

CSA Notice**Amendments to Form 51-102F6
*Statement of Executive Compensation*****and****Consequential Amendments****Introduction**

We, the Canadian Securities Administrators (CSA), are adopting amendments to Form 51-102F6 *Statement of Executive Compensation* (the **Form 51-102F6 Amendments**).

The Form 51-102F6 Amendments will amend the previous version of Form 51-102F6 *Statement of Executive Compensation (in respect of financial years ending on or after December 31, 2008)* (**Form 51-102F6**), which came into effect in all CSA jurisdictions on December 31, 2008.

Concurrently with the Notice, we are publishing the amendment instruments for the Form 51-102F6 Amendments and the Consequential Amendments (as defined below), as well as a blackline of the Form 51-102F6 Amendments showing all changes from the versions currently in force. These documents are also available on the websites of CSA members, including the following:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.osc.gov.on.ca
- www.lautorite.qc.ca
- www.nbsc-cvmnb.ca
- www.gov.ns.ca/nssc

In some jurisdictions, Ministerial approvals are required for these changes. Subject to obtaining all necessary approvals, the Form 51-102F6 Amendments and Consequential Amendments (as defined below) will come into force on **October 31, 2011**.

Transition

The Form 51-102F6 Amendments will apply in respect of financial years ending on or after October 31, 2011. The Form 51-102F6 Amendments will also form part of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), which sets out the

obligations of reporting issuers, other than investment funds, for financial statements, management's discussion and analysis, annual information forms, information circulars and other continuous disclosure-related matters.

NI 51-102 refers and relies on references to Canadian generally accepted accounting principles (**Canadian GAAP**), which are established by the Canadian Accounting Standards Board (**AcSB**). The AcSB has incorporated International Financial Reporting Standards (**IFRS**), as adopted by the International Accounting Standards Board (**IASB**), into the Handbook of the Canadian Institute of Chartered Accountants (the **Handbook**) for most Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011. As result, the Handbook contains two sets of standards for public companies:

- Part I of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011, and
- Part V of the Handbook – Canadian GAAP for public enterprises that is the pre-changeover accounting standards (**2010 Canadian GAAP**).

After the IFRS changeover date on January 1, 2011, non-calendar year-end issuers will continue to prepare financial statements in accordance with 2010 Canadian GAAP until the start of their new financial year.

To further assist issuers and their advisors and increase transparency, during the transition period, certain jurisdictions will post two different unofficial consolidations of NI 51-102 that will include the Form 51-102F6 Amendments on their websites:

- the version of NI 51-102 that contains 2010 Canadian GAAP terms and phrases, which apply to reporting issuers in respect of documents required to be prepared, filed, delivered or sent under the rules for periods relating to financial years beginning before January 1, 2011; and
- the new version of NI 51-102 that contains IFRS terms and phrases, which apply to reporting issuers in respect of documents required to be prepared, filed, delivered or sent under the rules for periods relating to financial years beginning on or after January 1, 2011.

Substance and Purpose of the Form 51-102F6 Amendments

On September 18, 2008, we announced the adoption of Form 51-102F6, which became effective across all CSA jurisdictions on December 31, 2008. In adopting Form 51-102F6, the CSA's stated intention was to create a document that would continue to provide a suitable framework for disclosure as compensation practices change over time.

On November 20, 2009, CSA Staff Notice 51-331 *Report on Staff's Review of Executive Compensation Disclosure* (the **Staff Notice**) was issued and reported the findings of a

targeted compliance review of executive compensation disclosure. 70 reporting issuers were selected for this review. Staff of the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers participated in the targeted compliance reviews.

The focus of the reviews was to:

- (i) assess compliance with Form 51-102F6,
- (ii) use the review results to educate companies about the new requirements, and
- (iii) identify any requirements that need clarification or further explanation to assist companies in fulfilling their disclosure obligations.

We asked most of the companies reviewed to improve their disclosure in future filings in respect of the disclosure issues that were identified in the targeted reviews and discussed in the Staff Notice.

In addition, we have seen a number of recent international developments in the area of executive compensation. In particular, on December 16, 2009, the Securities and Exchange Commission (**SEC**) adopted rules amending compensation and corporate governance disclosure requirements for U.S. companies in the 2010 proxy season (the **2010 SEC Amendments**). In addition, on July 15, 2010, the United States Congress passed a final version of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (the **Dodd-Frank Act**), which came in force for the 2011 proxy disclosures.

We reviewed the issues discussed in the Staff Notice and the amendments in the 2010 SEC Amendments and the Dodd-Frank Act that we thought are also relevant to Canadian reporting issuers. As a result, we developed proposed amendments to Form 51-102F6 to improve the information companies provide investors about key risks, governance and compensation matters. The Form 51-102F6 Amendments were published for a 90-day comment period on November 19, 2010 (the **November 2010 Materials**).

The Form 51-102F6 Amendments, which range from drafting changes to clarify existing disclosure requirements to new substantive requirements, reflects our further consideration of these proposed amendments in light of the comments we received. We think the Form 51-102F6 Amendments will help investors make more informed voting and investment decisions and will enhance the quality of information provided to investors and assist companies in fulfilling their executive compensation disclosure obligations.

Written Comments

The comment period expired on February 17, 2011. During the comment period we received submissions from 28 commenters. We have considered these comments and we

thank all the commenters. A list of the 28 commenters and a summary of their comments, together with our responses, are contained in Appendices B and C.

Summary of Changes to the November 2010 Materials

We have made some revisions to the November 2010 Materials, including drafting changes made only for the purposes of clarification or in response to comments received. Appendix A describes the key changes made to the November 2010 Materials. As the changes are not material, we are not republishing the Form 51-102F6 Amendments for a further comment period. A blackline of the Form 51-102F6 Amendments showing all changes from the version currently in force is included in Appendix G.

Consequential Amendments

We are also adopting related consequential amendments to the following:

- Sections 9.3.1 and 11.6 of NI 51-102,
- Form 58-101F1 *Corporate Governance Disclosure* (**Form 58-101F1**), and
- Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* (**Form 58-101F2**) of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**).

(together, the **Consequential Amendments**).

The Consequential Amendments are contained in Appendix E.

Local Notices

Certain jurisdictions are publishing other information required by local securities legislation in Appendix F.

Questions

If you have any questions, please refer them to any of the following:

British Columbia Securities Commission
Jody-Ann Edman
Senior Securities Analyst, Corporate Finance
Phone: 604-899-6698
E-mail: jedman@bcsc.bc.ca

Alberta Securities Commission

Cheryl McGillivray
 Manager, Corporate Finance
 Phone: 403-297-3307
 E-mail: cheryl.mcgillivray@asc.ca

Anne Marie Landry
 Securities Analyst
 Phone: 403-297-7907
 E-mail: annemarie.landry@asc.ca

Ontario Securities Commission

Sonny Randhawa
 Assistant Manager, Corporate Finance
 Phone: 416-204-4959
 E-mail: srandhawa@osc.gov.on.ca

Christine Krikorian
 Accountant, Corporate Finance
 Phone: 416-593-2313
 E-mail: ckrikorian@osc.gov.on.ca

Frédéric Duguay
 Legal Counsel, Corporate Finance
 Phone: 416-593-3677
 Email: fduguay@osc.gov.on.ca

Autorité des marchés financiers

Lucie J. Roy
 Senior Policy Advisor
 Service de la réglementation
 Phone: 514-395-0337, ext 4464
 E-mail: lucie.roy@lautorite.qc.ca

Pasquale Di Biasio
 Analyst
 Service de l'information continue
 Phone: 514-395-0337, ext 4385
 E-mail: pasquale.dibiasio@lautorite.qc.ca

New Brunswick Securities Commission

Pierre Thibodeau
 Senior Securities Analyst
 Phone: 506-643-7751
 E-mail: pierre.thibodeau@nbsc-cvmnb.ca

Nova Scotia Securities Commission

Junjie (Jack) Jiang
 Securities Analyst, Corporate Finance
 Phone: 902-424-7059
 E-mail: jiangj@gov.ns.ca

July 22, 2011