, it or settlement agreements it entered into, during the financial year
- to require an issuer to disclose how its securityholders may contact the issuer to request the financial statements and MD&A; this would be in place of the request form

Form 51-102F3 Material Change Report

We propose to amend Form 51-102F3 to require an issuer to provide prospectus-level disclosure about restructuring transactions. This requirement would not apply if the issuer already sent an information circular or filed a prospectus or securities exchange takeover bid circular in respect of the transaction.

Form 51-102F4 Business Acquisition Report

We propose to amend Form 51-102F4 by permitting an issuer to incorporate information into the BAR by reference, including financial statements.

Form 51-102F5 Information Circular

We propose to amend Form 51-102F5 as follows:

- to require an issuer to provide the same penalties or sanctions disclosure about prospective directors that it must provide in the annual information form

- to provide that an issuer has to disclose executive compensation only if it is sending the information circular for an annual general meeting or a meeting at which directors will be elected
- to clarify when prospectus-level disclosure must be provided, and about which issuers
- to expand the exemption from the prospectus-level disclosure requirement for an issuer listed on the TSX Venture Exchange

CP 51-102

The proposed amendments to CP 51-102 reflect the changes to NI 51-102 described above and provide further guidance on how to interpret and apply NI 51-102.

NI 52-107

We propose to amend NI 52-107 to clarify the exemptions for financial statements of SEC issuers and foreign issuers.

NI 71-102

We propose to amend NI 71-102 to expand the exemptions from insider reporting to insiders of issuers that are SEDI issuers.