

Appendix A

Summary of proposed amendments

Amendments to NI 51-102

The following is a summary of the proposed requirements for forward-looking information.

(i) **Preparation and disclosure required upon initial publication.**

We will require issuers to have a reasonable basis for forward-looking information. We also propose broad disclosure requirements for material forward-looking information; specifically, an issuer should:

- identify forward-looking information as such,
- caution users that actual results will vary,
- disclose the material factors or assumptions used to develop the information, and
- disclose the issuer's policy for updating the information if it includes procedures in addition to those described below.

We propose some additional requirements for the assumptions used to prepare FOFI and financial outlooks and disclosure provided upon initial publication of FOFI or a financial outlook. These requirements are consistent with requirements in NP 48 and Section 4250 *Future-Oriented Financial Information* of the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook). We note in the proposed amendments to CP 51-102 that Section 4250 of the CICA Handbook is relevant to reporting issuers who release FOFI.

(ii) **Updating**

We propose to require an issuer to discuss in its MD&A events and circumstances that occurred during the MD&A period that are reasonably likely to cause actual results to differ materially from previously released material forward-looking information, including earnings guidance.

This approach compares to the existing NP 48 requirement that issuers report material changes in the events or assumptions used to prepare FOFI in the same way they report a material change. This approach is also consistent with our current MD&A form which requires issuers to “discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading.”

We propose additional guidance on this topic. Specifically, an issuer should consider whether the events and circumstances that are reasonably likely to cause actual results to differ materially from previously released forward-looking information trigger the material change reporting requirements.

(iii) **Comparing to actual**

We propose to require an issuer to disclose in its MD&A material differences between actual results and previously released FOFI or financial outlooks for the period to which the MD&A relates. This approach is the same as in NP 48, however we have extended the requirement to earnings guidance.

(iv) **Withdrawal**

We propose to require an issuer to discuss in its MD&A a decision made during the MD&A period to withdraw previously released material forward-looking information. This would include a discussion of the assumptions underlying the forward-looking information that are no longer valid.

We propose additional guidance on this topic. Specifically, an issuer should consider whether the events and circumstances relating to a withdrawal decision trigger the material change reporting requirements. As well, in order to properly effect a withdrawal, we believe an issuer should promptly communicate its withdrawal decision.

Our proposed approach is similar to the provision in NP 48 that when an issuer withdraws previously issued FOFI, the reasons for the withdrawal should be promptly disclosed in a manner identical to that followed when a material change occurs.

(v) **No audit report on FOFI in an offering document**

NP 48 specified that an auditors' report must accompany any FOFI included in a prospectus or circular. We propose to remove this requirement.

(vi) **Carve-out for oil and gas and mining issuers**

As in NP 48, our proposed requirements for FOFI, financial outlooks and disclosure in MD&A relating to updating, comparison to actual and withdrawal would not apply to disclosure that is subject to requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects* or the conditions of any exemption from these instruments. Those instruments contain the requirements applicable to oil and gas and mining issuers who release such information, and it is not necessary to require such issuers to also comply with many of the requirements in NI 51-102.

Amendments to Form 51-102F1 Management's Discussion and Analysis

We propose to amend the Form 51-102F1 to reflect the fact that the requirements for forward-looking information will now be in NI 51-102 itself.

Amendments to CP 51-102

The proposed amendments to CP 51-102 reflect the changes to NI 51-102 described above and provide guidance on how to interpret and apply the requirements for forward-looking information in NI 51-102.

Amendments to Other Instruments

We propose to amend the following forms to require that forward-looking information included in an offering document (prospectus, rights offering circular and offering memorandum) comply with the preparation and disclosure requirements set out in NI 51-102:

- Form 44-101F1 – *Short Form Prospectus*
- Form 45-101F – *Information Required in a Rights Offering Circular*
- Form 45-106F2 – *Offering Memorandum for Non-Qualifying Issuers* and Form 45-106F3 – *Offering Memorandum for Qualifying Issuers*

We propose to repeal sections 5.5, 5.6 and 6.9 of NP 51-201 as the subject matter of these sections will now be included in NI 51-102.