

**For Immediate Release
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Securities Passport System Implemented

Regulators Introduce Streamlined Review Policies for Passport Jurisdictions and Ontario

Vancouver – Today, the Canadian Securities Administrators (CSA) published a notice to implement the next phase of the passport system – a regulatory framework designed to provide market participants with streamlined access to Canada’s capital markets. The notice introduces a new rule and review policies that outline how the system will work in participating passport jurisdictions and how market participants will interface with Ontario.

“The passport rule together with the national policies will simplify the regulatory approval process and benefit businesses and investors in all provinces and territories,” said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). “This phase of passport will give issuers access to Canada’s capital markets by allowing them to deal with only one regulator and one set of harmonized requirements.”

The new rule, Multilateral Instrument 11-102 *Passport System*, is scheduled to take effect in the passport jurisdictions on March 17, 2008. The rule will allow someone to clear a prospectus or obtain a discretionary exemption from their home regulator, and have that clearance or exemption apply automatically in all other passport provinces and territories. It represents a major step toward meeting the commitments set out in the September 30, 2004 memorandum of understanding regarding securities regulation among the governments of all provinces and territories, except Ontario.

The new policies, National Policy 11-202 *Process for Prospectus Review in Multiple Jurisdictions* and National Policy 11-203 *Process for Exemptive Relief Application Reviews in Multiple Jurisdictions*, set out the processes for the filing and review of prospectuses and exemptive relief applications. These policies will replace and streamline the current mutual reliance review systems for prospectuses and exemptive relief applications. The policies also outline how market participants in passport jurisdictions will gain access to the Ontario market. They are scheduled to take effect in all provinces and territories on March 17, 2008.

The foundation for the passport system is a set of harmonized regulatory requirements consistently interpreted and applied throughout Canada. For that reason, the passport for prospectuses is coming into force at the same time as the CSA’s National Instrument 41-101 *General Prospectus Requirements*. The CSA now plans to proceed with passport for

registration as it finalizes the proposed new national rule for registration requirements (National Instrument 31-103).

The instrument, policies and other related documents are available on various CSA members' websites.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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Passport System for Prospectuses and Exemption Applications Background

- What is passport?**
- A system that gives a market participant access to markets in all passport jurisdictions – every province and territory in Canada, except Ontario – by dealing only with its principal regulator and complying with one set of harmonized laws
- How does it work?**
- Each market participant has a principal regulator
 - A market participant can clear a prospectus or obtain an exemption in all passport jurisdictions through its principal regulator
 - Market participants are subject to harmonized prospectus and continuous disclosure requirements in all jurisdictions
- What are the benefits of passport?**
- Simpler - need only one passport decision – comply with one set of harmonized laws
 - Faster - deal with one passport regulator
 - Cheaper - eliminate professional costs for dealing with multiple regulators and different laws
- What does it mean for Ontario market participants?**
- Ontario has not adopted the passport rule
 - Ontario market participants have direct access to the markets in other jurisdictions by dealing only with the Ontario Securities Commission (OSC)
 - Other market participants gain access to the Ontario

market through a streamlined interface

Prospectuses

An issuer **filing a prospectus** in multiple jurisdictions will

- need to comply with harmonized prospectus requirements
- have its prospectus reviewed by only its principal regulator
- need a receipt for the prospectus from only its principal regulator
- get a deemed receipt in passport jurisdictions

Issuers outside Ontario will also need to have their prospectuses reviewed and receipted by the OSC

Discretionary exemptions

A market participant that needs a **discretionary exemption** in multiple jurisdictions will

- file an application with its principal regulator
- have its application reviewed by only its principal regulator
- need a decision from only its principal regulator
- have an automatic exemption in passport jurisdictions

Market participants outside Ontario will also need to file an application with, and have it reviewed and approved by, the OSC

Continuous disclosure

An issuer that is a **reporting issuer** in multiple jurisdictions will

- need to comply with harmonized continuous disclosure requirements
- have any continuous disclosure exemption granted to it under the principal regulator system (MI 11-101) grandfathered

Registration

Passport for registration is expected to proceed once the national rule on registration requirements (NI 31-103) is finalized

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