

SASKATCHEWAN REGULATIONS 13/2004

The Securities Act, 1988
Section 154

Commission Order dated March 18, 2004

(Filed March 26, 2004)

Title

1 These regulations may be cited as *The Securities Commission (Adoption of National Instruments) Amendment Regulations, 2004 (No. 2)*.

R.R.S. c.c.S-42.2 Reg 3 amended

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

Section 2 amended

3 **The following clauses are added after clause (2)(ff):**

“(gg) National Instrument 52-108, entitled Auditor Oversight, as set out in Part XXXIII of the Appendix;

“(hh) Multilateral Instrument 52-109, entitled Certification of Disclosure in Issuers’ Annual and Interim Filings, as set out in Part XXXIV of the Appendix;

“(ii) Multilateral Instrument 52-110, entitled Audit Committees, as set out in Part XXXV of the Appendix”.

Appendix amended

4 **The following Parts are added after Part XXXII of the Appendix:**

“PART XXXIII
[clause 2(gg0)]

“NATIONAL INSTRUMENT 52-108
AUDITOR OVERSIGHT

“PART 1 DEFINITIONS AND APPLICATION

“1.1 **Definitions** - In this Instrument:

‘CPAB’ means the Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes, incorporated as a corporation without share capital under the *Canada Corporations Act* by Letters Patent dated April 15, 2003, and any of its successors;

‘participation agreement’ means a written agreement between the CPAB and a public accounting firm in connection with the CPAB’s program of practice inspections and the establishment of practice requirements;

‘participating audit firm’ means a public accounting firm that has entered into a participation agreement and that has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with CPAB by-laws; and

‘public accounting firm’ means a sole proprietorship, partnership, corporation or other legal entity engaged in the business of providing services as public accountants.

“1.2 Application and Transition

- (1) This Instrument applies to reporting issuers and public accounting firms.
- (2) Section 2.1 and Part 3 do not apply in Alberta, British Columbia and Manitoba.
- (3) Part 2 does not apply unless:
 - (a) the CPAB’s prescribed time period for the public accounting firm to submit a participation agreement has expired; and
 - (b) the auditor’s report prepared by the public accounting firm is dated on or after March 30, 2004.

“PART 2 AUDITOR OVERSIGHT

“2.1 Public accounting firms - A public accounting firm that prepares an auditor’s report with respect to the financial statements of a reporting issuer must be, as of the date of its auditor’s report:

- (a) a participating audit firm; and
- (b) in compliance with any restrictions or sanctions imposed by the CPAB.

“2.2 Reporting Issuers - A reporting issuer that files its financial statements accompanied by an auditor’s report must have the auditor’s report prepared by a public accounting firm that is, as of the date of the auditor’s report:

- (a) a participating audit firm; and
- (b) in compliance with any restrictions or sanctions imposed by the CPAB.

“PART 3 NOTICE

“3.1 Notice of Restrictions

- (1) A participating audit firm that is appointed to prepare an auditor’s report with respect to the financial statements of a reporting issuer must, if the CPAB imposes restrictions on the participating audit firm intended to address defects in its quality control systems, provide notice to the regulator.
- (2) The notice required under subsection (1) must be in writing and include a complete description of:
 - (a) the defects in the quality control systems identified by the CPAB; and
 - (b) the restrictions imposed by the CPAB, including the date the restrictions were imposed and the time period within which the participating audit firm agreed to address the defects.
- (3) The notice required under subsection (1) must be delivered within 2 business days of the restrictions being imposed.

“3.2 Idem

- (1) A participating audit firm that is subject to CPAB restrictions intended to address defects in its quality control systems and that is informed by the CPAB that it failed to address defects in its quality control systems, to the satisfaction of the CPAB, within the agreed upon time period, must provide notice to:
 - (a) the audit committee of each reporting issuer for which it is appointed to prepare an auditor’s report, or, if a reporting issuer does not have an audit committee, the board of directors or the person or persons responsible for reviewing and approving the reporting issuer’s financial statements before they are filed; and
 - (b) the regulator, if the participating audit firm is appointed to prepare an auditor’s report with respect to the financial statements of a reporting issuer.
- (2) The notice required under subsection (1) must be in writing and include a complete description of:
 - (a) the defects in the quality control systems identified by the CPAB;
 - (b) the restrictions imposed by the CPAB that were intended to address defects in its quality control systems, including the date the restrictions were imposed and the time period within which the participating audit firm agreed to address the defects; and
 - (c) the reasons it was unable to address the defects to the satisfaction of the CPAB.
- (3) The notice required under subsection (1) must be delivered within 10 business days of the participating audit firm being informed by the CPAB that it has failed to address the defects in its quality control systems.

“3.3 Notice of Sanctions

- (1) A participating audit firm that is subject to sanctions imposed by the CPAB must provide notice to:

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(a) the audit committee of each reporting issuer for which it is appointed to prepare an auditor's report, or, if a reporting issuer does not have an audit committee, the board of directors or the person or persons responsible for reviewing and approving the reporting issuer's financial statements before they are filed; and

(b) the regulator, if the participating audit firm is appointed to prepare an auditor's report with respect to the financial statements of a reporting issuer.

(2) The notice required under subsection (1) must be in writing and include a complete description of the sanctions imposed by the CPAB, including the date the sanctions were imposed.

(3) The notice required under subsection (1) must be delivered within 10 business days of the sanctions being imposed.

“3.4 Notice of Restrictions and Sanctions Prior to Appointment

(1) Prior to accepting an appointment to prepare an auditor's report with respect to the financial statements of a reporting issuer, a participating audit firm must provide notice in accordance with:

(a) subsections 3.2(1) and 3.2(2), if the CPAB informed the participating audit firm within the 12-month period immediately preceding the expected date of appointment that it failed to address defects in its quality control systems to the satisfaction of the CPAB; and

(b) subsections 3.3(1) and 3.3(2), if the CPAB imposed sanctions on the participating audit firm within the 12-month period immediately preceding the expected date of appointment.

(2) For the purposes of subsection (1), the references to 'is appointed' contained in subsections 3.2(1) and 3.3(1) shall mean 'is expected to be appointed'.

(3) A participating audit firm is not required to provide notice under subsection (1) if, pursuant to a notice provided under sections 3.2 or 3.3, the reporting issuer and regulator have been provided notice of the participating audit firm's failure to address the defects in its quality control systems to the satisfaction of the CPAB and of the sanctions imposed by the CPAB.

“PART 4 EXEMPTION

“4.1 Exemption

(1) The regulator or the 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.

“PART 5 EFFECTIVE DATE

“5.1 Effective Date - This Instrument comes into force on March 30, 2004.

“PART XXXIV
[*clause 2(hh)*]

“MULTILATERAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS’
ANNUAL AND INTERIM FILINGS

“PART 1 DEFINITIONS AND APPLICATION

“1.1 Definitions - In this Instrument:

‘AIF’ has the meaning ascribed to it in NI 51-102;

‘annual certificate’ means the certificate required to be filed pursuant to Part 2;

‘annual filings’ means the issuer’s AIF, if any, and annual financial statements and annual MD&A filed under provincial and territorial securities legislation for the most recently completed financial year, including for greater certainty all documents and information that are incorporated by reference in the AIF;

‘annual financial statements’ means the annual financial statements required to be filed under NI 51-102;

‘disclosure controls and procedures’ means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer’s management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure;

‘interim certificate’ means the certificate required to be filed pursuant to Part 3;

‘interim filings’ means the issuer’s interim financial statements and interim MD&A filed under provincial and territorial securities legislation for the most recently completed interim period;

‘interim financial statements’ means the interim financial statements required to be filed under NI 51-102;

‘interim period’ has the meaning ascribed to it in NI 51-102;

‘internal control over financial reporting’ means a process designed by, or under the supervision of, the issuer’s chief executive officers and chief financial officers, or persons performing similar functions, and effected by the issuer’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP and includes those policies and procedures that:

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(a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial statements;

'investment fund' has the meaning ascribed to it in NI 51-102;

'issuer's GAAP' has the meaning ascribed to it in NI 52-107;

'MD&A' has the meaning ascribed to it in NI 51-102;

'NI 51-102' means National Instrument 51-102 *Continuous Disclosure Obligations*;

'NI 52-107' means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

'Sarbanes-Oxley Act' means the Sarbanes-Oxley Act of 2002, Pub.L. 107-204, 116 Stat. 745 (2002);

'SEDAR' means the computer system for the transmission, receipt, acceptance, review and dissemination of documents filed in electronic format known as the System for Electronic Document Analysis and Retrieval;

'subsidiary' has the meaning ascribed to it in Section 1590 of the CICA Handbook; and

'US GAAP' has the meaning ascribed to it in NI 52-107.

"1.2 Application - This Instrument applies to all reporting issuers other than investment funds.

"PART 2 CERTIFICATION OF ANNUAL FILINGS

"2.1 Every issuer must file a separate annual certificate, in Form 52-109F1, in respect of and personally signed by each person who, at the time of filing the annual certificate:

1. is a chief executive officer;
2. is a chief financial officer; and
3. in the case of an issuer that does not have a chief executive officer or chief financial officer, performs similar functions to a chief executive officer or a chief financial officer, as the case may be.

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“2.2 The annual certificates must be filed by the issuer separately but concurrently with the latest of the following:

1. if it files an AIF, the filing of its AIF; and
2. the filing of its annual financial statements and annual MD&A.

“PART 3 CERTIFICATION OF INTERIM FILINGS

“3.1 Every issuer must file for each interim period a separate interim certificate, in Form 52-109F2, in respect of and personally signed by each person who, at the time of the filing of the interim certificate:

1. is a chief executive officer;
2. is a chief financial officer; and
3. in the case of an issuer that does not have a chief executive officer or chief financial officer, performs similar functions to a chief executive officer or a chief financial officer, as the case may be.

“3.2 The interim certificates must be filed by the issuer separately but concurrently with the filing of its interim filings.

“PART 4 EXEMPTIONS

“4.1 Exemption for Issuers that Comply with U.S. Laws:

(1) Subject to subsection (4), an issuer is exempt from Part 2 with respect to the most recently completed financial year if:

- (a) the issuer is in compliance with U.S. federal securities laws implementing the annual report certification requirements in section 302(a) of the Sarbanes-Oxley Act; and
- (b) the issuer’s signed certificates relating to its annual report for its most recently completed financial year are filed through SEDAR as soon as reasonably practicable after they are filed with the SEC.

(2) Subject to subsection (5), an issuer is exempt from Part 3 with respect to the most recently completed interim period if:

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(a) the issuer is in compliance with U.S. federal securities laws implementing the quarterly report certification requirements in section 302(a) of the Sarbanes-Oxley Act; and

(b) the issuer's signed certificates relating to its quarterly report for its most recently completed quarter are filed through SEDAR as soon as reasonably practicable after they are filed with the SEC.

(3) An issuer is exempt from Part 3 with respect to the most recently completed interim period if:

(a) the issuer furnishes to the SEC a current report on Form 6-K containing the issuer's quarterly financial statements and MD&A;

(b) the Form 6-K is accompanied by signed certificates that are furnished to the SEC in the same form required by U.S. federal securities laws implementing the quarterly report certification requirements in section 302(a) of the Sarbanes-Oxley Act; and

(c) the signed certificates relating to the quarterly report filed under cover of the Form 6-K are filed through SEDAR as soon as reasonably practicable after they are furnished to the SEC.

(4) Notwithstanding subsection 4.1(1), Part 2 of this Instrument applies to an issuer with respect to the most recently completed financial year if the issuer files annual financial statements prepared in accordance with Canadian GAAP, unless the issuer files those statements with the SEC in compliance with U.S. federal securities laws implementing the annual report certification requirements in section 302(a) of the Sarbanes-Oxley Act.

(5) Notwithstanding subsection 4.1(2), Part 3 of this Instrument applies to an issuer with respect to the most recently completed interim period if the issuer files interim financial statements prepared in accordance with Canadian GAAP, unless the issuer files those statements with the SEC in compliance with U.S. federal securities laws implementing the quarterly report certification requirements in section 302(a) of the Sarbanes-Oxley Act.

“4.2 Exemption for Foreign Issuers - An issuer is exempt from the requirements in this Instrument so long as it qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, sections 5.4 and 5.5 of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

“4.3 Exemption for Certain Exchangeable Security Issuers - An issuer is exempt from the requirements in this Instrument so long as it qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.3 of NI 51-102.

“4.4 Exemption for Certain Credit Support Issuers - An issuer is exempt from the requirements in this Instrument so long as it qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.4 of NI 51-102.

“4.5 General 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.

“PART 5 EFFECTIVE DATE AND TRANSITION

“5.1 Effective Date - This Instrument comes into force on March 30, 2004.

“5.2 Transition

(1) Annual Certificates:

(a) Subject to paragraph (1)(b), the provisions of this Instrument concerning annual certificates apply for financial years beginning on or after January 1, 2004.

(b) Notwithstanding Part 2 or paragraph (1)(a), an issuer may file annual certificates in Form 52-109FT1 in respect of any financial year ending on or before March 30, 2005.

(2) Interim Certificates:

(a) Subject to paragraph (2)(b), the provisions of this Instrument concerning interim certificates apply for interim periods beginning on or after January 1, 2004.

(b) Notwithstanding Part 3 or paragraph (2)(a), an issuer may file interim certificates in Form 52-109FT2 in respect of any interim period that occurs prior to the end of the first financial year in respect of which the issuer is required to file an annual certificate in Form 52-109F1.

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“MULTILATERAL INSTRUMENT 52-109

**“FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS**

I, *<identify the certifying officer, the issuer, and his or her position at the issuer>*, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *<identify issuer>* (the issuer) for the period ending *<state the relevant date>*;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared;
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
 - (c) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation; and
5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: _____

[Signature]

[Title]

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“MULTILATERAL INSTRUMENT 52-109

“FORM 52-109FT1

CERTIFICATION OF ANNUAL FILINGS DURING TRANSITION PERIOD

I, *<identify the certifying officer, the issuer, and his or her position at the issuer>*, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *<identify issuer>* (the issuer) for the period ending *<state the relevant date>*;
2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and
3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings.

Date: _____

[Signature]

[Title]

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“MULTILATERAL INSTRUMENT 52-109

**“FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS**

I *<identify the certifying officer, the issuer, and his or her position at the issuer>*, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *<identify the issuer>*, (the issuer) for the interim period ending *<state the relevant date>*;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:
 - (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - (b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: _____

[Signature]

[Title]

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“MULTILATERAL INSTRUMENT 52-109

“FORM 52-109FT2

CERTIFICATION OF INTERIM FILINGS DURING TRANSITION PERIOD

I *<identify the certifying officer, the issuer, and his or her position at the issuer>*, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of *<identify the issuer>*, (the issuer) for the interim period ending *<state the relevant date>*;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings.

Date: _____

[Signature]

[Title]

“PART XXXV
[*clause 2(ii)*]

“MULTILATERAL INSTRUMENT 52-110
AUDIT COMMITTEES

“PART 1 DEFINITIONS AND APPLICATION

“1.1 Definitions - In this Instrument:

‘**accounting principles**’ has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

‘**AIF**’ has the meaning ascribed to it in National Instrument 51-102;

‘**asset-backed security**’ has the meaning ascribed to it in National Instrument 51-102;

‘**audit committee**’ means a committee (or an equivalent body) established by and among the board of directors of an issuer for the purpose of overseeing the accounting and financial reporting processes of the issuer and audits of the financial statements of the issuer, and, if no such committee exists, the entire board of directors of the issuer;

‘**audit services**’ means the professional services rendered by the issuer’s external auditor for the audit and review of the issuer’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

‘**credit support issuer**’ has the meaning ascribed to it in section 13.4 of National Instrument 51-102;

‘**designated foreign issuer**’ has the meaning ascribed to it in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

‘**exchangeable security issuer**’ has the meaning ascribed to it in section 13.3 of National Instrument 51-102;

‘**executive officer**’ of an entity means an individual who is:

- (a) a chair of the entity;
- (b) a vice-chair of the entity;
- (c) the president of the entity;
- (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or

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(f) any other individual who performs a policy-making function in respect of the entity;

‘foreign private issuer’ means an issuer that is a foreign private issuer within the meaning of Rule 405 under the 1934 Act;

‘immediate family member’ means an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home;

‘investment fund’ has the meaning ascribed to it in National Instrument 51-102;

‘marketplace’ has the meaning ascribed to it in National Instrument 21-101 *Marketplace Operation*;

‘MD&A’ has the meaning ascribed to it in National Instrument 51-102;

‘National Instrument 51-102’ means National Instrument 51-102 *Continuous Disclosure Obligations*;

‘non-audit services’ means services other than audit services;

‘SEC foreign issuer’ has the meaning ascribed to it in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

‘U.S. marketplace’ means an exchange registered as a ‘national securities exchange’ under section 6 of the 1934 Act, or the Nasdaq Stock Market;

‘venture issuer’ means an issuer that does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

“1.2 Application - This Instrument applies to all reporting issuers other than:

- (a) investment funds;
- (b) issuers of asset-backed securities;
- (c) designated foreign issuers;
- (d) SEC foreign issuers;
- (e) issuers that are subsidiary entities, if:
 - (i) the subsidiary entity does not have equity securities (other than non-convertible, non-participating preferred securities) trading on a marketplace; and
 - (ii) the parent of the subsidiary entity is:
 - (A) subject to the requirements of this Instrument; or
 - (B) an issuer that:

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- (1) has securities listed or quoted on a U.S. marketplace; and
 - (2) is in compliance with the requirements of that U.S. marketplace applicable to issuers, other than foreign private issuers, regarding the role and composition of audit committees;
- (f) exchangeable security issuers, if the exchangeable security issuer qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.3 of National Instrument 51-102; and
- (g) credit support issuers, if the credit support issuer qualifies for the relief contemplated by, and is in compliance with the requirements and conditions set out in, section 13.4 of National Instrument 51-102.

“1.3 Meaning of Affiliated Entity, Subsidiary Entity and Control

- (1) For the purposes of this Instrument, a person or company is considered to be an affiliated entity of another person or company if:
- (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company; or
 - (b) the person or company is:
 - (i) both a director and an employee of an affiliated entity; or
 - (ii) an executive officer, general partner or managing member of an affiliated entity.
- (2) For the purposes of this Instrument, a person or company is considered to be a subsidiary entity of another person or company if:
- (a) it is controlled by:
 - (i) that other; or
 - (ii) that other and one or more persons or companies each of which is controlled by that other; or
 - (iii) two or more persons or companies, each of which is controlled by that other; or
 - (b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.
- (3) For the purpose of this Instrument, **‘control’** means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise.
- (4) Despite subsection (1), a person will not be considered to be an affiliated entity of an issuer for the purposes of this Instrument if the person:
- (a) owns, directly or indirectly, 10% or less of any class of voting securities of the issuer; and

(b) is not an executive officer of the issuer.

“1.4 Meaning of Independence

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a material relationship means a relationship which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been, an employee or executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;

(b) an individual whose immediate family member is, or has been, an executive officer of the issuer, unless the prescribed period has elapsed since the end of the service or employment;

(c) an individual who is, or has been, an affiliated entity of, a partner of, or employed by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;

(d) an individual whose immediate family member is, or has been, an affiliated entity of, a partner of, or employed in a professional capacity by, a current or former internal or external auditor of the issuer, unless the prescribed period has elapsed since the person’s relationship with the internal or external auditor, or the auditing relationship, has ended;

(e) an individual who is, or has been, or whose immediate family member is or has been, an executive officer of an entity if any of the issuer’s current executive officers serve on the entity’s compensation committee, unless the prescribed period has elapsed since the end of the service or employment;

(f) an individual who:

(i) has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

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- (ii) receives, or whose immediate family member receives, more than \$75,000 per year in direct compensation from the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee, unless the prescribed period has elapsed since he or she ceased to receive more than \$75,000 per year in such compensation;
- (g) an individual who is an affiliated entity of the issuer or any of its subsidiary entities.
- (4) For the purposes of subsection (3), the prescribed period is the shorter of:
- (a) the period commencing on March 30, 2004 and ending immediately prior to the determination required by subsection (3); and
 - (b) the three year period ending immediately prior to the determination required by subsection (3).
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or external auditor if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), compensatory fees and direct compensation do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) For the purposes of subclause (3)(f)(i), the indirect acceptance by a person of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
- (a) a person's spouse, minor child or stepchild, or a child or stepchild who shares the person's home; or
 - (b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (8) Despite subsection (3), a person will not be considered to have a material relationship with the issuer solely because he or she:
- (a) has previously acted as an interim chief executive officer of the issuer; or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or any board committee, other than on a full-time basis.

“1.5 Meaning of Financial Literacy - For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.

“PART 2 AUDIT COMMITTEE RESPONSIBILITIES

“2.1 Audit Committee - Every issuer must have an audit committee that complies with the requirements of the Instrument.

“2.2 Relationship with External Auditors - Every issuer must require its external auditor to report directly to the audit committee.

“2.3 Audit Committee Responsibilities

(1) An audit committee must have a written charter that sets out its mandate and responsibilities.

(2) An audit committee must recommend to the board of directors:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the issuer; and

(b) the compensation of the external auditor.

(3) An audit committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(4) An audit committee must pre-approve all non-audit services to be provided to the issuer or its subsidiary entities by the issuer’s external auditor.

(5) An audit committee must review the issuer’s financial statements, MD&A and annual and interim earnings press releases before the issuer publicly discloses this information.

(6) An audit committee must be satisfied that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the issuer’s financial statements, other than the public disclosure referred to in subsection (5), and must periodically assess the adequacy of those procedures.

(7) An audit committee must establish procedures for:

(a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

(8) An audit committee must review and approve the issuer’s hiring policies regarding partners,

employees and former partners and employees of the present and former external auditor of the issuer.

“2.4 *De Minimis Non-Audit Services* - An audit committee satisfies the pre-approval requirement in subsection 2.3(4) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5 % of the total amount of fees paid by the issuer and its subsidiary entities to the issuer’s external auditor during the fiscal year in which the services are provided;
- (b) the issuer or the subsidiary entity of the issuer, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the audit committee of the issuer and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated by the audit committee.

“2.5 *Delegation of Pre-Approval Function*

- (1) An audit committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(4).
- (2) The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (1) must be presented to the audit committee at its first scheduled meeting following such pre-approval.

“2.6 *Pre-Approval Policies and Procedures* - An audit committee satisfies the pre-approval requirement in subsection 2.3(4) if it adopts specific policies and procedures for the engagement of the non-audit services, if:

- (a) the pre-approval policies and procedures are detailed as to the particular service;
- (b) the audit committee is informed of each non-audit service; and
- (c) the procedures do not include delegation of the audit committee’s responsibilities to management.

“PART 3 COMPOSITION OF THE AUDIT COMMITTEE

“3.1 *Composition*

- (1) An audit committee must be composed of a minimum of three members.
- (2) Every audit committee member must be a director of the issuer.

- (3) Subject to sections 3.2, 3.3, 3.4, 3.5 and 3.6, every audit committee member must be independent.
- (4) Subject to sections 3.5 and 3.8, every audit committee member must be financially literate.

“3.2 Initial Public Offerings

- (1) Subject to section 3.9, if an issuer has filed a prospectus to qualify the distribution of securities that constitutes its initial public offering, subsection 3.1(3) does not apply for a period of up to 90 days commencing on the date of the receipt for the prospectus, provided that one member of the audit committee is independent.
- (2) Subject to section 3.9, if an issuer has filed a prospectus to qualify the distribution of securities that constitutes its initial public offering, subsection 3.1(3) does not apply for a period of up to one year commencing on the date of the receipt for the prospectus, provided that a majority of the audit committee members are independent.

“3.3 Controlled Companies

- (1) An audit committee member that sits on the board of directors of an affiliated entity is exempt from the requirement in subsection 3.1(3) if the member, except for being a director (or member of a board committee) of the issuer and the affiliated entity, is otherwise independent of the issuer and the affiliated entity.
- (2) Subject to section 3.7, an audit committee member is exempt from the requirement in subsection 3.1(3) if:
 - (a) the member would be independent of the issuer but for the relationship described in paragraph 1.4(3)(g);
 - (b) the member is not an executive officer, general partner or managing member of a person or company that:
 - (i) is an affiliated entity of the issuer; and
 - (ii) has its securities trading on a marketplace;
 - (c) the member is not an immediate family member of an executive officer, general partner or managing member referred to in paragraph (b), above;
 - (d) the member does not act as the chair of the audit committee; and
 - (e) the board determines in its reasonable judgement that:
 - (i) the member is able to exercise the impartial judgement necessary for the member to fulfill his or her responsibilities as an audit committee member; and
 - (ii) the appointment of the member is required by the best interests of the issuer and its shareholders.

“3.4 Events Outside Control of Member - Subject to section 3.9, if an audit committee member ceases to be

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independent for reasons outside the member's reasonable control, the member is exempt from the requirement in subsection 3.1(3) for a period ending on the later of:

- (a) the next annual meeting of the issuer; and
- (b) the date that is six months from the occurrence of the event which caused the member to not be independent.

“3.5 Death, Disability or Resignation of Member - Subject to section 3.9, if the death, disability or resignation of an audit committee member has resulted in a vacancy on the audit committee that the board of directors is required to fill, an audit committee member appointed to fill such vacancy is exempt from the requirements in subsections 3.1(3) and (4) for a period ending on the later of:

- (a) the next annual meeting of the issuer; and
- (b) the date that is six months from the day the vacancy was created.

“3.6 Temporary Exemption for Limited and Exceptional Circumstances- Subject to section 3.7, an audit committee member is exempt from the requirement in subsection 3.1(3) if:

- (a) the member is not an individual described in paragraphs 1.4(3)(f)(i) or 1.4(3)(g);
- (b) the member is not an employee or officer of the issuer, or an immediate family member of an employee or officer of the issuer;
- (c) the board, under exceptional and limited circumstances, determines in its reasonable judgement that:
 - (i) the member is able to exercise the impartial judgement necessary for the member to fulfill his or her responsibilities as an audit committee member; and
 - (ii) the appointment of the member is required by the best interests of the issuer and its shareholders;
- (d) the member does not act as chair of the audit committee; and
- (e) the member does not rely upon this exemption for a period of more than two years.

“3.7 Majority Independent - The exemptions in subsection 3.3(2) and section 3.6 are not available to a member unless a majority of the audit committee members would be independent.

“3.8 Acquisition of Financial Literacy - Subject to section 3.9, an audit committee member who is not financially literate may be appointed to the audit committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

“3.9 Restriction on Use of Certain Exemptions - The exemptions in sections 3.2, 3.4, 3.5 and 3.8 are not available to a member unless the issuer's board of directors has determined that the reliance on the exemption will not materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of this Instrument.

“PART 4 AUTHORITY OF THE AUDIT COMMITTEE

“4.1 Authority - An audit committee must have the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) to set and pay the compensation for any advisors employed by the audit committee; and
- (c) to communicate directly with the internal and external auditors.

“PART 5 REPORTING OBLIGATIONS

“5.1 Required Disclosure - Every issuer must include in its AIF the disclosure required by Form 52-110F1.

“5.2 Management Information Circular - If management of an issuer solicits proxies from the security holders of the issuer for the purpose of electing directors to the issuer’s board of directors, the issuer must include in its management information circular a cross-reference to the sections in the issuer’s AIF that contain the information required by section 5.1.

“PART 6 VENTURE ISSUERS

“6.1 Venture Issuers - Venture issuers are exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

“6.2 Required Disclosure

(1) Subject to subsection (2), if management of a venture issuer solicits proxies from the security holders of the venture issuer for the purpose of electing directors to its board of directors, the venture issuer must include in its management information circular the disclosure required by Form 52-110F2.

(2) A venture issuer that is not required to send a management information circular to its security holders must provide the disclosure required by Form 52-110F2 in its AIF or annual MD&A.

“PART 7 U.S. LISTED ISSUERS

“7.1 U.S. Listed Issuers - An issuer that has securities listed or quoted on a U.S. marketplace is exempt from the requirements of Parts 2 (*Audit Committee Responsibilities*), 3 (*Composition of the Audit Committee*), 4 (*Authority of the Audit Committee*), and 5 (*Reporting Obligations*), if:

- (a) the issuer is in compliance with the requirements of that U.S. marketplace applicable to a issuers, other than foreign private issuers, regarding the role and composition of audit committees; and

(b) if the issuer is incorporated, continued or otherwise organized in a jurisdiction in Canada, the issuer includes in its AIF the disclosure (if any) required by paragraph 5 of Form 52-110F1.

“PART 8 EXEMPTIONS

“8.1 Exemptions

- (1) The securities regulatory authority or regulator may grant an exemption from this rule, 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.

“PART 9 EFFECTIVE DATE

“9.1 Effective Date

- (1) This Instrument comes into force on March 30, 2004.
- (2) Despite subsection (1), this Instrument applies to an issuer commencing on the earlier of:
 - (a) the first annual meeting of the issuer after July 1, 2004; and
 - (b) July 1, 2005.

“MULTILATERAL INSTRUMENT 52-110

“FORM 52-110F1

AUDIT COMMITTEE INFORMATION REQUIRED IN AN AIF

1. The Audit Committee’s Charter

Disclose the text of the audit committee’s charter.

2. Composition of the Audit Committee

Disclose the name of each audit committee member and state whether or not the member is (i) independent and (ii) financially literate.

3. Relevant Education and Experience

Describe the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member and, in particular, disclose any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the issuer to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

4. Reliance on Certain Exemptions

If, at any time since the commencement of the issuer’s most recently completed financial year, the issuer has relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*);
 - (b) the exemption in section 3.2 (*Initial Public Offerings*);
 - (c) the exemption in section 3.4 (*Events Outside Control of Member*);
 - (d) the exemption in section 3.5 (*Death, Disability or Resignation of Audit Committee Member*);
- or

(e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemptions*); state that fact.

5. Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied upon the exemption in subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*), state that fact and disclose:

- (a) the name of the member; and
- (b) the rationale for appointing the member to the audit committee.

6. Reliance on Section 3.8

If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied upon section 3.8 (*Acquisition of Financial Literacy*), state that fact and disclose:

- (a) the name of the member;
- (b) that the member is not financially literate; and
- (c) the date by which the member expects to become financially literate.

7. Audit Committee Oversight

If, at any time since the commencement of the issuer's most recently completed financial year, a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the board of directors, state that fact and explain why.

8. Pre-Approval Policies and Procedures

If the audit committee has adopted specific policies and procedures for the engagement of non-audit services, describe those policies and procedures.

9. External Auditor Service Fees (By Category)

- (a) Disclose, under the caption 'Audit Fees', the aggregate fees billed by the issuer's external auditor in each of the last two fiscal years for audit services.
- (b) Disclose, under the caption 'Audit-Related Fees', the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.

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(c) Disclose, under the caption ‘Tax Fees’, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer’s external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.

(d) Disclose, under the caption ‘All Other Fees’, the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer’s external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.

INSTRUCTIONS

The fees required to be disclosed by this paragraph 9 relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.

“MULTILATERAL INSTRUMENT 52-110

“FORM 52-110F2

DISCLOSURE BY VENTURE ISSUERS

1. The Audit Committee’s Charter

Disclose the text of the audit committee’s charter.

2. Composition of the Audit Committee

Disclose the name of each audit committee member and state whether or not the member is (i) independent and (ii) financially literate.

3. Audit Committee Oversight

If, at any time since the commencement of the issuer’s most recently completed financial year, a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the board of directors, state that fact and explain why.

4. Reliance on Certain Exemptions

If, at any time since the commencement of the issuer’s most recently completed financial year, the issuer has relied on:

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*); or

(b) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemptions*);

state that fact.

5. Pre-Approval Policies and Procedures

If the audit committee has adopted specific policies and procedures for the engagement of non-audit services, describe those policies and procedures.

6. External Auditor Service Fees (By Category)

(a) Disclose, under the caption 'Audit Fees', the aggregate fees billed by the issuer's external auditor in each of the last two fiscal years for audit fees.

(b) Disclose, under the caption 'Audit-Related Fees', the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.

(c) Disclose, under the caption 'Tax Fees', the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer's external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.

(d) Disclose, under the caption 'All Other Fees', the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer's external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.

INSTRUCTION

The fees required to be disclosed by this paragraph 5 relate only to services provided to the issuer or its subsidiary entities by the issuer's external auditor.

7. Exemption

Disclose that the issuer is relying upon the exemption in section 6.1 of the Instrument".

Coming into force

5(1) Subject to subsection (2), these regulations come into force on March 30, 2004.

(2) If these regulations are filed with the Registrar of Regulations after March 30, 2004, these regulations come into force on the day on which they are filed with the Registrar of Regulations.