

NOTICE AND REQUEST FOR COMMENT

**Proposed National Instrument 41-101 *General Prospectus Requirements* and
Companion Policy 41-101CP *General Prospectus Requirements***

**Proposed Repeal of
National Instrument 41-101 *Prospectus Disclosure Requirements*,**

Proposed Amendments to National Instrument 14-101 *Definitions*

**Proposed Amendments to National Instrument 44-101 *Short Form Prospectus
Distributions* and Companion Policy 44-101CP *Short Form Prospectus Distributions***

**Proposed Amendments to National Instrument 44-102 *Shelf Distributions* and
Companion Policy 44-102CP *Shelf Distributions***

**Proposed Amendments to National Instrument 44-103 *Post-Receipt Pricing* and
Companion Policy 44-103CP *Post-Receipt Pricing***

Proposed Amendments to National Instrument 45-101 *Rights Offerings*

**Proposed Amendments to National Instrument 51-102 *Continuous Disclosure
Obligations* and Companion Policy 51-102CP *Continuous Disclosure Obligations***

**Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus
Disclosure* and Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure***

**Proposed Amendments to National Instrument 81-104 *Commodity Pools* and
Companion Policy 81-104CP *Commodity Pools***

and

**Proposed Amendments to National Policy 43-201 *Mutual Reliance Review System for
Prospectuses***

December 21, 2006

We, the Canadian Securities Administrators (CSA) are publishing for a 90-day comment period the following:

- Proposed National Instrument 41-101 *General Prospectus Requirements* (Proposed NI 41-101);
- Proposed Form 41-101F1 *Information Required in a Prospectus* of NI 41-101 (Proposed Form 1);
- Proposed 41-101F2 *Information Required in an Investment Fund Prospectus* of NI 41-101 (Proposed Form 2);
- Proposed Companion Policy 41-101CP *General Prospectus Requirements* (the Proposed CP);

(collectively, Proposed Rule).

We are also publishing for a 90-day comment period proposed amendments to the following:

- National Instrument 14-101 *Definitions* (NI 14-101);
- National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101);
- Form 44-101F1 *Short Form Prospectus* of NI 44-101 (Form 44-101F1);
- National Instrument 44-102 *Shelf Distributions* (NI 44-102);
- National Instrument 44-103 *Post-Receipt Pricing* (NI 44-103);
- Form 45-101F *Information Required in a Rights Offering Circular* of National Instrument 45-101 *Rights Offerings* (Form 45-101F);
- National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102);
- Form 51-102F2 *Annual Information Form* of NI 51-102 (Form 51-102F2);
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101);
- Form 81-101F1 *Contents of Simplified Prospectus* of NI 81-101 (Form 81-101F1);
- Form 81-101F2 *Contents of Annual Information Form* of NI 81-101 (Form 81-101F2);
- National Instrument 81-104 *Commodity Pools* (NI 81-104);

(collectively, Rule Consequential Amendments).

We are also publishing for a 90-day comment period amendments to the following:

- Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions* (44-101CP);
- Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* (44-102CP);
- Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* (44-103CP);
- Companion Policy 51-102CP to National Instrument 51-102 *Continuous Disclosure Obligations* (51-102CP);
- Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (81-101CP);
- Companion Policy 81-104CP to National Instrument 81-104 *Commodity Pools* (81-104CP);
- National Policy 43-201 *Mutual Reliance Review System for Prospectuses* (NP 43-201);

(collectively, Policy Consequential Amendments, and with the Rule Consequential Amendments, Consequential Amendments). Other than in Ontario, we expect to separately publish for a 90-day comment period, proposed amendments to Multilateral Instrument 11-101 *Principal Regulator System*.

We are also proposing, upon the coming into force of the Proposed Rule, to rescind the following policies or in Québec to repeal the following rules:

- National Policy 14 *Acceptability of Currencies in Material Filed with Securities Regulatory Authorities* because parts of it are now redundant as a result of the coming into force of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) and the remaining parts of it will be redundant upon the coming into force of the requirements in General Instruction (10) and section 1.5 of Proposed Form 1;
- National Policy 21 *National Advertising – Warnings* because it will be redundant upon the adoption of the guidance in Part 6 of the Proposed CP.

We are also proposing to withdraw the following notices upon the coming into force of the Proposed Rule:

- CSA Staff Notice 42-303 *Prospectus Requirements* because it will no longer be relevant upon the coming into force of the Proposed Rule;
- CSA Staff Notice 44-301 *Frequently Asked Questions Regarding the New Prospectus Rules* because Part A of it will no longer be relevant upon the coming into force of the Proposed Rule and we intend to update and replace Parts B and C of it before the Proposed Rule comes into force;
- Canadian Securities Administrators' Notice 3 *Pre-Marketing Activities in the Context of Bought Deals* because it will be redundant upon the adoption of the guidance in Part 6 of the Proposed CP.

Background

In Ontario, Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* (OSC Rule 41-501) came into force in December 2000. In Quebec, Regulation Q-28 *Respecting General Prospectus Requirements* (Q-28) came into force in December 2000 and is substantially the same as OSC Rule 41-501 (OSC Rule 41-501 and Q-28 are collectively referred to as Rule 41-501). OSC Rule 41-501 has been adopted as the long form prospectus rule by all other jurisdictions in Canada. Some other jurisdictions, however, have kept local rules, including forms, relating to long form prospectuses so that issuers would have the option of complying with the local requirements.

Since December 2000, a number of national instruments prescribing continuous disclosure requirements for all issuers have been adopted, including NI 51-102 and National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106). These instruments collectively set out a comprehensive and national continuous disclosure regime.

A national short form prospectus regime was adopted at the same time as Rule 41-501. The short form prospectus requirements were streamlined and harmonized with the continuous disclosure regime when amended and restated NI 44-101 came into force in December 2005.

The Proposed Rule and the Consequential Amendments are another step towards harmonizing the prospectus and continuous disclosure requirements across Canada.

The text of the Proposed Rule is being published concurrently with this Notice and can be obtained on websites of CSA members, including the following:

www.bcsc.bc.ca
www.albertasecurities.com
www.sfsc.gov.sk.ca
www.msc.gov.mb.ca
www.osc.gov.on.ca

www.lautorite.qc.ca
www.gov.ns.ca/nssc/
www.nbsc-cvmnb.ca

We are publishing

- Proposed NI 41-101 (Schedule 1 of Appendix B);
- Proposed Form 1 (Schedule 2 of Appendix B);
- Proposed Form 2 (Schedule 3 of Appendix B);
- the Proposed CP (Schedule 4 of Appendix B);
- amendment instruments for
 - NI 14-101 (Appendix C);
 - NI 44-101 (Schedule 1 of Appendix D);
 - Form 44-101F1 (Schedule 2 of Appendix D);
 - NI 44-102 (Schedule 1 of Appendix E);
 - NI 44-103 (Schedule 1 of Appendix F);
 - Form 45-101F (Appendix G);
 - NI 51-102 (Schedule 1 of Appendix H);
 - Form 51-102F2 (Schedule 2 of Appendix H)
 - NI 81-101, Form 81-101F1 and Form 81-101F2 (Schedule 1 of Appendix I);
 - NI 81-104 (Schedule 1 of Appendix J);
- amendments for
 - 44-102CP (Schedule 2 of Appendix E);
 - 44-103CP (Schedule 2 of Appendix F);
 - 51-102CP (Schedule 3 of Appendix H);
 - 81-101CP (Schedule 2 of Appendix I);

- 81-104CP (Schedule 2 of Appendix J);
- NP 43-201 (Appendix K);
- black-lined version of 44-101CP (Schedule 3 of Appendix D).

Black-lined versions of NI 44-101 are available on the websites of certain CSA members.

Target implementation of the Proposed Rule and the Consequential Amendments is December 2007. Depending in part on the comments received, the Proposed Rule and the Consequential Amendments may be adopted in their entirety or in part.

Substance and purpose of the Proposed Rule and the Consequential Amendments

A. Generally

The purpose of the Proposed Rule is to create a comprehensive, seamless and transparent set of national prospectus requirements for all issuers including investment funds (investment funds should also refer to the supplemental discussion on investment fund issues below). The purpose of adopting the Consequential Amendments is to conform other related national instruments and policies to the Proposed Rule.

The Proposed Rule is based on three general principles.

1. Harmonize and consolidate prospectus requirements across Canada

The Proposed Rule will harmonize across Canada and consolidate the general prospectus requirements among Canadian jurisdictions. It is primarily based on the requirements set out in Rule 41-501.

Proposed NI 41-101 assumes the coming into force of certain securities act amendments (Act Amendments) that have been proposed or adopted in all the jurisdictions under the CSA initiative to harmonize and streamline securities law in Canada. Other than in Ontario, the Act Amendments will result in certain of the prospectus-related provisions currently in the securities acts of each applicable jurisdiction being moved to Proposed NI 41-101. In Ontario, these prospectus-related provisions will remain in the *Securities Act* (Ontario). As a result, a number of provisions of Proposed NI 41-101 will not apply in Ontario and the similar requirements of the *Securities Act* (Ontario) will continue to apply. Please refer to Appendix L in Ontario for additional information.

We anticipate that the Act Amendments will come into force in all applicable jurisdictions before final implementation of the Proposed Rule. The list of proposed or adopted Act Amendments in an applicable jurisdiction is set out in Appendix L to this Notice published in that particular jurisdiction or may be published separately in each jurisdiction.

We have also considered other general prospectus requirements or guidelines currently found in other existing local rules, policies or notices. We have incorporated certain of these requirements into the Proposed Rule as appropriate.

2. *Harmonize with other instruments*

The Proposed Rule will substantially harmonize the general prospectus requirements with the continuous disclosure and short form prospectus regimes. For example, the significant acquisition requirements under Item 35 of Proposed Form 1 have been harmonized with the business acquisition report requirements under Part 8 of NI 51-102.

Specifically, the Proposed Rule has been harmonized with the following instruments that have been adopted since Rule 41-501 first became effective:

- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101)
- NI 51-102;
- NI 52-107;
- Multilateral Instrument 52-110 *Audit Committees* (MI 52-110);
- National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101);
- NI 81-106 (together with NI 51-102, NI 52-107, MI 52-110, and NI 58-101, CD Rules);
- NI 44-101.

As set out in the CSA Notice of Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* dated **October 13, 2006**, NI 51-102, NI 52-107, and NI 44-101 are proposed to be amended. Subject to Ministerial approval in certain jurisdictions, we expect these proposed amendments to be in force on **December 29, 2006**. For the purposes of harmonizing the Proposed Rule to these instruments, we assumed that these proposed amendments will be in force. Also, the Consequential Amendments are being proposed on the assumption that these proposed amendments will be in force.

We also note that the CSA Notice and Request for Comment in respect of the proposed rescission of National Policy Statement 48 *Future-Oriented Financial Information* and related consequential amendments was published on **December 1, 2006**. The Proposed Rule does not reflect the proposals described in that notice. If those proposals come into force, however, we propose to reflect them in the final Proposed Rule.

3. *Reflect current policy*

The Proposed Rule takes into consideration changes in the principles underlying the existing general prospectus requirements that we have identified as a result of regulatory reviews, applications for exemptive relief, or public comment and consultation. For example, we are proposing to codify certain provisions in existing policies, including certain guidelines regarding certificates and undertakings in National Policy 41-201 *Income Trusts and Other Indirect Offerings*.

We are also proposing amendments to NI 44-102 with respect to the definition of “novel” as it pertains to “specified derivatives” (see discussion below). This may have implications for non-investment fund issuers. Specifically, the pre-clearance process for a new type of linked note offering that is novel to an issuer will apply if the underlying interest is substantially linked to the security of a single issuer that is not the issuer of the linked note. In these cases, the regulator will also consider qualification, liability, and disclosure issues during the pre-clearance process.

B. *Investment fund issues*

1. *Harmonizing across Canada, consolidating, and updating the long form prospectus for investment funds*

The Proposed Rule will also apply to exchange-traded investment funds, labour sponsored investment funds, commodity pools, scholarship plans and non-redeemable investment funds. The Proposed Rule will add a new prospectus form for these investment funds, which are currently subject to various different types of long form prospectus requirements. The Proposed Rule will consolidate the existing prospectus forms and tailor them to investment funds since the current long form is tailored to corporate issuers. While the form will be new for investment funds preparing a long form prospectus, the substance, for the most part, will not be new because we have created the form based upon the existing forms, industry practice and Form 81-101F1 *Contents of Simplified Prospectus* (Form 81-101F1) used by conventional mutual funds. Please note that the Proposed Rule will not apply to conventional mutual funds that are subject to NI 81-101.

2. *Market timing response*

Certain of the Consequential Amendments being proposed to the prospectus forms under NI 81-101 constitute the CSA’s policy response to market timing activity that was the subject of the mutual fund trading practices probe which concluded in March of 2005. More specifically, enhanced disclosure of a mutual fund’s practices regarding short-term trading has been added to Form 81-101F1 and Form 81-101F2 *Contents of Annual Information Form*. Details of these proposed prospectus amendments are discussed in Appendix A.

3. *Amendments to NI 44-102 re: linked notes*

We are also proposing certain amendments to NI 44-102 and 44-102CP. The focus of the amendments is on the definition of the term “novel” as it pertains to “specified derivatives”.

We have become increasingly aware of the use of the shelf prospectus system for the distribution of investment products that are substantially similar to investment funds, but are not specifically subject to the investment funds regulatory regime. These products generally take the form of notes linked to certain underlying interests, including indices and notional reference portfolios. Given the retail focus of these linked notes, we believe the scope of specified derivatives that shelf eligible issuers must pre-clear in advance of distribution needs to be revisited. We expect that once the amendments are in place, an issuer will pre-clear the initial shelf prospectus supplement for each new type of linked note offering. As a result, except in the case of a specified derivative of an issuer where the underlying interest is a security of that issuer (i.e., “plain vanilla” options and warrants), an issuer will be required to pre-clear shelf prospectus supplements for products that are novel to that issuer, even if another issuer has already distributed a similar product. During the pre-clearance process, the regulator will focus on investment fund conflict of interest and disclosure concerns. Further details about the proposed amendments are discussed in Appendix A of this Notice.

Summary of the Proposed Rule and the Consequential Amendments

We have summarized the significant provisions of the Proposed Rule and the Consequential Amendments in Appendix A. This is not a complete list of all of the provisions of the Proposed Rule and the Consequential Amendments.

Alternatives considered

The purpose of the Proposed Rule is to create a comprehensive, seamless and transparent set of national prospectus requirements based on the principles of harmonizing across Canada, consolidating, and updating the existing general prospectus requirements. The purpose of the Consequential Amendments is to conform other related national instruments and policies to the Proposed Rule. An alternative to the Proposed Rule and the Consequential Amendments would be to leave the existing requirements and address any issues on a case by case basis. We believe that the *status quo* is not an acceptable alternative because the existing local prospectus requirements are fragmented.

Anticipated costs and benefits

The Proposed Rule and the Consequential Amendments will primarily affect issuers, including investment fund issuers, offering, and investors purchasing, securities under a long form prospectus. Other persons or companies with an interest in the general prospectus requirements, including persons or companies who are required to sign certificates, credit supporters, and auditors and other experts, may also be affected.

At present, all CSA jurisdictions have similar, but not identical, general prospectus requirements. Market participants that wish to effect a multi-jurisdictional prospectus distribution must consider the requirements in the various acts, regulations, instruments, and policies of each of the relevant jurisdictions. Harmonizing across Canada and consolidating the general prospectus requirements will reduce the transaction costs for issuers offering securities in multiple jurisdictions.

The CD Rules have generally harmonized across Canada the continuous disclosure regime. Harmonizing the Proposed Rule with the CD Rules will reduce the transaction costs for reporting issuers offering securities and the continuous disclosure compliance costs for all issuers following a securities offering. For example, the significant acquisition requirements in the Proposed Rule have been harmonized with Part 8 of NI 51-102 [*Business Acquisition Report*], including taking into consideration the differences between the NI 51-102 requirements for venture and non-venture issuers. Currently, Rule 41-501 has a different set of significant acquisition requirements than NI 51-102. Harmonizing the requirements will reduce transactions costs for issuers that are required to include significant acquisition disclosure from a previously filed business acquisition report in its long form prospectus. Harmonizing the requirements will also reduce continuous disclosure compliance costs for issuers that will be required to file a business acquisition report after the completion of a probable acquisition for which disclosure is required in its long form prospectus.

Harmonizing the requirements will reduce transaction costs by eliminating the need to consider two different sets of rules.

NI 44-101 has generally harmonized across Canada the short form prospectus regime with the CD Rules. Harmonizing the general prospectus requirements with NI 44-101 eliminates any unintended differences between two alternative offering regimes. This will help issuers focus on the substantive differences between the Proposed Rule and NI 44-101 and choose the appropriate regime for that issuer. For example, the plan of distribution and description of the securities being offered requirements under Proposed Form 1 have been harmonized with the requirements in Form 44-101F1 *Short Form Prospectus* (Form 44-101F1).

We have also clarified regulatory requirements and obligations in the existing general prospectus requirements that we have identified as a result of regulatory reviews, applications for exemptive relief, or public comment and consultation. We believe these provisions will result in more efficient and effective regulation and provide direct benefits to investors. We do not believe that these provisions will impose significant costs on issuers.

For example, Part 5 of the Proposed Rule requires certificates from, other than in Ontario, a new class of person or company: substantial beneficiaries of the offering. We believe a person or company that controls the issuer or a significant business has the best information about the issuer or significant business. Such a person or company who also

receives proceeds from the distribution should be liable for any misrepresentations in the prospectus about the issuer or a significant business.

We currently focus on whether such a person or company takes promoter liability or provides a contractual indemnity to the issuer in the event of a misrepresentation. We believe the new provisions are a better alternative to the existing practice resulting in more efficient and effective regulation for investors, issuers, and these persons or companies. Specifically, we believe these new provisions will create appropriate incentives for the person or company with the best information about the issuer or a significant business to ensure that the prospectus contains full, true and plain disclosure of all material facts relating to the securities being distributed. Better disclosure will directly benefit investors and prospective investors and, by raising confidence in our disclosure regime, indirectly benefit the capital markets as a whole.

Overall, we believe the net benefits of the Proposed Rule and the Consequential Amendments will outweigh the net costs. The simplification of the general prospectus requirements across the CSA and harmonization with the short form and continuous disclosure regimes will reduce administration, professional and regulatory costs, and reduce impediments for issuers accessing our capital markets. These benefits to issuers will not negatively impact investor protection and should outweigh any additional costs associated with the Proposed Rule and the Consequential Amendments.

Related amendments

We propose to amend elements of local securities legislation, in conjunction with the implementation of the Proposed Rule and the Consequential Amendments. The provincial and territorial securities regulatory authorities may publish these proposed local changes separately in their jurisdictions. Proposed consequential amendments to rules, regulations or policies in a particular jurisdiction are in Appendix L to this Notice published in that particular jurisdiction. Some jurisdictions will need to implement the Proposed Rule using a local implementing rule. Jurisdictions that must do so will publish the local implementing rule in Appendix L or separately.

Unpublished materials

In proposing the Proposed Rule and the Consequential Amendments we have not relied on any significant unpublished study, report or other material.

Request for comments

We request your comments on the Proposed Rule and the Consequential Amendments. The comment period expires on **March 31, 2007**. In addition to any comments you wish to make, we invite comments on the following specific questions:

Certificate requirements

1. Except in Ontario, Proposed NI 41-101 includes a new certificate requirement for “substantial beneficiaries of the offering”. We believe a person or company that controls the issuer or a significant business has the best information about the issuer or significant business. Do you agree? Such a person or company who also receives proceeds from the distribution should be liable for any misrepresentations in the prospectus about the issuer or a significant business. Are the definitions of substantial beneficiary of the offering and significant business broad enough to cover this class of persons and companies?
2. The definition of “significant business” in section 5.13 of Proposed NI 41-101 is based on the significance tests for acquisitions. We consider that these tests provide a useful initial threshold in the determination of whether a prospectus certificate is necessary; however, we seek specific comment on whether these tests are the most appropriate measure of significance for the purposes of determining prospectus liability.
3. Control of a significant business and direct or indirect receipt of 20% of the proceeds of an offering are both required to bring a person or company within the definition of substantial beneficiary of the offering. Is this dual threshold too limited?
4. Is receipt of 20% of the proceeds of the offering the appropriate threshold for paragraph 5.13(2)(b) of Proposed NI 41-101?

Material contracts

5. Should each type of contract listed in subsection 9.1(1) of Proposed NI 41-101 be excluded from the exemption to file contracts entered into in the ordinary course of business? Are there other types of contracts not listed that should be excluded from the exemption to file contracts entered into in the ordinary course of business? If so, please identify the type of contract and explain why they should be excluded.
6. Is the list of provisions that are “necessary to understanding the contract” set out in subsection 9.1(2) of Proposed NI 41-101 appropriate? If not, why not?

Personal information form and authorization

7. Subparagraph 9.2(b)(ii) of Proposed NI 41-101 will require an issuer to deliver a completed personal information form and authorization for every individual described in this subparagraph with the first preliminary prospectus filed by the issuer after the Proposed Rule becomes effective. Please describe any significant practical difficulties an issuer may have in complying with this requirement.

Over-allocation

8. Section 11.3 of Proposed NI 41-101 and the definitions of over-allocation position and over-allotment option restrict the exercise of an over-allotment option to the lesser of the underwriters' over-allocation position and 15% of the base offering. This section substantially codifies and harmonizes across Canada the existing guidance in paragraph 10 of Ontario Securities Commission Policy 5.1 *Prospectuses – General Guidelines*; however, the time for the determination of the over-allocation position has been moved to the closing of the offering from the close of trading on the second trading day next following the closing of the offering. We believe that this change is consistent with current industry practice. We seek comment on this change.

Distribution of securities under a prospectus to an underwriter

9. Section 11.3 of Proposed NI 41-101 permits compensation options or warrants to be acquired by an underwriter under the prospectus where the securities underlying such compensation options or warrants are, in the aggregate, less than 5% of the number or principal amount of the securities distributed under the prospectus. Is 5% an appropriate limit?

Waiting period

10. Proposed NI 41-101 does not impose a minimum period of time between the issuance of a receipt by the regulator for a preliminary prospectus and the issuance of a receipt by the regulator for a final prospectus (though the MRRS review timelines will remain as they are set out in NP 43-201). In Ontario, the *Securities Act* (Ontario) imposes a minimum waiting period of at least 10 days but the proposed local implementing rule (see Appendix L) will vary this minimum waiting period so that it may be less than 10 days. Is a minimum waiting period necessary to ensure investors receive a preliminary prospectus and have sufficient time to reflect on the disclosure in the preliminary prospectus before making an investment decision?

Amendments to a preliminary or final prospectus

11. Part 6 of Proposed NI 41-101 requires the filing of an amendment to a preliminary prospectus upon the occurrence of a material adverse change. An amendment to a final prospectus must be filed upon the occurrence of a material change. This Part codifies the existing requirements under the securities legislation of most jurisdictions. The requirements in Québec differ. An amendment to a preliminary prospectus is triggered if a material change is likely to have an adverse influence on the value or the market price of the securities being distributed and the existing requirement to amend a final prospectus is triggered if a material change occurs in relation to the information presented in the prospectus. "Material change" is not defined in Québec.

While not specifically included as an alternative in the proposed rule, we are soliciting your comments on whether we should instead be requiring an amendment based on the continued accuracy of the information in the prospectus. What should be the appropriate triggers for an obligation to amend a preliminary prospectus or final prospectus? Should the obligation to amend a preliminary prospectus or prospectus be determined based on the continued accuracy of the disclosure in the prospectus, rather than changes in the business, operations or capital of the issuer?

Bona fide estimate of range of offering price or number of securities being distributed

12. We are proposing to require disclosure in the preliminary prospectus of a *bona fide* estimate of the range within which the offering price or the number of securities being distributed is expected to be set.

We are also considering adding a requirement to provide disclosure throughout a preliminary prospectus based on the mid-point of the disclosed offering price range or number of securities. This would require that the consolidated capitalization table, earnings coverage ratios and any *pro forma* financial information in the preliminary prospectus be calculated and disclosed using the mid-point of the offering range rather than being bulleted. Would such a requirement be appropriate ?

2 years' financial statement history

13. We are proposing to harmonize the requirements between the short form and long form prospectus systems for reporting issuers and therefore, propose that reporting issuers using the long form prospectus system be required to include only two years' financial statement history in the prospectus as opposed to three years' history on the basis that prior years' history is readily available on SEDAR. Do you agree that reporting issuers using the long form system should only have to provide the same number of years financial history they would normally provide under the short form system?

Please provide your comments by **March 31, 2007** by addressing your submission to the securities regulatory authorities listed below:

British Columbia Securities Commission
 Alberta Securities Commission
 Saskatchewan Financial Services Commission
 Manitoba Securities Commission
 Ontario Securities Commission
 Autorité des marchés financiers
 Nova Scotia Securities Commission
 New Brunswick Securities Commission

Deliver your comments **only** to the three addresses that follow. Your comments will be forwarded to the remaining CSA member jurisdictions.

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If you are not sending your comments by e-mail, please send a diskette containing your comments (in Microsoft Word format).

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 – Corporate Finance

Please refer your questions to any of:

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