

NATIONAL AND SASKATCHEWAN NOTICE**Consequential Changes Arising from
Proposed National Instrument 45-106 *Prospectus and Registration Exemptions*****Proposed Repeal of National Instrument 32-101 *Small Securityholder Selling and Purchase Arrangements*, Multilateral Instrument 45-103 *Capital Raising Exemptions*, Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors and Consultants* and National Instrument 62-101 *Control Block Distribution Issues*****and****Proposed Amendments to National Instrument 33-105 *Underwriting Conflicts*, National Instrument 45-101 *Rights Offerings*, National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues*, Multilateral Instrument 45-102 *Resale of Securities*, Saskatchewan Local Instrument 33-502 *Requirements for Sale of Certain Securities*****and****Proposed adoption of National Instrument 33-105 *Underwriting Conflicts in Saskatchewan* and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions*****December 17, 2004****Overview**

We, the Canadian Securities Administrators (CSA), are publishing this notice in conjunction with the notice/request for comment on proposed National Instrument 45-106 *Prospectus and Registration Exemptions* (the Instrument). The Instrument consolidates and harmonizes the prospectus and registration exemptions contained in various provincial statutes and national, multilateral and local instruments into a single national instrument.

The CSA intend to repeal or make consequential amendments to a number of national and multilateral instruments. The Saskatchewan Financial Services Commission (the Commission) intends to make consequential amendments to Saskatchewan Local Instrument 33-502 *Requirements for Sale of Certain Securities*. The text of the proposed repeals and consequential amendments is attached as schedules to this notice and is being published for a 90-day comment period.

The Commission intends to adopt National Instrument 33-105 *Underwriting Conflicts* and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions*. The text of the

proposed instruments is attached as schedules to this notice and is being published for a 90-day comment period.

The Instrument and related amendments to national, multilateral and local instruments will be implemented as

- rules in Alberta, Manitoba, Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador,
- blanket orders or rules in British Columbia,
- regulations in Quebec,
- Commission regulations in Saskatchewan, and
- policies or codes in, the Northwest Territories, Nunavut and Yukon.

National Instrument 33-105 *Underwriting Conflicts* and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions* will be implemented in Saskatchewan as Commission regulations.

The text of the proposed repeals and consequential amendments will also be available on websites of CSA members, including the following:

- www.albertasecurities.com
- www.bcsc.bc.ca
- www.osc.gov.on.ca
- www.lautorite.qc.ca
- www.sfsc.gov.sk.ca

The text of National Instrument 33-105 *Underwriting Conflicts* and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions* will also be available on the Commission website at www.sfsc.gov.sk.ca.

Notice of the proposed amendments to local securities legislation may be published separately in each jurisdiction.

Upon final publication of the Instrument and related repeals and consequential amendments, we will publish a third CSA Staff Notice that will cite remaining local exemptions for each jurisdiction.

Purpose and Benefits

We believe that the Instrument, related consequential amendments and repeals and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions* will yield substantial benefits and reduce costs to market participants by harmonizing both the majority of prospectus and registration exemptions currently available across Canada, and the resale, disclosure and filing requirements associated with those exemptions.

At present, most jurisdictions have a similar but not identical set of exemptions and market participants that wish to effect a multi-jurisdictional exempt distribution must familiarize themselves with the various exempt distribution regimes of the relevant jurisdictions. This typically necessitates culling through the various acts, regulations and rules of the different jurisdictions. On implementation of the Instrument, market participants will generally have to look no further than the Instrument to view the landscape of exemptions.

Where possible, we have consolidated many of the existing exemptions to make them more straightforward and user friendly. Moreover, the scope of certain exemptions has been modified and new exemptions have been added in response to a number of relatively routine exemptive relief applications. These changes should yield additional benefits to market participants.

The proposed amendments and repeals and Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions* will facilitate the consolidation and harmonization of existing exemptions within the Instrument. This should

- (i) result in reduced transaction costs because market participants will no longer need to expend time and money dealing with a collection of exempt distribution regimes and their associated resale, disclosure and filing requirements, and
- (ii) facilitate capital formation for issuers.

Repeals

We will repeal the following national and multilateral instruments as the exemptions contained in these instruments are being carried forward in the Instrument:

- National Instrument 32-101 *Small Securityholder Selling and Purchase Arrangements*, which will be replaced by section 3.6 of the Instrument
- Multilateral Instrument 45-103 *Capital Raising Exemptions*, which will be replaced by sections 2.3, 2.4, 2.5, 2.6 and 2.9 of the Instrument
- Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants*, which will be replaced by sections 2.24, 2.26, 2.27, 2.28 and 2.29 of the Instrument
- National Instrument 62-101 *Control Block Distribution Issues*, which will be replaced by section 4.1 of the Instrument

The text of the proposed repeals is set out in **Schedule 1** to this Notice.

Amendments

NI 33-105

We will amend National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) to update the securities legislative references in section 3.1(b) and Appendix A and repeal Appendix B to the

instrument. The text of the proposed amendments to NI 33-105 is set out in **Schedule 2** to this Notice.

NI 33-105 is not currently in effect in Manitoba and Saskatchewan. With this Notice Saskatchewan is publishing for comment NI 33-105 as it is proposed to be amended by this Notice in other jurisdictions. We anticipate that NI 33-105 will become effective in Saskatchewan at the same time as the proposed amendments to NI 33-105 described in this Notice become effective.

NI 45-101

We will amend National Instrument 45-101 *Rights Offerings* (NI 45-101) by updating the definition of “rights offering” found in Part 1 of the instrument to remove the exercise of a right. This is necessary as the new rights offering exemption in the Instrument does not provide an exemption for the exercise of a right issued under a rights offering. Instead a person wishing to exercise a right issued under a rights offering will look to the general exemption in the Instrument which facilitates conversions, exchanges or the exercise of rights pursuant to previously issued securities. The text of the proposed amendment to NI 45-101 is set out in **Schedule 3** to this Notice.

NI 62-103

We will amend National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (NI 62-103) to update the securities legislation references in various jurisdictions listed in Appendices A and B to the Instrument. The text of the proposed amendments to NI 62-103 is set out in **Schedule 4** to this Notice.

MI 45-102 and Companion Policy 45-102CP

As Quebec has expressed interest in participating in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102), we will expand MI 45-102 to include Quebec. This will result in MI 45-102 becoming a national instrument. We will also add transitional language to the legend requirement in section 2.5 of MI 45-102 for distributions of securities in Quebec prior to the implementation of NI 45-102. Other revisions to MI 45-102 include updating definitions, removing obsolete transitional provisions and revising a number of the appendices to incorporate the exemptions contained in the Instrument and transitional provisions for current exemptions. Companion Policy 45-102CP (the Companion Policy) will be updated to reflect the proposed changes to MI 45-102. The text of the proposed amendments to MI 45-102 is set out in **Schedule 5** to this Notice. The text of the proposed amendments to the Companion Policy is set out in **Schedule 6** to this Notice.

Implementation of National Instrument 45-106 *Prospectus and Registration Exemptions in Saskatchewan*

NI 33-105

NI 33-105 was published for comment in Saskatchewan and other Canadian jurisdictions in February 1998 and again in June 2001. When it was adopted in other Canadian jurisdictions in January 2002 it could not be adopted in Saskatchewan because there was a reference in a schedule to NI 31-105 to a prospectus exemption that had been repealed from *The Securities Act*,

1988 (Saskatchewan). The amendments to NI 33-105 proposed by this Notice amend the schedule in question and it is possible to amend the reference in question and adopt NI 33-105 in Saskatchewan. The Commission is therefore publishing NI 33-105 for comment in Saskatchewan with a view adopting the NI 33-105 at the same time as other jurisdictions adopt the proposed amendments to NI 33-105 set out in this Notice. NI 33-105 as it is proposed to be adopted in Saskatchewan will reflect the amendments to NI 33-105 set out in this Notice. The text of proposed NI 33-105 is set out in **Schedule 7** to this Notice. References to provisions in proposed NI 33-105 may change to references to equivalent provisions if changes are needed as a result of the implementation of the proposed Instrument.

The substance and purpose of the proposed NI 33-105 is to impose appropriate regulatory requirements on distributions of securities in which the relationship between the issuer or selling securityholder of the securities and the registrant acting as underwriter raises the possibility that the registrant will be in an actual or perceived position of conflict between its own interests or those of the issuer or selling securityholder, and those of investors. The proposed NI 33-105 imposes certain disclosure requirements on these transactions and, in some cases, the requirement that an independent dealer participate in the distribution.

SLI 11-502

Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions* (SLI 11-502) removes the exemptions in sections 38, 39, 39.1, 81 and 82 of *The Securities Act, 1988* (Saskatchewan) and in sections 60(2), 63, 98(2), 99 and 101 of *The Securities Regulations*. The text of the proposed of NI 33-105 is set out in **Schedule 8** to this Notice.

Proposed SLI 11-502 would be implemented at the same time as the Instrument.

Most of the exemptions removed by SLI 11-502 will be replaced by exemptions in the Instrument. The Instrument consolidates many of the existing exemptions removed by SLI 11-502 to make them more straightforward and user friendly. Moreover, the scope of certain exemptions removed by SLI 11-502 has been modified in the Instrument. The Instrument adds new exemptions in response to a number of relatively routine exemptive relief applications

Clauses 39(1)(g), (k), (l) and (aa), (ii), clauses 39(2)(l), (m), (n) and (p), clauses 81(1)(a.1), (w), (x) and (ff) and clauses 82(1)(a) as it relates to the registration exemptions, (b), (c) and (d) of *The Securities Act, 1988* (Saskatchewan) are not included in the Instrument. Clauses 39(2)(i) and (j) and clause 82(1)(a) as it relates to these registration exemptions of *The Securities Act, 1988* (Saskatchewan) are not included in the Instrument as the treatment of credit union and co-operative offerings differs across jurisdictions. These exemptions will be replaced in Saskatchewan by Saskatchewan General Ruling/Order 45-912 *Exemptions for Co-operatives and Credit Unions*. Sections 63 and 98 of *The Securities Regulations* (Saskatchewan) are also not included in the Instrument.

The exemptions referenced in SLI 11-502 are being removed to avoid confusion and facilitate harmonization across jurisdictions. A table of concordance between the registration and prospectus exemptions in *The Securities Act, 1988* (Saskatchewan) and the Instrument is in **Table 1** to this Notice.

Rights of Action

It should be noted that rights of action for misrepresentation that are currently available where an offering document is used with a current exemption will not be available with respect to most trades under the equivalent exemption in the Instrument. One exception to this is that the rights of action available with respect to the offering memorandum exemption under MI 45-103 will be available with respect to trades under the offering memorandum exemption in the Instrument. Saskatchewan has broader rights of action for exempt trades than most other jurisdictions due to the broad definition of “offering memorandum” in *The Securities Act, 1988* (Saskatchewan). But since this definition refers to specific exemption provisions and the provisions of the Instrument cannot be added into the definition without statutory amendment, the rights of action cannot be carried forward to exemptions under the Instrument. There is also no power for the Commission to make Commission regulations in this regard. We feel the result will be greater uniformity with other jurisdictions although we will undergo a review of the issue and propose statutory amendments if needed. **We welcome you comments on this issue.**

SLI 33-502

Saskatchewan Local Instrument 33-502 *Requirements for Sale of Certain Securities* (SLI 33-502) is being amended to remove references to exemptions that will be replaced by exemptions in the Instrument. These references will be replaced by references to equivalent exemptions in the Instrument. The text of the proposed amendments to SLI 33-502 is set out in **Schedule 9** to this Notice.

Authority for Proposed NI 33-105 and SKI 11-502

Clause 154(1)(c) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations prescribing the conditions of registration or other requirements for registrants or any category or sub-category of registrant, including requirements that are advisable for the prevention or regulation of conflicts of interest.

Clause 154(1)(d) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations that extend any requirements prescribed as conditions of registration or other requirements for registrants to unregistered directors, partners, salespersons and officers of registrants.

Clause 154(1)(f) of *The Securities Act, 1988* (Saskatchewan) provides authority to the Commission to make regulations regarding the furnishing of information by registrants to the public.

Clause 154(1)(l) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations regulating trading or advising in securities to prevent trading or advising that is fraudulent, manipulative, deceptive or unfairly detrimental to investors.

Clauses 154(1)(n) and (o) of *The Securities Act, 1988* (Saskatchewan) provides the Commission with authority to make regulations governing prospectuses and their contents.

Clause 154(1)(qq) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations that remove any exemption granted by *The Securities Act, 1988* (Saskatchewan) or the regulations thereto, including prescribing any conditions or restrictions on removal of the exemption.

Alternatives Considered

No other alternatives were considered.

Unpublished Materials

No unpublished study, report, or other written materials were relied on in proposing these repeals and amendments to existing national and multilateral instruments.

Request for Comment

We request your comments on the proposed amendments to NI 33-105, NI 45-101, NI 62-103 and MI 45-102 and the proposed repeal of NI 32-101, MI 45-103, MI 45-105 and NI 62-101.

The Commission requests your comments on the proposed NI 33-105 and SLI 11-502 and the proposed amendments to SLI 33-502.

How to Provide Your Comments

Please provide your comments on the proposed amendments to NI 33-105, NI 45-101, NI 62-103 and MI 45-102 and the proposed repeal of NI 32-101, MI 45-103, MI 45-105 and NI 62-101 by **March 17, 2005**.

Please e-mail your submission as indicated below, but address your submission to all of the CSA member commissions, as follows:

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut
Ontario Securities Commission
Prince Edward Island Securities Office
Autorité des marchés financiers
Saskatchewan Financial Services Commission
Registrar of Securities, Government of Yukon

You do not need to deliver your comments to all of the CSA member commissions. Please deliver your comments to the two addresses that follow, and they will be distributed to all other jurisdictions by CSA staff.

Blaine Young
Alberta Securities Commission
400 - 300 - 5th Avenue S.W.
Calgary, Alberta
T2P 3C4
Fax: (403) 297-3679
e-mail: blaine.young@seccom.ab.ca

Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800 square Victoria
C.P. 246, 22e étage
Montréal, Québec
H4Z 1G3
Fax:(514) 864-6381
e-mail: consultation-en-cours@lautorite.qc.ca

Please provide your comments on the proposed NI 33-105 and SLI 11-502 and the proposed amendments to SLI 33-502 by **March 17, 2005**.

Please e-mail your submission as follows:

Dean Murrison
Deputy Director, Legal/Registration
Securities Division
Saskatchewan Financial Services Commission
(306) 787-5879
dmurrison@sfsc.gov.sk.ca

If you are not able to send your comments by e-mail, please send a diskette containing your comments in Word.

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

Questions relating to the proposed repeals and consequential amendments outlined in this notice may be referred to:

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Tony S. K. Wong, Registrar, Securities & Corporate Registries
Northwest Territories Securities Registry
(867) 920-3318
tony_wong@gov.nt.ca

Gary Crowe, Registrar of Securities
Government of Nunavut, Justice Department
(867) 975-6190
gcrowe@gov.nu.ca

Richard Roberts, Registrar of Securities
Government of Yukon

(867) 667-5225

richard.roberts@gov.yk.ca

Questions relating to the proposed NI 33-105 and SLI 11-502 and the proposed amendments to SKI 33-502 may be referred to:

Dean Murrison

Deputy Director, Legal/Registration

Securities Division

Saskatchewan Financial Services Commission

(306) 787-5879

dmurrison@sfsc.gov.sk.ca

SCHEDULE 1

REPEAL OF
NATIONAL INSTRUMENT 32-101 *Small Securityholder Selling and Purchase Arrangements*
and
NATIONAL INSTRUMENT 62-101 *Control Block Distribution Issues*
and
MULTILATERAL INSTRUMENT 45-103 *Capital Raising Exemptions*
and
MULTILATERAL INSTRUMENT 45-105 *Trades to Employees,*
Senior Officers, Directors, and Consultants

PART 1 REPEAL OF NATIONAL INSTRUMENT 32-101

1.1 Repeal - National Instrument 32-101 *Small Securityholder Selling and Purchase Arrangements* is repealed.

PART 2 REPEAL OF NATIONAL INSTRUMENT 62-101

2.1 Repeal - National Instrument 62-101 *Control Block Distribution Issues* is repealed.

PART 3 REPEAL OF MULTILATERAL INSTRUMENT 45-103

3.1 Repeal - Multilateral Instrument 45-103 *Capital Raising Exemptions* is repealed.

PART 4 REPEAL OF MULTILATERAL INSTRUMENT 45-105

4.1 Repeal - Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors, and Consultants* is repealed.

PART 5 EFFECTIVE DATE

5.1 Effective Date - These repeals are effective ●.

SCHEDULE 2

AMENDMENTS TO NATIONAL INSTRUMENT 33-105 *Underwriting Conflicts*

PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 33-105

1.1 **Amendments** - National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) is amended by:

(a) in clause (b) of section 3.1, striking and replacing “a provision listed in Appendix B” with:

“section 2.8 of National Instrument 45-102 Resale of Securities”;

(b) repealing and replacing Appendix A with:

Appendix A - Exempt Securities

Jurisdiction	Securities Legislation Reference
All	Sections 2.20, 2.21 and 2.35 to 2.40 of National Instrument 45-106 Prospectus and Registration Exemptions
Alberta	Section 87(h), (h.1) and (h.2) of the <i>Securities Act</i> (Alberta)
Manitoba	Subsection 19(2)(g) and (h) of the <i>Securities Act</i> (Manitoba)
Newfoundland and Labrador	Subsections 36(2)(h) and (i) of the <i>Securities Act</i> (Newfoundland and Labrador)
Nova Scotia	Clause 41(2)(i) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Section 2.5 of OSC Rule 45-501
Prince Edward Island	Subsection 2(4)(f) and (g) of the <i>Securities Act</i> (Prince Edward Island)
Quebec	Section 41 of the <i>Securities Act</i> (Quebec)
Saskatchewan	Subsection 39(2)(i) and (j) of <i>The Securities Act, 1988</i> (Saskatchewan)

- (c) repealing Appendix B.

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - This amendment is effective ●.

SCHEDULE 3

AMENDMENTS TO NATIONAL INSTRUMENT 45-101 *Rights Offerings*

PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 45-101

- 1.1 **Amendment** - National Instrument 45-101 *Rights Offerings* is amended by repealing the definition of “rights offering” in Part 1 and substituting the following:

“rights offering” means the issuance by an issuer to existing security holders of a right to purchase additional securities of the issuer’s own issue.

PART 2 EFFECTIVE DATE

- 2.1 **Effective Date** - This amendment is effective ●.

SCHEDULE 4

AMENDMENTS TO NATIONAL INSTRUMENT 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues*

PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 62-103

1.1 Amendment - National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* is amended by:

- (a) in Appendix A
 - (i) under the Alberta securities legislative reference, striking and replacing “Clause 1(f)(iii) of the *Securities Act* (Alberta)” with:
“Clause 1(p)(iii) of the *Securities Act* (Alberta)”
 - (ii) under the British Columbia securities legislative reference, striking out and replacing “Paragraph (c) of the definition of “distribution” contained in subsection 1(1) of the *Securities Act* (British Columbia)” with:
“Paragraph (c) of the definition of “offering” contained in subsection 1(1) of the *Securities Act* (British Columbia)”
 - (iii) under the New Brunswick securities legislative reference, striking and replacing “Paragraph (b) of the definition of “primary distribution to the public” contained in section 1 of the *Securities Frauds Prevention Act* (New Brunswick)” with:
“Paragraph (c) of the definition of “distribution” contained in section 1(1) of the *Securities Act* (New Brunswick)” and
 - (iv) adding the following jurisdiction and securities legislative reference after Ontario:
“Quebec Subparagraph 9 of the definition of “distribution” contained in section 5 of the *Securities Act* (Quebec)”
- (b) in Appendix B

- (i) under the Alberta securities legislative reference, striking and replacing “Subsections 141(1), 141(2) and 141(3) of the *Securities Act* (Alberta)” with:

“Subsections 176(1), 176(2) and 176(3) of the *Securities Act* (Alberta)”

- (ii) under the British Columbia securities legislative reference, striking out and replacing “Subsections 111(1) and 111(2) of the *Securities Act* (British Columbia)” with:

“BC Instrument 62-502 *Take Over Bids and Issuer Bids*, subsections 26 and 27”

- (iii) adding the following jurisdiction and securities legislative reference after Manitoba:

“New Brunswick Subsection 126(1) and (2) of the *Securities Act* (New Brunswick)”

- (c) in Appendix C

- (i) under the British Columbia securities legislative reference, striking out and replacing “Subsections 111(3) of the *Securities Act* (British Columbia)” with:

“BC Instrument 62-502 *Take Over Bids and Issuer Bids*, subsection 26(3)”

- (c) in Appendix D

- (i) under the British Columbia securities legislative reference, striking out and replacing “Subsection 1(4) and sections 95 and 96 of the *Securities Act* (British Columbia)” with:

“Section 4 of the *Securities Act* (British Columbia) and sections (4) and (5) of BC Instrument 62-502 *Take Over Bids and Issuer Bids*, subsection 26(3)”

PART 2 EFFECTIVE DATE

2.1 Effective Date - These amendments are effective [*]

SCHEDULE 5

Amendments to Multilateral Instrument 45-102 *Resale of Securities*

PART 1 AMENDMENTS TO MULTILATERAL INSTRUMENT 45-102

1.1 **Amendment** - Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) is amended by:

- (a) in MI 45-102, striking “Multilateral Instrument 45-102” and substituting “National Instrument 45-102” as follows:
 - (i) in the title of the instrument, and
 - (ii) in the title of Appendix B and C;
- (b) in section 1.1,
 - (i) repealing the definition of “former MI 45-102”,
 - (ii) repealing and replacing the definition of “MI 45-102” with:

“MI 45-102” means Multilateral Instrument 45-102 *Resale of Securities* that came into force on March 30, 2004;
 - (iii) repealing and replacing the definition of “MI 45-103” with:

“MI 45-103” means Multilateral Instrument 45-103 *Capital Raising Exemptions* that came into force on June 6, 2003;
 - (iv) repealing and replacing the definition of “MI 45-105” with the following:

“MI 45-105” means Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors and Consultants* that came into force on August 15, 2003;
 - (v) adding the following after the definition of “multiple convertible security”:

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;
 - (vi) repealing and replacing the definition of “private company” with the following:

“private company” has the same meaning as in securities legislation;

(vii) repealing and replacing the definition of “private issuer” with:

“private issuer” means, as the context requires,

- (a) a private issuer as defined in securities legislation,
- (b) a private issuer as defined in NI 45-106, or
- (c) in Ontario, a person that
 - (i) is not a reporting issuer or a mutual fund,
 - (ii) is an issuer all of whose issued and outstanding shares
 - (A) are subject to restrictions on transfer contained in the constating documents of the issuer or one or more agreements among the issuer and the holders of its securities; and
 - (B) are beneficially owned, directly or indirectly, by not more than 50 persons or companies counting any two or more joint registered holders as one beneficial owner, exclusive of persons
 - (I) that are employed by the issuer or an affiliated entity of the issuer, or
 - (II) that beneficially owned, directly or indirectly, shares of the issuer while employed by it or an affiliated entity of it and at all times since ceasing to be so employed have continued to beneficially own, directly or indirectly, at least one share of the issuer, and
 - (iii) has not distributed any securities to the public;

(viii) repealing and replacing the definition of “SEDAR” with:

“SEDAR” has the same meaning as in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

(ix) adding the following after the definition of “SEDAR”:

“trade”, in Quebec, has the same meaning as in NI 45-106; and

- (c) amending section 2.1 by striking “New Brunswick and the Yukon Territory” and substituting “and Yukon”;
- (d) amending item 3. of section 2.5 (2) by adding “ or on or after [insert effective date of NI 45-106] in Quebec,” after “ March 30, 2004,”
- (e) repealing and replacing section 2.7 with:

2.7 Exemption for a Trade if the Issuer Becomes a Reporting Issuer After the Distribution Date - Item 1 of subsection 2.5(2), 2.6(3) or 2.8(2) does not apply if the issuer became a reporting issuer after the distribution date by filing a prospectus in a jurisdiction listed in Appendix B and is a reporting issuer in a jurisdiction of Canada at the time of the trade.

- (f) amending section 2.8 by repealing subsection (5);
- (g) amending section 2.9 by repealing and replacing subsection (1) with:
 - (1) In determining the period of time that an issuer was a reporting issuer in a jurisdiction of Canada for the purposes of section 2.5, 2.6 or 2.8, if the issuer was a party to an amalgamation, merger, continuation or arrangement, the selling security holder may include the period of time that one of the parties to the amalgamation, merger, continuation or arrangement was a reporting issuer in a jurisdiction of Canada immediately before the amalgamation, merger, continuation or arrangement.
- (h) adding the following provision after section 2.14:

2.15 Resale of a security distributed to a promoter under certain exemptions - Ontario - In Ontario, if a security of an issuer is distributed to a promoter of the issuer under any of the provisions listed in Appendix G, the first trade of that security by that promoter is a distribution unless the conditions in subsection (2) of section 2.8 of MI 45-102 are satisfied.

- (i) in Form 45-102F1,
 - (A) striking “MI 45-102” and substituting “NI 45-102” in the title and in the Notice to selling security holders - collection and use of personal information, and
 - (B) adding the following Quebec contact information to the Notice to selling security holders - collection and use of personal information:

Autorité des marchés financiers
Tour de la Bourse

800 square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3
Attention: Responsable de l'accès à l'information

- (j) repealing Appendices A, D, E and F and replacing them with the appendices (new Appendices A, D, E, F and G) in the attached Schedule 4.

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - These amendments are effective ●.

**APPENDIX A
TO
NATIONAL INSTRUMENT 45-102
RESALE OF SECURITIES**

CONTROL DISTRIBUTIONS

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Definition of "control person" in section 1(l) and subclause (iii) of the definition of "distribution" contained in section 1(p) of the <i>Securities Act</i> (Alberta)
British Columbia	Paragraph (c) of the definition of "offering" contained in section 1(1) of the <i>Securities Act</i> (British Columbia)
Manitoba	Paragraph (b) of the definition of "primary distribution to the public" contained in subsection 1(1) of the <i>Securities Act</i> (Manitoba)
Newfoundland and Labrador	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Newfoundland and Labrador)
New Brunswick	Definition of "control person" and clause (c) of the definition of "distribution" contained in subsection 1(1) of the <i>Securities Act</i> (New Brunswick)
Northwest Territories	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Nova Scotia	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Nova Scotia)
Nunavut	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Ontario	Paragraph (c) of the definition of "distribution" contained in subsection 1(1) of the <i>Securities Act</i> (Ontario)
Prince Edward Island	Clause (iii) of the definition of "distribution" in section 1 of the <i>Securities Act</i> (Prince Edward Island)
Quebec	Subparagraph 9 of the definition of "distribution" contained in section 5 of the <i>Securities Act</i> (Quebec)

Saskatchewan

Subclauses 2(1)(r)(iii), (iv) and (v) of *The Securities Act, 1988*
(Saskatchewan)

**APPENDIX D
TO
NATIONAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**RESTRICTED PERIOD TRADES
(Section 2.3)**

Except in Manitoba and the Yukon, the following exemptions from the prospectus requirement in NI 45-106:

- subsection 2.3(2) [Accredited investor]
- subsection 2.5(2) [Family, friends and business associates] (except in Ontario)
- subsection 2.7(2) [Family, founder and control person] (Ontario)
- subsection 2.8(2) [Affiliates]
- subsection 2.9(3) [Offering memorandum] (in British Columbia, New Brunswick, Nova Scotia, and Newfoundland and Labrador)
- subsection 2.9(5) [Offering memorandum] (in Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec and Saskatchewan)
- subsection 2.10(2) [Minimum amount investment]
- subsection 2.12(2) [Asset acquisition]
- subsection 2.13(2) [Petroleum, natural gas and mining properties]
- subsection 2.14(2) [Securities for debt]
- subsection 2.19(2) [Additional investment in investment funds]
- subsection 2.31(2) [Isolated trade by issuer]
- subsection 2.41(2) [RRSP/RRIF], if the security acquired under section 2.41 was initially acquired by an individual or an associate of the individual or an RRSP or RRIF established for or by that individual or under which that individual is a beneficiary under
 - (a) one of the exemptions listed above,
 - (b) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of this Instrument, or
 - (c) an exemption from the prospectus requirement that specified prior to the [insert effective date of NI 45-106] that the first trade was subject to section 2.5 of MI 45-102
- subsection 2.43(3) [Conversion, exchange or exercise] if the security acquired in the circumstances referred to in clause (a) of subsection 2.43(1) was acquired in accordance with the terms and conditions of a previously issued security under
 - (a) one of the exemptions listed above,
 - (b) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of this Instrument, or
 - (c) an exemption from the prospectus requirement that specified prior to the [insert effective date of NI 45-106] that the first trade was subject to section 2.5 of MI 45-102
- section 5.2 [TSX Venture exchange offering], if the security acquired under section 5.2 was acquired by

- (a) a purchaser that, at the time the security was acquired, was an insider or promoter of the issuer of the security, the issuer's underwriter, or a member of the underwriter's "professional group" (as defined in National Instrument 33-105 *Underwriting Conflicts*), or
- (b) any other purchaser who purchases securities in excess of \$40,000.

as well as the following local exemptions from the prospectus requirement:

- section 3.1 of Alberta Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta*
- clauses 77(1)(u) and (w) and subclauses 77(1)(ab)(ii) and (iii) of the *Securities Act* (Nova Scotia)
- an exemption from the prospectus requirement in a jurisdiction of Canada that specifies that the first trade is subject to section 2.5 of NI 45-102

Transitional Provisions

1. General: An exemption from the prospectus requirement listed in Appendix D of MI 45-102 as Appendix D read on March 30, 2004 or an exemption from the prospectus requirement that specified prior to [insert effective date of NI 45-106] that the first trade was subject to section 2.5 of MI 45-102. The exemptions listed in Appendix D on March 30, 2004 were:

- ◆ Sections 131(1)(b), (c), (l), and (m) of the *Securities Act* (**Alberta**)
- ◆ Section 122(d) and 122.2 of the Alberta Securities Commission Rules, section 3.1 of Alberta Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta*, subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Section 131(1)(f)(iii) of the *Securities Act* (**Alberta**), if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the *Securities Act* (Alberta), the Alberta Securities Commission Rules or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Sections 74(2)(1) to (6), (16), (18), (19), (23) and (25) of the *Securities Act* (**British Columbia**)
- ◆ Sections 128(a), (b), (c), (e), (f) and (h) of the *Securities Rules* (**British Columbia**) and subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Sections 74(2)(11)(ii), 74(2)(11)(iii) and 74(2)(13) of the *Securities Act* (**British Columbia**) if the security acquired by the selling security holder or the right to purchase, convert or exchange

or otherwise acquire, was initially acquired by a person or company under any of the sections of the *Securities Act* (British Columbia), the *Securities Rules* (British Columbia) or MI 45-103 referred to in this Appendix, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

- ◆ Section 74(2)(12) of the *Securities Act* (**British Columbia**) if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the *Securities Act* (British Columbia), the *Securities Rules* (British Columbia) or MI 45-103 referred to in this Appendix, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Clauses 54(3)(f) and (g) and 73(1)(a), (b), (c), (d), (h), (l), (m), (p) and (q) of the *Securities Act* (**Newfoundland and Labrador**), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103, or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Subclause 73(1)(f)(iii) of the *Securities Act* (**Newfoundland and Labrador**) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the *Securities Act* (Newfoundland and Labrador) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Paragraphs 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) and (z) of Blanket Order No. 1 of the Registrar of Securities (**Northwest Territories**), subsections 3.1(2), 4.1(2), 4.1(4), 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (**Northwest Territories**) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Clauses 77(1)(a), (b), (c), (d), (l), (m), (p), (q), (u), (w), (y), (ab) and (ad) of the *Securities Act* (**Nova Scotia**), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Subclause 77(1)(f)(iii) of the *Securities Act* (**Nova Scotia**) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the *Securities Act* (Nova Scotia) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Paragraphs 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) and (z) of Blanket Order No.1 of the Registrar of Securities (**Nunavut**), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-

103 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102

- ◆ Subparagraph 3(e)(iii) of Blanket Order No.1 of the Registrar of Securities (**Nunavut**) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under Blanket Order No. 1 of the Registrar of Securities (Nunavut) or MI 45-103, or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Clauses 72(1)(a), (b), (c), (d), (l), (m), (p) and (q) of the *Securities Act* (**Ontario**) and subclause 72(1)(f)(iii) of the *Securities Act* (Ontario) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the *Securities Act* (Ontario), or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Clauses 13(1)(a), (b), (c), (g) and (i) of the *Securities Act* (**Prince Edward Island**), subsections 3.1(2), 4.1(2), 4.1(4), and 5.1(2) of MI 45-103 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Subclause 13(1)(e)(iii) of the *Securities Act* (**Prince Edward Island**) if the right to purchase, convert or exchange was previously acquired under one the above-listed exemptions under the *Securities Act* (Prince Edward Island) or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Subclauses 81(1)(f)(iii) and (iv) of *The Securities Act, 1988* (**Saskatchewan**) if the convertible security, exchangeable security or multiple convertible security was acquired under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) or MI 45-103 referred to in this Appendix or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of MI 45-102
- ◆ Clause 81(1)(e) of *The Securities Act, 1988* (**Saskatchewan**) if the person or company from whom the securities were acquired obtained the securities under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) referred to in this Appendix

2. Quebec Provisions

- ◆ Sections 43, 47, 48 and 51 of the *Securities Act* (Quebec) as they read on [indicate the date before repeal].

3. Ontario Provisions

Definitions

In this Appendix

“**1998 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on December 22, 1998;

“**2001 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on November 30, 2001;

“**2004 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;

“**2005 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* that came into force on •, 2005;

“**convertible security**” means, in Ontario, a security of an issuer that is convertible into, or carries the right of the holder to purchase, or of the issuer to cause the purchase of, a security of the same issuer;

“**exchangeable security**” means, in Ontario, a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or the right of the issuer to cause the purchase of, a security of another issuer;

“**exchange issuer**” means, in Ontario, an issuer that distributes securities of a reporting issuer held by it in accordance with the terms of an exchangeable security of its own issue;

“**multiple convertible security**” means, in Ontario, a security of an issuer that is convertible into or exchangeable for, or carries the right of the holder to purchase, or of the issuer or exchange issuer to cause the purchase of, a convertible security, an exchangeable security or another multiple convertible security;

“**OSC Rule 45-502**” means Ontario Securities Commission Rule 45-502 *Dividend or Interest Reinvestment and Stock Dividend Plans*;

“**Type 1 trade**” means, in Ontario, a distribution in a security under an exemption from the prospectus requirement in:

- (a) clause 72(1)(a), (b), (c), (d), (l), (m), (p) or (q) of the *Securities Act* (Ontario);
- (b) section 2.4, 2.5 or 2.11 of the 1998 OSC Rule 45-501;
- (c) section 2.3, 2.12, 2.13 or 2.14 of the 2001 OSC Rule 45-501; or
- (d) section 2.3, 2.12, 2.13, 2.14 or 2.16 of the 2004 OSC Rule 45-501; and

“**underlying security**” means, in Ontario, a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.

(a) Securities Act (Ontario)

Clause 72(1)(a) of the *Securities Act* (Ontario)

Clause 72(1)(b) of the *Securities Act* (Ontario)

Clause 72(1)(c) of the *Securities Act* (Ontario)

Clause 72(1)(d) of the *Securities Act* (Ontario)

Subclause 72(1)(f)(iii) of the *Securities Act* (Ontario) if the security traded under subclause 72(1)(f)(iii) was acquired under subclause 72(1)(a), (b), (c), (d), (l), (m), (p) or (q) or under a provision that specifies that the first trade is subject to section 2.5 of MI 45-102

Clause 72(1)(l) of the *Securities Act* (Ontario)

Clause 72(1)(m) of the *Securities Act* (Ontario)

Clause 72(1)(p) of the *Securities Act* (Ontario)

Clause 72(1)(q) of the *Securities Act* (Ontario)

(b) 2005 OSC Rule 45-501

Section 2.1 of the 2005 OSC Rule 45-501

Section 2.2 of the 2005 OSC Rule 45-501

(c) 2001 OSC Rule 45-501 and 2004 OSC Rule 45-501

Section 2.3 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if the security distributed under section 2.3 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 was not traded to a promoter

Section 2.11 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if section 2.5 of MI 45-102 would have been applicable to a first trade in that security by the person making the exempt distribution under section 2.11 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501.

Section 2.12 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if the security distributed under section 2.12 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 was not traded to a promoter of the issuer

Section 2.13 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if the security distributed under section 2.13 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 was not traded to a promoter of the issuer

Section 2.16 of the 2004 OSC Rule 45-501 if the security distributed under section 2.16 of the 2004 OSC Rule 45-501 was not traded to a promoter of the issuer

(d) 1998 OSC Rule 45-501

Section 2.4 of the 1998 OSC Rule 45-501

Section 2.5 of the 1998 OSC Rule 45-501

Section 2.11 of the 1998 OSC Rule 45-501

(e) Other

Any provision under which an underlying security was distributed on conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired in a Type 1 trade or in a trade under section 2.4, 2.5 or 2.11 of the 1998 OSC Rule 45-501.

APPENDIX E
TO
NATIONAL INSTRUMENT 45-102
RESALE OF SECURITIES

SEASONING PERIOD TRADES
(Section 2.4)

Except in Manitoba and the Yukon, the following exemptions from the prospectus requirement in NI 45-106:

- subsection 2.1(2) [Rights offering]
- subsection 2.2(4) [Reinvestment plan]
- subsection 2.4(2) [Private issuer]
- subsection 2.11(2) [Business combination and reorganization]
- subsection 2.16(2) [Take-over bid and issuer bid]
- subsection 2.17(2) [Offer to acquire to security holder outside local jurisdiction]
- subsection 2.18(6) [Investment fund reinvestment]
- subsection 2.20(2) [Private investment club]
- subsection 2.21(3) [Private investment fund - loan and trust pools]
- subsection 2.24(4) [Employee, executive officer, director and consultant]
- subsection 2.26(3) [Trades among current or former employees, executive officers, directors or consultants of non-reporting issuer]
- subsection 2.27(4) [Permitted transferees]
- subsection 2.30(3) [Incorporation or organization]
- subsection 2.32(3) [Dividends]
- subsection 2.41(2) [RRSP/RRIF], if the security acquired under section 2.41 was initially acquired by an individual or an associate of the individual or an RRSP or RRIF established for or by that individual or under which that individual is a beneficiary under
 - (a) one of the exemptions listed above,
 - (b) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of this Instrument, or
 - (c) an exemption from the prospectus requirement that specified prior to the [insert effective date of NI 45-106] that the first trade was subject to section 2.6 of MI 45-102
- subsection 2.43(3) [Conversion, exchange or exercise - security of own issue] if the security acquired in the circumstances referred to in clause (a) of subsection 2.43(1) was acquired in accordance with the terms and conditions of a previously issued security under
 - (a) one of the exemptions listed above,
 - (b) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of this Instrument, or
 - (c) an exemption from the prospectus requirement that specified prior to the [insert effective date of NI 45-106] that the first trade was subject to section 2.6 of this Instrument

- subsection 2.43 (3) [Conversion, exchange or exercise - security of a reporting issuer] for a security being traded in the circumstances referred to in clause (b) of subsection 2.43 (1)

as well as the following local exemptions from the prospectus requirement:

- Alberta Securities Commission Rule 45-502 *Trade with RESP*, if not included in Appendix D
- Nova Scotia Securities Commission Blanket Order No. 46
- Prince Edward Island Local Rule 45-510 - Exempt Distributions - Exemptions for Trades Pursuant to Take-over Bids and Issuer Bids.
- An exemption from the prospectus requirement in a jurisdiction of Canada that specifies that the first trade is subject to section 2.6 of NI 45-102

Transitional Provisions

1. General:

An exemption from the prospectus requirement listed in Appendix E of MI 45-102 *Resale of Securities* as Appendix E read on March 30, 2004 or an exemption from the prospectus requirement that specified prior to [insert effective date of NI 45-106] that the first trade was subject to section 2.6 of MI 45-102. The exemptions listed in Appendix E of MI 45-102 on March 30, 2004 were:

- ◆ Section 131(1)(f) if not included in Appendix D of this Instrument, sections 131(h), (i), (j), (k), and (y) of the *Securities Act (Alberta)* and sections 107(1) (j.1) and (k.1) prior to their repeal by section 5 of the *Securities Amendment Act, 1989 (Alberta)*, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Section 74(2)(11)(iii) if not included in Appendix D or F and sections 74(2)(7), (8) if not included in Appendix F, (9) to (11), (13), (22) and (24) of the *Securities Act (British Columbia)*
- ◆ Section 128(g) of the *Securities Rules (British Columbia)*, section 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Section 74(2)(12) of the *Securities Act (British Columbia)*, if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the *Securities Act (British Columbia)*, the *Securities Rules (British Columbia)* or a multilateral instrument referred to in this Appendix or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Clauses 54(3) and 73(1)(f) if not included in Appendix D or F of this Instrument, (i) if not included in Appendix F, (j), (k) and (n) of the *Securities Act (Newfoundland and Labrador)*,

subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

- ◆ Paragraphs 3(e), (f), (g), (h), (i), (n), (x), (y) and (mm) of Blanket Order No. 1 of the Registrar of Securities (**Northwest Territories**), except for a trade made under subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) that is included in Appendix D or F of this Instrument or a trade made under paragraph 3(g) that is included in Appendix F of this Instrument, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Clause 77(1)(f) of the *Securities Act* (**Nova Scotia**) if not included in Appendix D or F of this Instrument, and clauses 77(1)(h), (i) if not included in Appendix F, (j), (k), (n), (v), (va), (ac), (ae) and (af) of the *Securities Act* (Nova Scotia), and clause 78(1)(a) of the *Securities Act* (Nova Scotia) as it relates to clause 41(2)(j) of the *Securities Act* (Nova Scotia) and Blanket Order No. 37, 38 if not included in Appendix F, 46 and 45-503 if not included in Appendix F, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Paragraphs 3(e), (f), (g), (h), (i), (n), (x), (y) and (mm) of Blanket Order No. 1 of the Registrar of Securities (**Nunavut**), except for a trade made under subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Nunavut) that is included in Appendix D or F of this Instrument or a trade made under paragraph 3(g) that is included in Appendix F of this Instrument, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Clauses 72(1)(f), (i) if not included in Appendix F, (j), (k) and (n) of the *Securities Act* (Ontario), except for a trade made under 72(1)(f)(iii) of the *Securities Act* (**Ontario**) that is:
 - (i) included in Appendix D or F of this Instrument; or
 - (ii) contemplated by section 6.5 of Ontario Securities Commission Rule 45-501 *Exempt Distributions*and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102
- ◆ Clauses 13(1)(e) if not included in Appendix D or F of this Instrument, (f) if not included in Appendix F, (h) and (k) of the *Securities Act* (**Prince Edward Island**) or section 3.1 or 3.2 of Rule 45-501, section 1.1 of Prince Edward Island Rule 45-502, section 2.1 or 2.2 of Prince Edward Island Rule 45-506 or section 2.1 or 2.2 of Prince Edward Island Rule 45-510, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

- ◆ Clauses 81(1)(a.1), (e) if not included in Appendix D of this Instrument, (f) if not included in Appendix D or F of this Instrument, (f.1), (g), (h), (i) if not included in Appendix F, (i.1), (j), (k), (o), (cc) and (dd) of *The Securities Act, 1988 (Saskatchewan)*, subsection 2.1(2) of MI 45-103 and sections 2.1, 2.2, 2.3 and 2.4 of MI 45-105 or under an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of MI 45-102

2. Quebec Provisions

- ◆ Sections 50 and 52 of the Securities Act (Quebec) as they read on [*indicate the date before repeal*]

3. Ontario provisions

Definitions

In this Appendix

“**1998 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on December 22, 1998;

“**2001 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on November 30, 2001;

“**2004 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Exempt Distributions* that came into force on January 12, 2004;

“**2005 OSC Rule 45-501**” means the Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* that came into force on •, 2005;

“**convertible security**” means, in Ontario, a security of an issuer that is convertible into, or carries the right of the holder to purchase, or of the issuer to cause the purchase of, a security of the same issuer;

“**exchangeable security**” means, in Ontario, a security of an issuer that is exchangeable for, or carries the right of the holder to purchase, or the right of the issuer to cause the purchase of, a security of another issuer;

“**exchange issuer**” means, in Ontario, an issuer that distributes securities of a reporting issuer held by it in accordance with the terms of an exchangeable security of its own issue;

“**multiple convertible security**” means, in Ontario, a security of an issuer that is convertible into or exchangeable for, or carries the right of the holder to purchase, or of the issuer or exchange issuer to cause the purchase of, a convertible security, an exchangeable security or another multiple convertible security;

“**OSC Rule 45-502**” means Ontario Securities Commission Rule 45-502 *Dividend or Interest Reinvestment and Stock Dividend Plans*;

“**OSC Rule 45-503**” means Ontario Securities Commission Rule 45-503 *Trades to Employees, Executives and Consultants*;

“**Type 1 trade**” means, in Ontario, a distribution in a security under an exemption from the prospectus requirement in:

- (a) clause 72(1)(a), (b), (c), (d), (l), (m), (p) or (q) of the *Securities Act* (Ontario);
- (b) section 2.4, 2.5 or 2.11 of the 1998 OSC Rule 45-501;
- (c) section 2.3, 2.12, 2.13 or 2.14 of the 2001 OSC Rule 45-501; or
- (d) section 2.3, 2.12, 2.13, 2.14 or 2.16 of the 2004 OSC Rule 45-501; and

“**Type 2 trade**” means, in Ontario, a distribution in a security under an exemption from the prospectus requirement in:

- (a) clause 72(1)(f) of the *Securities Act* (Ontario) other than a distribution to an associated consultant or investor consultant as defined in OSC Rule 45-503 or a distribution to an associated consultant or investor relations person as defined in MI 45-105;
- (b) clause 72(1)(h), (i), (j), (k) or (n) of the *Securities Act* (Ontario); or
- (c) section 2.5, 2.8 or 2.15 of the 2004 OSC Rule 45-501; or
- (d) section 2.5, 2.8 or 2.15 of the 2004 OSC Rule 45-501; and

“**underlying security**” means, in Ontario, a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.

(a) *Securities Act* (Ontario)

Clause 72(1)(f) of the *Securities Act* (Ontario) except for a distribution under subclause 72(1)(f)(iii) of the *Securities Act* (Ontario) that is included in Appendix D or F of MI 45-102.

Clause 72(1)(h) of the *Securities Act* (Ontario) except for a distribution under clause 72(1)(h) of the *Securities Act* (Ontario) of an underlying security that was distributed on conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired in a Type 1 trade

Clause 72(1)(i) of the *Securities Act* (Ontario) except for a distribution under clause 72(1)(i) of the *Securities Act* (Ontario) that is included in Appendix F

Clauses 72(1)(j), (k) and (n) of the *Securities Act* (Ontario)

(b) 2001 OSC Rule 45-501 and 2004 OSC Rule 45-501

Section 2.1 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if the security distributed under section 2.1 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 was not traded to a promoter of the issuer

Section 2.5 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501.

Section 2.6 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if an underlying security was distributed under section 2.6 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 on a forced conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired:

- (a) in a Type 2 trade;
- (b) under section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1 of OSC Rule 45-503, other than a trade by an associated consultant or investor consultant as defined in OSC Rule 45-503; or
- (c) under a provision in Part 2 of MI 45-105.

Section 2.7 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if an underlying security was distributed under section 2.7 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501 on a forced conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired:

- (a) in a Type 2 trade;
- (b) under section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1 of OSC Rule 45-503, other than a trade by an associated consultant or investor consultant as defined in OSC Rule 45-503; or
- (c) under a provision in Part 2 of MI 45-105.

Section 2.8 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501.

Section 2.11 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501 if section 2.6 of MI 45-102 would have been applicable to a first trade in that security by the person making the exempt distribution under section 2.11 of the 2001 OSC Rule 45-501 or the 2004 OSC Rule 45-501.

Section 2.15 of the 2004 OSC Rule 45-501 if the security distributed under section 2.15 of the 2004 OSC Rule 45-501 was not traded by a promoter of the issuer

(d) 1998 OSC Rule 45-501

Section 2.7 of the 1998 OSC Rule 45-501

Section 2.8 of the 1998 OSC Rule 45-501

Section 2.9 of the 1998 OSC Rule 45-501 if an underlying security was distributed under section 2.9 of the 1998 OSC Rule 45-501 on a forced conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired by the holder in a Type 2 trade

Section 2.10 of the 1998 OSC Rule 45-501 if an underlying security was distributed under section 2.10 of the 1998 OSC Rule 45-501 on a forced conversion or exchange of a multiple convertible security, convertible security or exchangeable security acquired by the holder in a Type 2 trade

Section 2.17 of the 1998 OSC Rule 45-501

Subsection 2.18(1) of the 1998 OSC Rule 45-501 after the issuer had ceased to be a private issuer for the purposes of the *Securities Act* (British Columbia)

(e) Other

Sections 2.1 and 3.1 of Ontario Securities Commission Rule 45-502.

**APPENDIX F
TO
NATIONAL INSTRUMENT 45-102
RESALE OF SECURITIES**

UNDERWRITERS

(Section 2.13)

Subsection 2.34(2) [Acting as underwriter] of NI 45-106 and subsection 2.11(2) [Business combination and reorganization] or 2.43(3) [Conversion, exchange or exercise] of NI 45-106, if the original security was acquired under subsection 2.34(2) of NI 45-106 or one of the underwriter exemptions in the transitional provisions listed below

Transitional Provisions:

An exemption from the prospectus requirement listed in Appendix F of MI 45-102 as Appendix F read on March 30, 2004. Exemptions listed in Appendix F of MI 45-102 on March 30, 2004 were:

- ◆ Section 74(2)(15) of the *Securities Act* (**British Columbia**) and section 74(2)(8) or 74(2)(11)(iii) of the *Securities Act* (British Columbia) if the original security was acquired under section 74(2)(15) of the *Securities Act* (British Columbia)
- ◆ Clause 73(1)(r) of the *Securities Act* (**Newfoundland and Labrador**) and section 73(1)(i) or 73(1)(f)(iii) of the *Securities Act* (Newfoundland and Labrador) if the original security was acquired under section 73(1)(r) of the *Securities Act* (Newfoundland and Labrador)
- ◆ Paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (**Northwest Territories**) and paragraph 3(g) or subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories) if the original security was acquired under paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Northwest Territories)
- ◆ Clause 77(1)(r) of the *Securities Act* (**Nova Scotia**) and clause 77(1)(i) or 77(1)(f)(iii) of the *Securities Act* (Nova Scotia) or Blanket Order No. 38 or 45-503 if the original security was acquired under clause 77(1)(r) of the *Securities Act* (Nova Scotia)
- ◆ Paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (**Nunavut**) and paragraph 3(g) or subparagraph 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities (Nunavut) if the original security was acquired under paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities (Nunavut)
- ◆ Clause 72(1)(f)(iii) of the *Securities Act* (**Ontario**) if the original security was acquired under clause 72(1)(r) of the *Securities Act* (Ontario)
- ◆ Clause 72(1)(i) of the *Securities Act* (**Ontario**) if the original security was acquired under clause 72(1)(r) of the *Securities Act* (Ontario)
- ◆ Clause 72(1)(r) of the *Securities Act* (Ontario)

- ◆ Section 2.1 of Prince Edward Island Rule 45-509 and subclause 13(1)(e) (iii) or clause 13(1)(f) of the *Securities Act* (**Prince Edward Island**) or section 1.1 of Prince Edward Island Rule 45-502 if the original security was acquired under section 2.1 of Prince Edward Island Rule 45-509

- ◆ Clause 81(1)(u) of *The Securities Act, 1988* (**Saskatchewan**) and clause 81(1)(i) or subclause 81(1)(f)(iii) of *The Securities Act, 1988* (Saskatchewan) if the original security was acquired under clause 81(1)(u) of *The Securities Act, 1988* (Saskatchewan)

**APPENDIX G
TO
NATIONAL INSTRUMENT 45-102
*RESALE OF SECURITIES***

**PROMOTERS
(Section 2.15)**

Ontario Transitional Provisions:

Section 2.3 of the 1998 OSC Rule 45-501

Section 2.15 of the 1998 OSC Rule 45-501

Section 2.1 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501

Section 2.3 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501

Section 2.12 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501

Section 2.13 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501

Section 2.14 of the 2001 OSC Rule 45-501 and the 2004 OSC Rule 45-501

Section 2.15 of the 2004 OSC Rule 45-501

Section 2.16 of the 2004 OSC Rule 45-501

SCHEDULE 6

Amendments to Companion Policy 45-102CP to Multilateral Instrument 45-102 *Resale of Securities*

PART 1 AMENDMENTS TO COMPANION POLICY 45-102CP

1.1 Amendment - Companion Policy 45-102CP to Multilateral Instrument 45-102 *Resale of Securities* (the Companion Policy) is amended by:

- (a) in the Companion Policy, striking “Multilateral Instrument 45-102” and substituting “National Instrument 45-102” as follows:
 - (i) in the title of the Companion Policy, and
 - (ii) in subsection 1.1(1) of the Companion Policy;
- (b) amending section 1.1 by
 - (i) striking “MI 45-102” wherever it appears and substituting “NI 45-102”,
 - (ii) in subsection (1), striking “except Quebec”, and
 - (iii) in subsection (2); striking “Manitoba, New Brunswick and the Yukon Territory” and substituting “Manitoba and Yukon”,
- (c) amending section 1.2 by
 - (i) in subsections (1) and (3), striking “MI 45-102” wherever it appears and substituting “NI 45-102”,
 - (ii) repealing and replacing subsection (2) with:
 - (1) Appendices D and E to NI 45-102 list the new harmonized exemptions in National Instrument 45-106 *Registration and Prospectus Exemptions* (NI 45-106) and local exemptions that are subject to the resale restrictions under section 2.5 or 2.6 of NI 45-102, while Appendix F lists the new harmonized exemptions in NI 45-106 applicable to underwriters. Each of these appendices also contains transitional provisions applicable to securities acquired under exemptions listed in the Appendices to MI 45-102 as Appendices D, E and F read on March 30, 2004. Appendix G has been added to NI 45-106 specifying exemptions applicable to promoters in Ontario. For all local exemptions that come into effect after [insert effective date of NI 45-102], you should look to the local instrument itself to see if it specifies that the securities acquired are subject to section 2.5 or 2.6 of NI 45-102 as well as to Appendix D and E to NI 45-102. You may

also wish to consult CSA Notice [insert number] listing local registration and prospectus exemptions in place in each jurisdiction of Canada, which the CSA will update periodically.

- (d) repealing and replacing section 1.3 with:

1.3 Transition

- (1) When Multilateral Instrument 45-102 *Resale of Securities* (“former MI 45-102”) came into force on November 30, 2001, that instrument imposed harmonized resale restrictions on the first trade of securities made on or after that date, even if the securities were distributed, or acquired by the selling security holder in the case of a trade that is a control distribution, prior to November 30, 2001. These securities were subject to prescribed restricted periods and seasoning periods of either four or twelve months. When MI 45-102 was implemented on March 30, 2004, the securities of all reporting issuers became subject to four month restricted and seasoning periods under section 2.5 and 2.8 or four month seasoning periods under section 2.6 of MI 45-102. This meant that any existing restricted period or seasoning period imposed under Part 2 of former MI 45-102 that exceeded four months was reduced to four months under MI 45-102. Under NI 45-102, securities of all reporting issuers continue to be subject to a four month restricted period under subsection 2.5(2) or 2.8(2) of the Instrument.
- (2) Item 3. of subsection 2.5(2) of MI 45-102 required that the certificate or the ownership statement evidencing a security that is the subject of the first trade carry either a legend or a legend restriction notation disclosing the resale restrictions. This legend requirement applied only to securities distributed on or after MI 45-102 comes into effect on March 30, 2004 in all jurisdictions except Quebec. We have added language to Item 3. of subsection 2.5(2) of NI 45-102 to clarify that the legend requirement in NI 45-106 will only apply to securities distributed in Quebec on or after NI 45-106 comes into effect on [*].
- (3) Issuers may continue to replace those certificates that are legended in accordance with former MI 45-102 with a certificate (or an acceptable electronic alternative) carrying the legend (or legend restriction notation) specified in item 3. of subsection 2.5(2) of NI 45-102. As was the case under former MI 45-102, certificates representing securities distributed prior to November 30, 2001 do not have to be legended.

- (e) amending section 1.4 by

- (i) striking “MI 45-102” and substituting “NI 45-102”, and
- (ii) striking “Manitoba, New Brunswick and the Yukon Territory” and substituting “Manitoba and Yukon”;

(f) amending sections 1.5 and 1.6 by striking “MI 45-102” wherever it appears and substituting “NI 45-102”;

(g) repealing and replacing section 1.7 with:

1.7 Legending of Securities - Item 3. of subsection 2.5(2) of NI 45-102 imposes a legend requirement for securities distributed under any of the provisions listed in Appendix D to NI 45-102 or another prospectus exemption of any jurisdiction subject to the resale restrictions in subsection 2.5(2) of NI 45-102. Beneficial security holders must receive either a paper certificate representing their security or an electronic alternative such as an ownership statement under a direct registration system, scheduled to be phased into operation during 2005. If a paper certificate is issued, the certificate must carry the legend specified in item 3 that notifies the beneficial security holder of the applicable resale restrictions. Similarly, an ownership statement must carry a restricted legend notation that notifies the beneficial security holder of the applicable resale restrictions. Issuers may add additional wording to that found in item 3. of subsection 2.5(2) of NI 45-102. If you supplement the specified text of the legend on the certificate or the restricted legend notation on the ownership statement, that additional wording cannot alter the meaning of the specified wording. You should also look to section 1.10 for further guidance on the legending of convertible and underlying securities.

(h) amending section 1.8 by:

- (i) in subsection (1) striking “MI 45-102” and substituting “NI 45-102”, and
- (ii) repealing subsection (2);

(i) amending sections 1.9, 1.11, 1.12, 1.13, 1.14 and 1.15 by striking “MI 45-102” wherever it appears and substituting “NI 45-102”;

(j) amending section 1.16 by:

- (i) striking “MI 45-102” wherever it appears and substituting “NI 45-102”, and
- (ii) striking the last sentence;

(k) adding the following after section 1.16:

1.17 Resale of Securities Distributed to a Promoter in Ontario - In Ontario, promoters should look to Appendix G of NI 45-102 to determine the resale conditions applicable to the exemptions listed in that appendix.

Securities acquired by a promoter under an exemption listed in Appendix G are subject to the resale restrictions in subsection 2.8(2) of NI 45-102.

PART 2 EFFECTIVE DATE

2.1 **Effective Date** - These amendments are effective ●.

SCHEDULE 7

NATIONAL INSTRUMENT 33-105 UNDERWRITING CONFLICTS

PART 1 DEFINITIONS, INTERPRETATION AND APPLICATION

1.1 Definitions - In this Instrument:

"associated party" means, if used to indicate a relationship with a person or company:

(a) a trust or estate in which

(i) that person or company has a substantial beneficial interest, unless that trust or estate is managed under discretionary authority by a person or company that is not a member of any professional group of which the first mentioned person or company is a member, or

(ii) that person or company serves as trustee or in a similar capacity,

(b) an issuer in respect of which that person or company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the issuer, or

(c) a relative, including the spouse, of that person, or a relative of that person's spouse, if

(i) the relative has the same home as that person, and

(ii) the person has discretionary authority over the securities held by the relative;

"connected issuer" means, for a registrant,

(a) an issuer distributing securities, if the issuer or a related issuer of the issuer has a relationship with any of the following persons or companies that may lead a reasonable prospective purchaser of the securities to question if the registrant and the issuer are independent of each other for the distribution:

(i) the registrant,

(ii) a related issuer of the registrant,

(iii) a director, officer or partner of the registrant,

(iv) a director, officer or partner of a related issuer of the registrant, or

(b) a selling securityholder distributing securities, if the selling securityholder or a related issuer of the selling securityholder has a relationship with any of the following persons or companies that may lead a reasonable prospective purchaser of the securities to question if the registrant and the selling securityholder are independent of each other for the distribution:

- (i) the registrant,
- (ii) a related issuer of the registrant,
- (iii) a director, officer or partner of the registrant,
- (iv) a director, officer or partner of a related issuer of the registrant;

"direct underwriter" means, for a distribution,

(a) an underwriter that is in a contractual relationship with the issuer or selling securityholder to distribute the securities that are being offered in the distribution, or

(b) a dealer manager, if the distribution is a rights offering;

"foreign issuer" has the meaning ascribed to that term in National Instrument 71-101 The Multijurisdictional Disclosure System;

"independent underwriter" means, for a distribution, a direct underwriter that is not the issuer or the selling securityholder in the distribution and in respect of which neither the issuer nor the selling securityholder is a connected issuer or a related issuer;

"influential securityholder" means, in relation to an issuer,

(a) a person or company or professional group that

(i) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of, voting securities entitling the person or company or professional group to cast more than 20 percent of the votes for the election or removal of directors of the issuer,

(ii) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of, equity securities entitling the person or company or professional group to receive more than 20 percent of the dividends or distributions to the holders of the equity securities of the issuer, or more than 20 percent of the amount to be distributed to the holders of equity securities of the issuer on the liquidation or winding up of the issuer,

(iii) controls or is a partner of the issuer if the issuer is a general partnership, or

(iv) controls or is a general partner of the issuer if the issuer is a limited partnership,

(b) a person or company or professional group that

(i) holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of,

(A) voting securities entitling the person or company or professional group to cast more than 10 percent of the votes for the election or removal of directors of the issuer, or

(B) equity securities entitling the person or company or professional group to receive more than 10 percent of the dividends or distributions to the holders of the equity securities of the issuer, or more than 10 percent of the amount to be distributed to the holders of equity securities of the issuer on the liquidation or winding up of the issuer, and

(ii) either

(A) together with its related issuers

(I) is entitled to nominate at least 20 percent of the directors of the issuer or of a related issuer of the issuer, or

(II) has officers, directors or employees who are also directors of the issuer or a related issuer of the issuer, constituting at least 20 percent of the directors of the issuer or of the related issuer, or

(B) is a person or company of which the issuer, together with its related issuers,

(I) is entitled to nominate at least 20 percent of the directors of the person or company or at least 20 percent of the directors of a related issuer of the person or company, or

(II) has officers, directors or employees who are also directors of the person or company or a related issuer of the person or company, constituting at least 20 percent of the directors of the person or company or of the related issuer of the person or company, or

(c) a person or company

(i) of which the issuer holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of,

(A) voting securities entitling the issuer to cast more than 10 percent of the votes for the election or removal of directors of the person or company, or

(B) equity securities entitling the issuer to receive more than 10 percent of the dividends or distributions to the holders of the equity securities of the person or company, or more than 10 percent of the amount to be distributed to the holders of equity securities of the person or company on the liquidation or winding up of the person or company, and

(ii) either

(A) that, together with its related issuers

(I) is entitled to nominate at least 20 percent of the directors of the issuer or of a related issuer of the issuer, or

(II) has officers, directors or employees who are also directors of the issuer or a related issuer of the issuer, constituting at least 20 percent of the directors of the issuer or of the related issuer, or

(B) of which the issuer, together with its related issuers

(I) is entitled to nominate at least 20 percent of the directors of the person or company or at least 20 percent of the directors of a related issuer of the person or company, or

(II) has officers, directors or employees who are also directors of the person or company or a related issuer of the person or company, constituting at least 20 percent of the directors of the person or company or of the related issuer of the person or company, or

(d) if a professional group is within paragraph (a) or (b), the registrant of the professional group;

"professional group" means a group comprised of a registrant and all of the following persons or companies:

(a) any employee of the registrant,

(b) any partner, officer or director of the registrant,

(c) any affiliate of the registrant,

(d) any associated party of any person or company described in paragraphs (a) through (c) or of the registrant;

"registrant" means a person or company registered or required to be registered under securities legislation, other than as a director, officer, partner or salesperson;

"related issuer" means a party described in subsection 1.2(2); and

"special warrant" means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of the special warrant or the other security to undertake efforts to file a prospectus to qualify the distribution of the other security.

1.2 Interpretation

(1) For the purposes of calculating a percentage of securities that are owned, held or under the direction of a person or company in the definition of "influential securityholder"

(a) the determination shall be made

(i) first, by including in the calculation only voting securities or equity securities that are outstanding,

and

(ii) second, if the person or company is not an influential securityholder by reason of a calculation under subparagraph (i), by including all voting securities or equity securities that would be outstanding if all outstanding securities that are convertible or exchangeable into voting securities or equity securities, and all outstanding rights to acquire securities that are convertible into, exchangeable for, or carry the right to acquire, voting securities or equity securities, are considered to have been converted, exchanged or exercised, as the case may be, and

(b) securities held by a registrant in its capacity as an underwriter in the course of a distribution are considered not to be securities that the registrant holds, has the power to direct the voting of, or has direct or indirect beneficial ownership of.

(2) A person or company is a "related issuer" of another person or company if

(a) the person or company is an influential securityholder of the other person or company,

(b) the other person or company is an influential securityholder of the person or company, or

(c) each of them is a related issuer of the same third person or company.

(3) Calculations of time required to be made in this Instrument in relation to a distribution" shall be made in relation to the date on which the underwriting or agency agreement for the distribution is signed.

1.3 Application of Instrument - This Instrument does not apply to a distribution of

(a) securities described in the provisions of securities legislation listed in Appendix A; or

(b) mutual fund securities.

PART 2 RESTRICTIONS ON UNDERWRITING

2.1 Restrictions on Underwriting

(1) No registrant shall act as an underwriter in a distribution of securities in which it is the issuer or selling securityholder, or as a direct underwriter in a distribution of securities of or by a connected issuer or a related issuer of the registrant, unless the distribution is made under a prospectus or another document that, in either case, contains the information specified in Appendix C.

(2) For a distribution of special warrants or a distribution made under a prospectus no registrant shall act

(a) as an underwriter if the registrant is the issuer or selling securityholder in the distribution; or

(b) as a direct underwriter if a related issuer of the registrant is the issuer or selling securityholder in the distribution.

(3) Subsection (2) does not apply to a distribution

(a) in which

(i) at least one registrant acting as direct underwriter acts as principal, so long as an independent underwriter underwrites not less than the lesser of

(A) 20 percent of the dollar value of the distribution, and

(B) the largest portion of the distribution underwritten by a registrant that is not an independent underwriter, or

(ii) each registrant acting as direct underwriter acts as agent and is not obligated to act as principal, so long as an independent underwriter receives a portion of the total agents' fees equal to an amount not less than the lesser of

(A) 20 percent of the total agents' fees for the distribution, and

(B) the largest portion of the agents' fees paid or payable to a registrant that is not an independent underwriter; and

(b) the identity of the independent underwriter and disclosure of the role of the independent underwriter in the structuring and pricing of the distribution and in the due diligence activities performed by the underwriters for the distribution is contained in

(i) a document relating to the special warrants that is delivered to the purchaser of the special warrants before that purchaser enters into a binding agreement of purchase and sale for the special warrants, for a distribution of special warrants, or

(ii) the prospectus, for a distribution made under a prospectus.

2.2 Calculation Rules - The following rules shall be followed in calculating the size of a distribution and the amount of independent underwriter involvement required for purposes of subsection 2.1(3):

(a) For a distribution that is made entirely in Canada, the calculation shall be based on the aggregate dollar value of securities distributed in Canada or the aggregate agents' fees relating to the distribution in Canada, and the aggregate dollar value of the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada.

(b) For a distribution that is made partly in Canada of securities of an issuer that is not a foreign issuer, the calculation shall be based on the aggregate dollar value of securities distributed in Canada and outside of Canada or the aggregate agents' fees relating to the distribution in Canada and outside of Canada, and the aggregate dollar value of the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada and outside of Canada.

(c) For a distribution that is made partly in Canada by a foreign issuer and that is not exempt from the requirements of subsection 2.1(2) by subsection 2.1(3) or by section 3.2, the calculation shall be based on the dollar value of securities distributed in Canada or the agents' fees relating to the distribution paid or payable in Canada, and the dollar value of

the distribution underwritten, or aggregate dollar value of agents' fees received, by the independent underwriter in Canada.

PART 3 NON-DISCRETIONARY EXEMPTIONS

3.1 Exemption from Disclosure Requirement - Subsection 2.1(1) does not apply to a distribution that

(a) is made under a document other than a prospectus if each of the purchasers of the securities

(i) is a related issuer of the registrant,

(ii) purchases as principal, and

(iii) does not purchase as underwriter; or

(b) is made under section 2.8 of National Instrument 45-102 Resale of Securities.

3.2 Exemption from Independent Underwriter Requirement - Subsection 2.1(2) does not apply to a distribution of securities of a foreign issuer if more than 85 percent of the aggregate dollar value of the distribution is made outside of Canada or if more than 85 percent of the agents' fees relating to the distribution are paid or payable outside of Canada.

PART 4 VALUATION REQUIREMENT

4.1 Valuation Requirement - A purchaser of securities offered in a distribution for which information is required to be given under subsection 2.1(1) shall be given a document that contains a summary of a valuation of the issuer by a member of the Canadian Institute of Chartered Business Valuators, a chartered accountant or by a registered dealer of which the issuer is not a related issuer, and that specifies a reasonable time and place at which the valuation may be inspected during the distribution, if

(a) the issuer in the distribution

(i) is not a reporting issuer,

(ii) is a registered dealer, or an issuer all or substantially all of whose assets are securities of a registered dealer,

(iii) is issuing voting securities or equity securities, and

(iv) is effecting the distribution other than under a prospectus; and

(b) there is no independent underwriter that satisfies subsection 2.1(3).

PART 5 EXEMPTION

5.1 Exemption

(1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

5.2 Evidence of Exemption - Without limiting the manner in which an exemption under section 5.1 may be evidenced, the issuance by the regulator of a receipt for a prospectus or an amendment to a prospectus is evidence of the granting of the exemption if

(a) the person or company that sought the exemption has delivered to the regulator, on or before the date that the preliminary prospectus or an amendment to the preliminary prospectus was filed, a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption; and

(b) the regulator has not sent written notice to the contrary to the person or company that sought the exemption before, or concurrent with, the issuance of the receipt.

NATIONAL INSTRUMENT 33-105

APPENDIX A

EXEMPT SECURITIES

Jurisdiction	Securities Legislation Reference
All	Sections 2.20, 2.21 and 2.35 to 2.40 of National Instrument 45-106 Prospectus and Registration Exemptions
Alberta	Section 87(h), (h.1) and (h.2) of the <i>Securities Act</i> (Alberta)
Manitoba	Subsection 19(2)(g) and (h) of the <i>Securities Act</i> (Manitoba)
Newfoundland and Labrador	Subsections 36(2)(h) and (i) of the <i>Securities Act</i> (Newfoundland and Labrador)
Nova Scotia	Clause 41(2)(i) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Section 2.5 of OSC Rule 45-501
Prince Edward Island	Subsection 2(4)(f) and (g) of the <i>Securities Act</i> (Prince Edward Island)
Quebec	Section 41 of the <i>Securities Act</i> (Quebec)
Saskatchewan	Subsection 39(2)(i) and (j) of <i>The Securities Act, 1988</i> (Saskatchewan)

NATIONAL INSTRUMENT 33-105

APPENDIX C

REQUIRED INFORMATION

REQUIRED INFORMATION FOR THE FRONT PAGE OF THE PROSPECTUS OR OTHER DOCUMENT

1. A statement in bold type, naming the relevant registrant or registrants, that the issuer or the selling securityholder is a connected issuer or a related issuer of a registrant or registrants in connection with the distribution.
2. A summary, naming the relevant registrant or registrants, of the basis on which the issuer or selling securityholder is a connected issuer or a related issuer of the registrant or registrants.
3. A cross-reference to the applicable section in the body of the prospectus or other document where further information concerning the relationship between the issuer or selling securityholder and registrant or registrants is provided.

REQUIRED INFORMATION FOR THE BODY OF THE PROSPECTUS OR OTHER DOCUMENT

4. A statement, naming the relevant registrant or registrants, that the issuer or the selling securityholder is a connected issuer or a related issuer of a registrant or registrants for the distribution.
5. The basis on which the issuer or selling securityholder is a connected issuer or a related issuer for each registrant referred to in paragraph 4, including
 - (a) if the issuer or selling securityholder is a related issuer of the registrant, the details of the holding, power to direct voting, or direct or indirect beneficial ownership of, securities that cause the issuer or selling securityholder to be a related issuer;
 - (b) if the issuer or selling securityholder is a connected issuer of the registrant because of indebtedness, the disclosure required by paragraph 6 of this Appendix; and
 - (c) if the issuer or selling securityholder is a connected issuer of the registrant because of a relationship other than indebtedness, the details of that relationship.
6. If the issuer or selling securityholder is a connected issuer of the registrant because of indebtedness,
 - (a) the amount of the indebtedness;

(b) the extent to which the issuer or selling securityholder is in compliance with the terms of the agreement governing the indebtedness,

(c) the extent to which a related issuer has waived a breach of the agreement since its execution;

(d) the nature of any security for the indebtedness; and

(e) the extent to which the financial position of the issuer or selling securityholder or the value of the security has changed since the indebtedness was incurred.

7. The involvement of each registrant referred to in paragraph 4 and of each related issuer of the registrant in the decision to distribute the securities being offered and the determination of the terms of the distribution, including disclosure concerning whether the issue was required, suggested or consented to by the registrant or a related issuer of the registrant and, if so, on what basis.

8. The effect of the issue on each registrant referred to in paragraph 4 and each related issuer of that registrant, including

(a) information about the extent to which the proceeds of the issue will be applied, directly or indirectly, for the benefit of the registrant or a related issuer of the registrant, or

(b) if the proceeds will not be applied for the benefit of the registrant or a related issuer of the registrant, a statement to that effect.

9. If a portion of the proceeds of the distribution is to be directly or indirectly applied to or towards

(a) the payment of indebtedness or interest owed by the issuer, an associate or related issuer of the issuer, a person or company of which the issuer is an associate, the selling securityholder, an associate or related issuer of the selling securityholder, a person or company of which the selling securityholder is an associate, to the registrant or a related issuer of the registrant, or

(b) the redemption, purchase for cancellation or for treasury, or other retirement of shares other than equity securities of the issuer, an associate or related issuer of the issuer, a person or company of which the issuer is an associate, the selling securityholder, an associate or related issuer of the selling securityholder, or of a person or company of which the selling securityholder is an associate, held by the registrant or a related issuer of the registrant

particulars of the indebtedness or shares in respect of which the payment is to be made and of the payment proposed to be made.

10. Any other material facts with respect to the relationship or connection between each registrant referred to in paragraph 4, a related issuer of each registrant and the issuer that are not required to be described by the foregoing.

REGISTRANT AS ISSUER OR SELLING SECURITYHOLDER

11. If the registrant is the issuer or selling securityholder in the distribution, then the information required by this Appendix shall be provided to the extent applicable.

SCHEDULE 8

SASKATCHEWAN LOCAL INSTRUMENT 11-502
REMOVAL OF STATUTORY EXEMPTIONS

Exemptions removed

1(a) The exemptions in sections 38, 39, 39.1, 81 and 82 of *The Securities Act, 1988* are removed.

(b) The exemptions in sections 60(2), 63, 98(2), 99 and 101 of *The Securities Regulations* are removed.

SCHEDULE 9

Title

1 These regulations may be cited as *The Securities Commission (Local Instruments) Amendment Regulations, 2005*

R.R.S. S-42.2 Reg 5, amended

2 *The Securities Commission (Local Instruments) Regulations* are amended in the manner set forth in these regulations.

Local Instrument 33-502 amended

3 Local Instrument 33-502, entitled Requirements for Sale of Certain Securities, as set out in Part III of the Appendix is amended by repealing section 2 and replacing it with the following:

“**2** In this Part:

(a) “**exempt security**” means a security traded pursuant to the exemptions in:

(i) sections 2.4, 2.5, 2.9, 2.10, 2.12, 2.13, 2.19, 2.31, 2.36, 2.39 and 3.3 of NI 45-106; and

(ii) section 2.3 of NI 45-106 where the trade is to a person or company mentioned in clauses (j), (k), (l) and (m) in the definition of “accredited investor” in section 1.1 of NI 45-106; and

(b) “**NI 45-106**” means National Instrument 45-106 *Prospectus and Registration Exemptions*.