

## Chapter 5

# Rules and Policies

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- 5.1.1 **CSA Notice of MI 11-102 Passport System, Companion Policy 11-102CP Passport System, Related Consequential Amendments to NI 11-202 Process for Prospectus Reviews in Multiple Jurisdictions and NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, and Rescission of NP 12-201 Mutual Reliance Review System for Exemptive Relief Applications and NP 43-201 Mutual Reliance Review System for Prospectuses**

### **CANADIAN SECURITIES ADMINISTRATORS**

#### **NOTICE OF MULTILATERAL INSTRUMENT 11-102 *PASSPORT SYSTEM*, COMPANION POLICY 11-102CP *PASSPORT SYSTEM*, AND RELATED CONSEQUENTIAL AMENDMENTS**

#### **NATIONAL POLICY 11-202 *PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS*, AND NATIONAL POLICY 11-203 *PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS*,**

**AND**

#### **RESCISSION OF NATIONAL POLICY 12-201 *MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS*, AND NATIONAL POLICY 43-201 *MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES***

#### **Introduction**

Members of the Canadian Securities Administrators (CSA), other than the Ontario Securities Commission (OSC), (passport regulators) are implementing the next phase of the passport system for continuous disclosure, prospectuses and discretionary exemptions effective March 17, 2008. All CSA members, including the OSC, are implementing new national policies for the filing and review of prospectuses and exemptive relief applications and rescinding the corresponding mutual reliance review policies on the same date.

#### ***Passport system***

Multilateral Instrument 11-102 *Passport System* (MI 11-102) and Companion Policy 11-102CP *Passport System* (CP 11-102) are initiatives of the passport regulators.

Each of the passport regulators has made or will make MI 11-102 as a rule or regulation. Each passport regulator has also adopted or will adopt CP 11-102 as a policy. The text of MI 11-102 and CP 11-102 are set out in Schedules A and B.

The purpose of MI 11-102 and CP 11-102 is to implement, in the main areas of securities regulation, a system that gives a market participant access to the capital markets in multiple jurisdictions by dealing only with its principal regulator and meeting the requirements of one set of harmonized laws.

Although the OSC is not adopting MI 11-102, it can be a principal regulator under the instrument, thereby giving market participants in Ontario access to the capital markets in passport jurisdictions by dealing only with the OSC.

### **Consequential amendments to national instruments and related documents**

The passport regulators are also adopting consequential amendments to the following instruments and policies (together, the related consequential amendments):

- National Instrument 14-101 *Definitions* (NI 14-101)
- National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101)
- National Instrument 81-104 *Commodity Pools* (NI 81-104)
- Companion Policy 81-104CP *Commodity Pools* (CP 81-104)
- Multilateral Instrument 11-101 *Principal Regulator System* (MI 11-101)
- Form 11-101F1 *Notice of Principal Regulator under Multilateral Instrument 11-101* (Form 11-1-01F1)
- Companion Policy 11-101CP *Principal Regulator System* (CP 11-101)
- Multilateral Instrument 52-110 *Audit Committees* (MI 52-110)
- Companion Policy 52-110CP to Multilateral Instrument 52-110 *Audit Committees* (CP 52-110)

The purpose of the consequential amendments to MI 11-101, CP 11-101 and Form 11-101F1 is to allow for the implementation of passport in stages. They repeal the principal regulator system for continuous disclosure, prospectuses and discretionary exemptions, but preserve the provisions related to the mobility exemptions (see *Background* below for further details).

The OSC did not and was not required to publish for comment the consequential amendments to NI 14-101, NI 58-101, NI 81-104, CP 81-104, MI 52-110 and CP 52-110 because the amendments are not material or do not apply in Ontario. The OSC made the amendments to NI 14-101 on December 18, 2007 and delivered them to the Minister of Finance on December 27, 2007 for approval. The OSC will change the references to MI 52-110 to read NI 52-110 in NI 58-101 at the earliest opportunity. The OSC will reflect the consequential amendments to the other instruments on its website.

The text of the related consequential amendments is in Schedules C to G. All the amendments related to NI 81-104 are in Schedule E, the amendments related to MI 11-101 are in Schedule F, and those related to NI 52-110 are in Schedule G. The British Columbia Securities Commission (BCSC) is not publishing Schedule G (see *Consequential Amendments to Local Rules* below for further details).

### **National filing and review process policies**

The following policies are initiatives of the CSA:

- National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (NP 11-202); and
- National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (NP 11-203).

Each member of CSA has adopted or will adopt NP 11-202 and NP 11-203. Their text is in Schedules H and I.

Each member of CSA is rescinding:

- National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* (NP 12-201)<sup>1</sup>, and
- National Policy 43-201 *Mutual Reliance Review System for Prospectuses* (NP 43-201)<sup>2</sup>.

NP 11-202 and NP 11-203 (together the interface policies) set out the processes for the filing and review of prospectuses and exemptive relief applications in multiple jurisdictions. These policies include interfaces for market participants in passport jurisdictions to gain access to the Ontario market. CSA intends to give access to exemption decisions made under NP 11-203 through the CSA website at [www.csa-acvm.ca](http://www.csa-acvm.ca).

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<sup>1</sup> In Québec, this policy is adopted as Notice 12-201 Relating to the Mutual Reliance Review System for Exemptive Relief Applications.

<sup>2</sup> In Québec, this policy is adopted as Notice 43-201 Relating to the Mutual Reliance Review System for Prospectuses.

Under MI 11-102 and the interface policies, the principal regulator for a prospectus offering or discretionary exemption application will usually be the regulator in the jurisdiction where the market participant's head office is located.

***Consequential amendments to local rules***

CSA members in some jurisdictions are also publishing a local notice to make consequential amendments to local rules.

The BCSC is adopting MI 52-110, CP 52-110 and the related forms, and repealing its local audit committee rule, BC Instrument 52-509 *Audit Committees*. Consequently, CSA is amending the title of MI 52-110 to reflect that it is a national instrument. The BCSC is publishing with the BC notice published at the same time as this notice a consolidated version of MI 52-110 and CP 52-110 that includes the consequential amendments in Schedule G.

The BCSC is giving reporting issuers that obtained a discretionary exemption from MI 52-110 and certain provisions of NI 81-104 and NI 58-101 in another Canadian jurisdiction before March 17, 2008 an equivalent exemption in British Columbia. This will put these reporting issuers in the same position in British Columbia as elsewhere in Canada when the BCSC adopts MI 52-110 and the amendments to NI 81-104 and NI 58-101. For more information, see the BC notice published at the same time as this notice.

***Effective date and transition***

MI 11-102 applies to a continuous disclosure document filed on or after March 17, 2008. It also applies to a preliminary prospectus or pro forma prospectus and their related prospectus, and to an amendment to a prospectus, filed on or after March 17, 2008. MI 11-102 does not apply to a preliminary prospectus amendment if the related preliminary prospectus was filed before March 17, 2008.

MI 11-102 also applies to an application for discretionary exemption filed

- on or after March 17, 2008, or
- before March 17, 2008, if the regulator in a specified jurisdiction granted the exemption before, on or after March 17, 2008 and a filer wishes to have an equivalent exemption in a passport jurisdiction after March 17, 2008.

MI 11-102 and CP 11-102 refer to rules (e.g., Multilateral Instrument 62-104 *Take-over bids and issuer bids*) and Act provisions that CSA expects to be in force on March 17, 2008.

The process set out in NP 12-201 will continue to apply to a discretionary exemptive relief application and any related pre-filing filed before March 17, 2008. Similarly, the process set out in NP 43-201 will continue to apply to

- a preliminary prospectus, pro forma prospectus, a preliminary prospectus amendment and prospectus amendment filed before March 17, 2008,
- a prospectus if the related preliminary prospectus or pro forma prospectus was filed before March 17, 2008, and
- a preliminary prospectus amendment if the related preliminary prospectus was filed before March 17, 2008.

***Passport for registration***

When the passport regulators published proposed MI 11-102 and related documents for comment in March 2007, the proposed rule included passport for registration provisions. The passport regulators plan to amend MI 11-102 and CP 11-102 to include the passport for registration at the same time as, or after, implementing proposed National Instrument 31-103 *Registration Requirements* (NI 31-103). CSA expects to publish proposed NI 31-103 for a second comment period early in 2008 and expects to publish proposed National Policy 11-204 *Process for registration in multiple jurisdictions* for comment in due course.

***Impact of new Securities Acts on discretionary exemptions***

The governments of Prince Edward Island and Yukon each plan to proclaim into force a new *Securities Act* by March 17, 2008 and to adopt concurrently MI 11-102 and all the other CSA national instruments as rules. The governments of Northwest Territories and Nunavut each expect to introduce a new *Securities Act* and, if enacted, to adopt all CSA national instruments as rules. It is expected that the new *Securities Act* for all four jurisdictions will be highly harmonized.

The references to the securities legislation in the appendices to MI 11-102 for Prince Edward Island and Yukon are to their new *Securities Act* and related rules. The references for Northwest Territories and Nunavut are to their current securities legislation.

## **Background**

The passport regulators published for comment MI 11-102, CP 11-102, the related consequential amendments and the repeal of MI 11-101, Form 11-101F1, CP 11-101, and NP 43-201 on March 28, 2007. The OSC did not publish MI 11-102 related materials for comment. Rather, on March 28, 2007, it published OSC Notice 11-904 *Request for Comment regarding the Proposed Passport System*.

At that time, passport regulators indicated that CSA had published for comment in proposed NI 31-103 a revised mobility exemption that would replace the mobility exemption in Part 5 of MI 11-101. Passport regulators also indicated that, subject to comments received, CSA would move that exemption into a separate national instrument between the repeal of MI 11-101 and the implementation of NI 31-103.

Instead, the passport regulators are amending MI 11-101, CP 11-101 and Form 11-101F1 to repeal the provisions dealing with passport for continuous disclosure, prospectuses and discretionary exemptions and retain the provisions for the mobility exemptions. Subject to comments received, CSA anticipates including the modified mobility exemptions in proposed NI 31-103 when CSA finalizes that rule and the passport regulators expect repealing amended MI 11-101 at the same time.

CSA published for comment NP 11-202 and NP 11-203 and the rescission of NP 12-201 and NP 43-201 on August 31, 2007.

## **Summary of Written Comments**

The passport regulators received 17 submissions on MI 11-102 and CP 11-102, seven of which the OSC also received in response to OSC notice 11-904. CSA received three submissions on the interface policies. All the comment letters are posted on the Alberta Securities Commission website at [www.albertasecurities.com](http://www.albertasecurities.com). Comments received by the OSC are also published on its website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). CSA thanks commenters for their submissions on the two requests for comment.

CSA considered the comments and is publishing a combined summary of comments and responses as Schedule J to this notice. The summary includes the names of the commenters, a summary of their comments, and the CSA responses to comments that do not relate specifically to the passport for registration. Passport regulators will respond to those comments when finalizing the passport for registration.

## **Summary of Changes**

### ***MI 11-102***

Passport regulators made amendments to MI 11-102 to implement passport first for continuous disclosure, prospectuses and exemption applications. This means the provisions relating to passport for registration were deleted from the instrument. Passport regulators also removed the concept of determination date to identify the principal regulator for a prospectus offering made under MI 11-102 and instead provided guidance in NP 11-202 and NP 11-203 on how to identify the principal regulator for a pre-filing or waiver application. Passport regulators clarified how to determine the principal regulator for an exemption application in certain situations. In addition, passport regulators added transition provisions and removed the provision that allows the regulators to grant an exemption from the instrument because the passport regulators' authority for these exemptions is in their respective *Securities Act*. The changes to MI 11-102 are not material and do not need to be republished for comment.

### ***CP 11-102***

Passport regulators made changes to CP 11-102 to delete the guidance for the passport for registration, add a discussion of how MI 11-102 and the interfaces with Ontario work, and delete information that is now included in NP 11-202 and NP 11-203. Passport regulators clarified that the OSC can be a principal regulator despite not adopting MI 11-102.

### ***Interface policies***

CSA made changes to NP 11-202 and NP 11-203 to deal with technical issues raised in comment letters or otherwise.

**Questions**

Please refer your questions to any of:

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**Rules and Policies**

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January 25, 2008

## SCHEDULE A

### MULTILATERAL INSTRUMENT 11-102 *PASSPORT SYSTEM*

#### **PART 1 DEFINITIONS**

- 1.1 Definitions
- 1.2 Language of documents - Québec

#### **PART 2 CONTINUOUS DISCLOSURE**

- 2.1 Exemption from non-harmonized continuous disclosure requirements

#### **PART 3 PROSPECTUS**

- 3.1 Principal regulator for prospectus
- 3.2 Discretionary change of principal regulator for prospectus
- 3.3 Deemed issuance of receipt
- 3.4 Exemption from non-harmonized prospectus requirements
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#### **PART 4 DISCRETIONARY EXEMPTIONS**

- 4.1 Specified jurisdiction
- 4.2 Principal regulator – general
- 4.3 Principal regulator – exemptions related to insider reporting and take-over bids
- 4.4 Principal regulator – head office not in a specified jurisdiction
- 4.5 Principal regulator – exemption not sought in principal jurisdiction
- 4.6 Discretionary change of principal regulator for discretionary exemption applications
- 4.7 Passport application of discretionary exemptions
- 4.8 Availability of passport for discretionary exemptions applied for before March 17, 2008

#### **PART 5 EFFECTIVE DATE**

- 5.1 Effective date

#### **APPENDIX A**

Non-harmonized continuous disclosure provisions

#### **APPENDIX B**

Prospectus provisions

#### **APPENDIX C**

Non-harmonized prospectus provisions

#### **APPENDIX D**

Equivalent provisions

**MULTILATERAL INSTRUMENT 11-102  
PASSPORT SYSTEM**

**PART 1 DEFINITIONS**

**1.1 Definitions**

In this Instrument,

“equivalent provision” means, for a provision listed in Appendix D below the name of a jurisdiction, the provision set opposite that provision below the name of another jurisdiction;

“national prospectus instrument” means

- (a) National Instrument 41-101 *General Prospectus Requirements*,
- (b) National Instrument 44-101 *Short Form Prospectus Distributions*,
- (c) National Instrument 44-102 *Shelf Distributions*,
- (d) National Instrument 44-103 *Post-Receipt Pricing*, or
- (e) National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

“preliminary prospectus” includes an amendment to a preliminary prospectus;

“principal jurisdiction” means, for a person or company, the jurisdiction of the principal regulator;

“principal regulator” means, for a person or company, the securities regulatory authority or regulator determined in accordance with Part 3 or 4, as applicable;

“prospectus” includes an amendment to a prospectus;

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

**1.2 Language of documents - Québec**

In Québec, nothing in this Instrument shall be construed as relieving a person from requirements relating to the language of documents.

**PART 2 CONTINUOUS DISCLOSURE**

**2.1 Exemption from non-harmonized continuous disclosure requirements**

A provision listed in Appendix A does not apply to a reporting issuer if the reporting issuer is also a reporting issuer under the securities legislation of another jurisdiction of Canada.

**PART 3 PROSPECTUS**

**3.1 Principal regulator for prospectus**

- (1) For the purposes of this section, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.
- (2) Subject to subsection (3) and section 3.2, for the purposes of a prospectus filing subject to this Part the principal regulator is the securities regulatory authority or regulator of the jurisdiction in which
  - (a) the issuer's head office is located, if the issuer is not an investment fund, or
  - (b) the investment fund manager's head office is located, if the issuer is an investment fund.

- (3) If the jurisdiction identified under paragraph (2) (a) or (b) is not a specified jurisdiction, the principal regulator is the securities regulatory authority or regulator of the specified jurisdiction with which the issuer or, in the case of an investment fund, the investment fund manager, has the most significant connection.

### **3.2 Discretionary change of principal regulator for prospectus**

If a person or company receives written notice from a securities regulatory authority or regulator that specifies a principal regulator, the securities regulatory authority or regulator specified in the notice is the principal regulator as of the later of

- (a) the date the person or company receives the notice, and
- (b) the effective date specified in the notice, if any.

### **3.3 Deemed issuance of receipt**

- (1) Subject to section 3.5(1), a receipt for a preliminary prospectus is deemed to be issued if
- (a) the preliminary prospectus is filed under a provision set out in Appendix B and under a national prospectus instrument,
  - (b) at the time of filing the preliminary prospectus, the filer indicates on SEDAR that it is filing the preliminary prospectus under this Instrument,
  - (c) the local jurisdiction is not the principal jurisdiction for the preliminary prospectus, and
  - (d) the preliminary prospectus is filed with the principal regulator and the principal regulator issues a receipt for it.
- (2) A receipt for a prospectus is deemed to be issued if
- (a) the prospectus is filed under a provision set out in Appendix B and under a national prospectus instrument,
  - (b) subject to section 3.5(2), the filer
    - (i) complied with paragraph (1)(b) at the time of filing the related preliminary prospectus, or
    - (ii) indicated on SEDAR that it filed the related pro forma prospectus under this Instrument at the time of filing the related pro forma prospectus,
  - (c) the local jurisdiction is not the principal jurisdiction for the prospectus, and
  - (d) the prospectus is filed with the principal regulator and the principal regulator issues a receipt for the prospectus.

### **3.4 Exemption from non-harmonized prospectus requirements**

- (1) A provision listed in Appendix C does not apply to a preliminary prospectus if
- (a) the preliminary prospectus is filed under a provision set out in Appendix B and under a national prospectus instrument,
  - (b) the preliminary prospectus is filed in at least one other jurisdiction of Canada, and
  - (c) a jurisdiction where the preliminary prospectus is filed is the principal jurisdiction for the filing of the preliminary prospectus.
- (2) A provision listed in Appendix C does not apply to a prospectus, other than a preliminary prospectus, if
- (a) the prospectus is filed under a provision set out in Appendix B and under a national prospectus instrument,
  - (b) the prospectus is filed in at least one other jurisdiction of Canada, and
  - (c) a jurisdiction where the prospectus is filed is the principal jurisdiction for the filing of the prospectus.

### **3.5 Transition for section 3.3**

- (1) Section 3.3(1) does not apply in respect of a receipt issued on or after March 17, 2008 if the receipt relates to an amendment, filed after March 17, 2008, to a preliminary prospectus and the preliminary prospectus was filed before March 17, 2008.
- (2) Section 3.3(2)(b) does not apply in respect of a receipt issued on or after March 17, 2008 if
  - (a) the receipt relates to an amendment to a prospectus whose related preliminary prospectus or pro forma prospectus was filed before March 17, 2008, and
  - (b) the filer indicated on SEDAR that it filed the amendment under this Instrument at the time of filing the amendment.

## **PART 4 DISCRETIONARY EXEMPTIONS**

### **4.1 Specified jurisdiction**

For the purposes of this Part, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

### **4.2 Principal regulator – general**

Subject to sections 4.3 to 4.6, the principal regulator for an application for an exemption is,

- (a) for an application made with respect to an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the investment fund manager's head office is located, or
- (b) for an application made with respect to a person or company other than an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the person or company's head office is located.

### **4.3 Principal regulator – exemptions related to insider reporting and take-over bids**

Subject to sections 4.4 to 4.6, the principal regulator for an application for an exemption from

- (a) a provision related to insider reporting listed in Appendix D is the securities regulatory authority or regulator of the jurisdiction in which the head office of the reporting issuer is located, or
- (b) a provision related to take-over bids listed in Appendix D is the securities regulatory authority or regulator of the jurisdiction in which the head office of the issuer whose securities are subject to the take-over bid is located.

### **4.4 Principal regulator – head office not in a specified jurisdiction**

Subject to section 4.5 and 4.6, if the jurisdiction identified under section 4.2 or 4.3, as applicable, is not a specified jurisdiction, the principal regulator for the application is the securities regulatory authority or regulator of the specified jurisdiction with which

- (a) in the case of an application for an exemption from a provision related to insider reporting listed in Appendix D, the reporting issuer has the most significant connection,
- (b) in the case of an application for an exemption related to a provision related to take-over bids listed in Appendix D, the issuer whose securities are subject to the take-over bid has the most significant connection, or
- (c) in any other case, the person or company or, in the case of an investment fund, the investment fund manager, has the most significant connection.

### **4.5 Principal regulator – exemption not sought in principal jurisdiction**

- (1) Subject to subsection (2), if a person or company is not seeking an exemption in the jurisdiction of the principal regulator, as determined under section 4.2, 4.3 or 4.4, as applicable, the principal regulator for the application is the securities regulatory authority or regulator in the specified jurisdiction

- (a) in which the person or company is seeking the exemption, and
  - (b) with which
    - (i) in the case of an application for an exemption from a provision related to insider reporting, the reporting issuer has the most significant connection,
    - (ii) in the case of an application for an exemption from a provision related to take-over bids, the issuer whose securities are subject to the take-over bid has the most significant connection, or
    - (iii) in any other case, the person or company, or in the case of an investment fund, the investment fund manager, has the most significant connection.
- (2) If at any one time a person or company is seeking more than one exemption and not all of the exemptions are needed in the jurisdiction of the principal regulator, as determined under section 4.2, 4.3 or 4.4 or subsection (1), as applicable, the person or company may make the application to the securities regulatory authority or regulator in the specified jurisdiction
- (a) in which the person or company is seeking all of the exemptions, and
  - (b) with which
    - (i) in the case of an application for an exemption from a provision related to insider reporting, the reporting issuer has the most significant connection,
    - (ii) in the case of an application for exemption from a provision related to take-over bids, the issuer whose securities are subject to the take-over bid has the most significant connection, or
    - (iii) in any other case, the person or company, or in the case of an investment fund, the investment fund manager, has the most significant connection.
- (3) If a person makes an application under subsection (2), the securities regulatory authority or regulator under that subsection is the principal regulator for the application.

#### **4.6 Discretionary change of principal regulator for discretionary exemption applications**

If a person or company receives written notice from a securities regulatory authority or regulator that specifies a principal regulator for the person or company's application, the securities regulatory authority or regulator specified in the notice is the principal regulator for the application.

#### **4.7 Passport application of discretionary exemptions**

- (1) If an application is made in the principal jurisdiction for an exemption from a provision of securities legislation listed in Appendix D, the equivalent provision of the local jurisdiction does not apply if
- (a) the local jurisdiction is not the principal jurisdiction for the application,
  - (b) the principal regulator for the application granted the exemption,
  - (c) the person or company that made the application gives notice to the securities regulatory authority or regulator that this subsection is intended to be relied upon for the equivalent provision of the local jurisdiction, and
  - (d) the person or company relying on the exemption complies with any terms, conditions, restrictions or requirements imposed by the principal regulator as if they were imposed in the local jurisdiction.
- (2) For the purpose of paragraph (1) (c), the person or company may give the notice referred to in that paragraph by giving it to the principal regulator.

#### **4.8 Availability of passport for discretionary exemptions applied for before March 17, 2008**

- (1) If, before March 17, 2008, an application was made in a specified jurisdiction for an exemption from a provision of securities legislation listed in Appendix D, the equivalent provision of the local jurisdiction does not apply if

- (a) the local jurisdiction is not the specified jurisdiction,
  - (b) the securities regulatory authority or regulator in the specified jurisdiction granted the exemption whether the order was made before, on or after March 17, 2008,
  - (c) subject to subsection (3), the person or company that made the application gives notice to the securities regulatory authority or regulator that this subsection is intended to be relied upon for the equivalent provision of the local jurisdiction, and
  - (d) the person or company relying on the exemption complies with any terms, conditions, restrictions or requirements imposed by the securities regulatory authority or regulator in the specified jurisdiction as if they were imposed in the local jurisdiction.
- (2) For the purpose of paragraph (1) (c), the person or company may give the notice referred to in that paragraph by giving it to the securities regulatory authority or regulator that would be the principal regulator under Part 4 if an application were to be made under that Part at the time the notice is given.
- (3) Paragraph (1)(c) does not apply to a reporting issuer in respect of an exemption from a CD requirement, as defined in Multilateral Instrument 11-101 *Principal Regulator System*, if, before March 17, 2008,
- (a) the principal regulator, identified under that Instrument, granted the exemption, and
  - (b) the reporting issuer filed the notice of principal regulator under section 2.2 or 2.3 of that Instrument.

## **PART 5 EFFECTIVE DATE**

### **5.1 Effective date**

This Instrument comes into force on March 17, 2008.

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**APPENDIX A**  
**Non-harmonized continuous disclosure provisions**

<b>Jurisdiction</b>	<b>Provisions</b>
British Columbia	sections 2 (Foreign financial statements and reports), and 3, other than subsection 3(3) ( <i>Preparation of financial statements</i> ) of the Securities Rules
Alberta	none
Saskatchewan	none
Manitoba	none
Québec	none
New Brunswick	none
Nova Scotia	none
Prince Edward Island	none
Newfoundland and Labrador	none
Yukon	none
Northwest Territories	none
Nunavut	none

**APPENDIX B**  
**Prospectus provisions**

<b>Jurisdiction</b>	<b>Securities Act provisions</b>
British Columbia	sections 61(1) (Prospectus required) and 62 ( <i>Voluntary filing of prospectus</i> )
Alberta	section 110 ( <i>Filing prospectus</i> )
Saskatchewan	section 58 ( <i>Prospectus required</i> )
Manitoba	sections 37(1) ( <i>Prohibition as to trading</i> ) and 37(1.1) ( <i>Voluntary filing of non-offering prospectus</i> )
Ontario	section 53 ( <i>Prospectus required</i> )
Québec	sections 11 (Prospectus required), 12 ( <i>Distribution outside Québec</i> ), and 68 (para 2) ( <i>Voluntary filing of prospectus</i> )
New Brunswick	section 71 ( <i>Filing of preliminary prospectus and prospectus required and voluntary filing of prospectus</i> )
Nova Scotia	sections 58(1) ( <i>Prospectus required</i> ) and 58(2) ( <i>Prospectus to enable issuer to become a reporting issuer where no distribution is contemplated</i> )
Prince Edward Island	section 94 ( <i>Prospectus required</i> )
Newfoundland and Labrador	sections 54.(1) ( <i>Prospectus required</i> ) and 54.(2) ( <i>Prospectus to enable issuer to become a reporting issuer where no distribution is contemplated</i> )
Yukon	section 94 ( <i>Prospectus required</i> )
Northwest Territories	section 27(2) ( <i>Prohibition</i> )
Nunavut	section 27(2) ( <i>Prohibition</i> )

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**APPENDIX C**  
**Non-harmonized prospectus provisions**

<b>Jurisdiction</b>	<b>Provisions</b>
British Columbia	sections 2 ( <i>Foreign financial statements and reports</i> ), and 3, other than subsection 3(3) ( <i>Preparation of financial statements</i> ) of the Securities Rules
Alberta	none
Saskatchewan	none
Manitoba	none
Québec	section 25 ( <i>Distribution made by the issuer itself</i> ) of Securities Regulation
New Brunswick	none
Nova Scotia	none
Prince Edward Island	none
Newfoundland and Labrador	none
Yukon	none
Northwest Territories	none
Nunavut	none

**APPENDIX D**  
**Equivalent provisions**

All references are to provisions of the *Securities Act* of the relevant jurisdiction unless otherwise noted. All references to 'NI' are to 'National Instruments'. All references to 'MI' are to 'Multilateral Instruments'.

Provinces are abbreviated as follows:

BC	British Columbia
AB	Alberta
SK	Saskatchewan
MB	Manitoba
Qué	Québec
NS	Nova Scotia
NB	New Brunswick
PEI	Prince Edward Island
NL	Newfoundland and Labrador
YK	Yukon
NWT	North West Territories
Nun	Nunavut
ON	Ontario

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
SEDAR					NI 13-101								
Marketplace operation					NI 21-101 (only Parts 6, 7 – 11, as they apply to an ATS, and 13)								
Trading rules					NI 23-101 (only Parts 4 and 8 – 11)								
Institutional trade matching and settlement					NI 24-101						n/a		NI 24-101
National registration database (NRD)					NI 31-102								
Underwriting conflicts					NI 33-105								
Registrant information					NI 33-109								
Prospectus disclosure requirements					NI 41-101 (except as noted below)								
Certificate of issuer					s. 5.3(1) of NI 41-101								s. 58
Certificate of corporate issuer					s. 5.4(1) of NI 41-101								s. 58
Certificate of issuer involved in reverse takeover					s. 5.8 of NI 41-101								n/a
Certificate of underwriter					s. 5.9(1) of NI 41-101								s. 59(1)
Certificate of promoter					s. 5.11(1) of NI 41-101								s. 58(1)
Delivery of amendments					s. 6.4 of NI 41-101								s. 57(3)
Amendment to a preliminary prospectus					s. 6.5(1) of NI 41-101								s. 57(1)
Amendment to a final prospectus					s. 6.6(1) of NI 41-101								s. 57(1)
Amendment to a final prospectus					s. 6.6(2) of NI 41-101								s. 57(2)
Regulator must issue receipt					s. 6.6(3) of NI 41-101								s. 57(2.1)

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
Regulator must not refuse a receipt					s. 6.6(4) of NI 41-101								ss. 57(2.1) and 61(3)
Prohibition against distribution					s. 6.6(5) of NI 41-101								s. 57(2.2)
Distribution of preliminary prospectus and distribution list					s. 16.1 of NI 41-101								ss. 66 and 67
Statement of rights					s. 18.1 of NI 41-101								s. 60
Disclosure standards for mineral projects					NI 43-101								
Short form prospectus distribution requirements					NI 44-101								
Shelf prospectus requirements					NI 44-102								
Post receipt pricing					NI 44-103								
Rights offering requirements					NI 45-101								
Resale of securities					NI 45-102								
Standards of disclosure for oil and gas activities					NI 51-101						n/a		NI 51-101
Continuous disclosure obligations					NI 51-102 (except as noted below)						n/a		NI 51-102 (except as noted below)
Publication of material change					s. 7.1 of NI 51-102						n/a		s. 75 of Securities Act and s. 3(1.1) of Regulation 1015 (General)
Accounting principles, auditing standards and reporting currency requirements					NI 52-107								
Auditor oversight					NI 52-108								
Certification of disclosure in annual and interim filings					NI 52-109								

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
Audit committees					NI 52-110								
Communication with beneficial owners					NI 54-101						n/a		NI 54-101
System for electronic disclosure by insiders (SED)					NI 55-102						n/a		NI 55-102
Insider reporting for certain derivative transactions (EM) - Reporting requirement	ss. 87(2), (5) and (6)				s. 2.1 of MI 55-103						n/a		s. 2.1 of MI 55-103
EM – Existing agreements which continue in force	s. 87.1				s. 2.3 of MI 55-103						n/a		s. 2.3 of MI 55-103
EM – Existing agreements entered into prior to becoming insider	s. 87(2) and (6)				s. 2.4 of MI 55-103						n/a		s. 2.4 of MI 55-103
EM – Form and timing of report	s. 87(2), (5) and (6) of Securities Act and s. 155.1(1), (2) and (3) of Securities Rules				s. 3.1 of MI 55-103						n/a		s. 3.1 of MI 55-103
EM – Form and timing of report for existing agreements	s. 87.1 of Securities Act and s. 155.1(4) of Securities Rules				s. 3.2 of MI 55-103						n/a		s. 3.2 of MI 55-103
EM – Form and timing of report for existing agreements entered into prior to becoming insider	s. 87 (2) and (6) of Securities Act and s. 155.1(1) and (3) of Securities Rules				s. 3.3 of MI 55-103						n/a		s. 3.3 of MI 55-103
Disclosure of corporate governance practices					NI 58-101								NI 58-101

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
Protection of minority security holders in special transactions	n/a				MI 61-101	n/a							MI 61-101
Early warning reports and other take-over bid and insider reporting requirements					NI 62-103						n/a		NI 62-103
Take-over bids and issuer bid requirements (TOB/IB) – Restrictions on acquisitions during take-over bid					s. 2.2(1) of MI 62-104								s. 93.1(1)
TOB/IB – Restrictions on acquisitions during issuer bid					s. 2.3(1) of MI 62-104								s. 93.1(4)
TOB/IB – Restrictions on acquisitions before take-over bid					s. 2.4(1) of MI 62-104								s. 93.2(1)
TOB/IB – Restrictions on acquisitions after bid					s. 2.5 of MI 62-104								s. 93.3(1)
TOB/IB – Restrictions on sales during formal bid					s. 2.7(1) of MI 62-104								s. 97.3(1)
TOB/IB – Duty to make bid to all security holders					s. 2.8 of MI 62-104								s. 94
TOB/IB – Commencement of bid					s. 2.9 of MI 62-104								s. 94.1(1) and (2)
TOB/IB – Offeror's circular					s. 2.10 of MI 62-104								s. 94.2(1) - (4) of Securities Act and s. 3.1 of OSC Rule 62-504
TOB/IB – Change in information					s. 2.11(1) of MI 62-104								s. 94.3(1)
TOB/IB – Notice of change					s. 2.11(4) of MI 62-104								s. 94.3(4) of Securities Act and s. 3.4 of OSC Rule 62-504

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
TOB/MB – Variation of terms					s. 2.12(1) of MI 62-104								s. 94.4(1)
TOB/MB – Notice of variation					s. 2.12(2) of MI 62-104								s. 94.4(2) of Securities Act and s. 3.4 of OSC Rule 62-504
TOB/MB – Expiry date of bid if notice of variation					s. 2.12(3) of MI 62-104								s. 94.4(3)
TOB/MB – No variation after expiry					s. 2.12(5) of MI 62-104								s. 94.4(5)
TOB/MB – Filing and sending notice of change or notice of variation					s. 2.13 of MI 62-104								s. 94.5
TOB/MB – Change or variation in advertised take-over bid					s. 2.14(1) of MI 62-104								s. 94.6(1)
TOB/MB – Consent of expert – bid circular					s. 2.15(2) of MI 62-104								s. 94.7(1)
TOB/MB – Delivery and date of bid documents					s. 2.16(1) of MI 62-104								s. 94.8(1)
TOB/MB – Duty to prepare and send directors' circular					s. 2.17 of MI 62-104								s. 95(1) – (4) of Securities Act and s. 3.2 of OSC Rule 62-504
TOB/MB – Notice of change					s. 2.18 of MI 62-104								s. 95.1(1) and (2) of Securities Act and s. 3.4 of OSC Rule 62-504
TOB/MB – Filing directors' circular or notice of change					s. 2.19 of MI 62-104								s. 95.2
TOB/MB – Change in information in director's or officer's circular or notice of change					s. 2.20(2) of MI 62-104								s. 96(2)

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
TOB/MB – Form of director's or officer's circular					s. 2.20(3) of MI 62-104								s. 96(3) of Securities Act and s. 3.3 of OSC Rule 62-504
TOB/MB – Send director's or officer's circular or notice of change to securityholders					s. 2.20(5) of MI 62-104								s. 96(5)
TOB/MB – File and send to officer director's or officer's circular or notice of change					s. 2.20(6) of MI 62-104								s. 96(6)
TOB/MB – Form of notice of change for director's or officer's circular					s. 2.20(7) of MI 62-104								s. 96(7) of Securities Act and s. 3.4 of OSC Rule 62-504
TOB/MB – Consent of expert, directors' circular, etc.					s. 2.21 of MI 62-104								s. 96.1
TOB/MB – Delivery and date of offeree issuer's documents					s. 2.22(1) of MI 62-104								s. 96.2(1)
TOB/MB – Consideration					s. 2.23(1) of MI 62-104								s. 97(1)
TOB/MB – Variation of consideration					s. 2.23(3) of MI 62-104								s. 97(3)
TOB/MB – Prohibition against collateral agreements					s. 2.24 of MI 62-104								s. 97.1(1)
TOB/MB – Proportionate take up and payment					s. 2.26(1) of MI 62-104								s. 97.2(1)
TOB/MB – Financing arrangements					s. 2.27(1) of MI 62-104								s. 97.3(1)
TOB/MB – Minimum deposit period					s. 2.28 of MI 62-104								s. 98(1)
TOB/MB – Prohibition on take up					s. 2.29 of MI 62-104								s. 98(2)

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
TOBMB – Obligation to take up and pay for deposited securities					s. 2.32 of MI 62-104								s. 98.3
TOBMB – Return of deposited securities					s. 2.33 of MI 62-104								s. 98.5
TOBMB – News release on expiry of bid					s. 2.34 of MI 62-104								s. 98.6
TOBMB – Language of bid documents					s. 3.1 of MI 62-104								n/a
TOBMB – Filing of documents by offeror					s. 3.2(1) of MI 62-104								s. 98.7 of Securities Act and s. 5.1(1) of OSC Rule 62-504
TOBMB – Filing of documents by offeree issuer					s. 3.2(2) of MI 62-104								s. 5.1(2) of OSC Rule 62-504
TOBMB – Time period for filing					s. 3.2(3) of MI 62-104								s. 5.1(3) of OSC Rule 62-504
TOBMB – Filing of subsequent agreement					s. 3.2(4) of MI 62-104								s. 5.1(4) of OSC Rule 62-504
TOBMB – Certification of bid circulars					s. 3.3(1) of MI 62-104								s. 99(1)
TOBMB – All directors and officers sign					s. 3.3(2) of MI 62-104								s. 99(2)
TOBMB – Certification of directors' circular					s. 3.3(3) of MI 62-104								s. 99(3)
TOBMB – Certification of individual director's or officer's circular					s. 3.3(4) of MI 62-104								s. 99(4)
TOBMB – Obligation to provide security holder list					s. 3.4(1) of MI 62-104								s. 99.1(1)
TOBMB – Application of Canada Business Corporations Act					s. 3.4(2) of MI 62-104								s. 99.1(2)

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
TOBMB – Early Warning					s. 5.2 of MI 62-104								s. 102.1(1) – (4) of Securities Act and s. 7.1 of OSC Rule 62-504
TOBMB – Acquisitions during bid					s. 5.3 of MI 62-104								s. 102.2(1) and (2) of Securities Act and s. 7.2(1) of OSC Rule 62-504
TOBMB – Copies of news release and report					s. 5.5 of MI 62-104								s. 7.2(3) of OSC Rule 62-504
Multi-jurisdictional disclosure system					NI 71-101								
Mutual fund prospectus disclosure					NI 81-101								
Mutual fund requirements					NI 81-102								
Commodity pools					NI 81-104								
Mutual fund sales practices					NI 81-105								
Investment fund continuous disclosure					NI 81-106								
In dependent review committee					NI 81-107								

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
<b>Registration</b>													
Dealer registration requirement	s. 34(1)(a)	s. 75(1)(a)	s. 27(a)	s. 6(1)	ss. 148 & 149	s. 31(1)(a)	s. 45(e)	s. 86(1)(a)	s. 26(1)(a)	s. 86(1)(a)	s. 4	s. 4	s. 25(1)(a)
Underwriter registration requirement	s. 34(1)(b)	s. 75(1)(a)	n/a	s. 6(1)	s. 148	s. 31(1)(b)	n/a	s. 86(2)	s. 26(1)(b)	s. 86(2)	n/a	n/a	s. 25(1)(a)
Adviser registration requirement	s. 34(1)(c)	s. 75(1)(b)	s. 27(c)	s. 6(7)	ss. 148 & 149	s. 31(1)(c)	s. 45(b)	s. 86(1)(b)	s. 26(1)(c)	s. 86(1)(b)	s. 4	s. 4	s. 25(1)(c)
<b>Trading in Securities Generally</b>													
Registered dealer acting as principal	s. 51	s. 94	s. 45	s. 70	s. 163 of Securities Act and s. 234.3 of Securities Regulation	s. 45	s. 59	n/a	s. 40	n/a	n/a	n/a	s. 39
Disclosure of investor relations activities	s. 52	n/a	n/a	n/a	n/a	n/a	s. 62	n/a	n/a	n/a	n/a	n/a	n/a
Use of name of another registrant	s. 53	s. 99	s. 49	s. 73	n/a	s. 49	s. 63	n/a	s. 44	n/a	n/a	n/a	s. 43
<b>Trading in Exchange Contracts</b>													
Trading exchange contracts on an exchange in jurisdiction	s. 58	s. 106 & 107	s. 40	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Trading exchange contracts on an exchange outside jurisdiction	s. 59	s. 108 & 109	s. 41	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Prospectus</b>													
Prospectus requirement	s. 61	s. 110	s. 58	s. 37	ss. 11 and 12	s. 58	s. 71(1)	s. 94	s. 54	s. 94	s. 27	s. 27	s. 53

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
Contents of prospectus (full, true & plain disclosure)	s. 63	s. 113	s. 61	s. 41	ss. 13 and 20	s. 61	s. 74	s. 99	s. 57	s. 99	n/a	n/a	s. 56
Waiting period communications	s. 78	s. 123	s. 73	s. 38	ss. 21 & 22	s. 70	s. 82	s. 97	s. 66	s. 97	n/a	n/a	s. 65(2)
Obligation to send prospectus	s. 83	s. 129	s. 79	s. 64	ss. 29, 30, 31 and 32	s. 76	s. 88	s. 101(1)	s. 72	s. 101(1)	s. 28	s. 28	s. 71(1)
<b>Requirements when using prospectus exemptions</b>													
Filing disclosure documents in connection with exemption	n/a	s. 127.2 of ASC Rules	s. 80.1	n/a	s. 37.2 of Securities Regulation	n/a	s. 2.3 of Local Rule 45-802	n/a	n/a	n/a	n/a	n/a	s. 6.4 of OSC Rule 45-501
Filing report of exempt distribution	s. 139 of Securities Rules and ss. 6.1 and 6.3 of NI 45-106	s. 129.1 of ASC Rules and ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	s. 7 of Regulation and ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	ss. 6.1 and 6.3 of NI 45-106	n/a	n/a	s. 7.1 of OSC Rule 45-501 and ss. 6.1 and 6.3 of NI 45-106
<b>Continuous Disclosure</b>													
Voting if proxies provided	s. 118	s. 157	s. 96	s. 105	n/a	s. 93	ss. 102 and 103(2)	n/a	s. 88	n/a	n/a	n/a	s. 87
Shares in name of registrant not to be voted	s. 182 of Securities Rules	s. 104	s. 55	s. 79	s. 164	s. 55	s. 103(3) - (7)	s. 163	s. 50	s. 163	n/a	n/a	s. 49

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
<b>Insider Reporting</b>													
Insider reports –filing upon becoming an insider of a reporting issuer	s. 87(2) other than as it applies to a related financial instrument	s. 182 (1)	s. 116(1)	s. 109	s. 96	ss. 113(1) of Securities Act and 172 of General Securities Rules	s. 135(1)	s. 1(1) of Local Rule 55-501	s. 108(1)	n/a	n/a	n/a	s. 107(1)
Insider reports –filing upon acquisition or change in securities	s. 87 (5) other than as it applies to a related financial instrument	s. 182 (2)	s. 116(2)	s. 109	s. 97	s. 113(2)	s. 135(2)	s. 1(2) of Local Rule 55-501	s. 108(2)	n/a	n/a	n/a	s. 107(2)
Insider reports –filing upon being deemed an insider	s. 87 (6) other than as it applies to a related financial instrument	s. 182 (3)	s. 116(3)	s. 109	s. 98	s. 113(4)	s. 135(3)	s. 1(3) of Local Rule 55-501	s. 108(3)	n/a	n/a	n/a	s. 107(3)
Time periods for filing insider reports	s. 155.1 of Securities Rules other than as it applies to a related financial instrument	s. 190 of ASC Rules	s. 165(1) of Regulations	s. 109	ss. 171, 171.1, 172 & 174 of Securities Regulation	s. 113	s. 5 of Local Rule 11-502	s. 1 of Local Rule 55-501	s. 108	n/a	n/a	n/a	s. 107
Transfer reports	n/a	s. 182 (2)	s. 117	n/a	s. 102	s. 116	s. 136	n/a	s. 109	n/a	n/a	n/a	s. 108 of Securities Act and s. 167 of Regulation 1015 (General)
Nominee reports	n/a	s. 183	s. 118	n/a	s. 103	s. 117	n/a	n/a	s. 110	n/a	n/a	n/a	s. 109 of Securities Act and s. 168 of Regulation 1015 (General)
<b>Take-Over Bids and Issuer Bids</b>													
Directors must make recommendation on bid	s. 99(1)(a)	s. 160	s. 100	s. 90	ss. 113 & 114	s. 105(2)	s. 124	s. 108	s. 92	s. 108	n/a	n/a	ss. 95 and 96

Provision	BC	AB	SK	MB	Qué	NS	NB	PEI	NL	YK	NWT	Nun	ON
<b>Investment Funds – Self Dealing</b>													
Investments of mutual funds	s. 121	s. 185	s. 120	n/a	s. 236 of Securities Regulation	s. 119	s. 137	n/a	n/a	n/a	n/a	n/a	s. 111
Indirect investment	s. 122	s. 186	s. 121	n/a	n/a	s. 120	s. 138	n/a	n/a	n/a	n/a	n/a	s. 112
Fees on investment for mutual fund	s. 124	s. 189	s. 124	n/a	n/a	s. 123	s. 141	n/a	n/a	n/a	n/a	n/a	s. 115
Report of mutual fund manager	s. 126	s. 191	s. 126	n/a	n/a	s. 125	s. 143	n/a	n/a	n/a	n/a	n/a	s. 117
Restrictions on transactions with responsible persons	s. 127	s. 192	s. 127	n/a	s. 236 of Securities Regulation	s. 126	s. 144	n/a	n/a	n/a	n/a	n/a	s. 118
<b>General</b>													
Confidentiality	s. 169	s. 221	s. 152	s. 149(q)	s. 296	s. 148	s. 198	s. 26	s. 140	s. 25	s. 44	s. 44	s. 140
Accounting principles, auditing standards and reporting requirements (other than in NI 52-107)	s. 3(3) of Securities Rules	n/a	n/a	n/a	ss. 116 and 121 of Securities Regulation	s. 3(4) of Reg.	n/a	n/a	n/a	n/a	n/a	n/a	s. 2(1) of Regulation 1015 (General)

## SCHEDULE B

### COMPANION POLICY 11-102CP *PASSPORT SYSTEM*

#### **PART 1 GENERAL**

- 1.1 Definitions
- 1.2 Additional definitions
- 1.3 Purpose
- 1.4 Language of documents – Québec

#### **PART 2 CONTINUOUS DISCLOSURE**

- 2.1 Exemption from non-harmonized continuous disclosure provisions

#### **PART 3 PROSPECTUS**

- 3.1 Principal regulator for prospectus
- 3.2 Discretionary change in principal regulator for prospectus
- 3.3 Deemed issuance of receipt
- 3.4 Exemption from non-harmonized prospectus provisions
- 3.5 Transition for section 3.3

#### **PART 4 DISCRETIONARY EXEMPTIONS**

- 4.1 Application
- 4.2 Principal regulator for discretionary exemption applications
- 4.3 Discretionary change of principal regulator for discretionary exemption applications
- 4.4 Passport application of discretionary exemptions
- 4.5 Availability of passport for discretionary exemptions applied for before March 17, 2008

#### **PART 5 EFFECTIVE DATE**

- 5.1 Effective date

#### **Appendix A**

- CD requirements under MI 11-101

**COMPANION POLICY 11-102CP  
PASSPORT SYSTEM**

**PART 1 GENERAL**

**1.1 Definitions**

In this policy,

“MI 11-101” means Multilateral Instrument 11-101 *Principal Regulator System*;

“non-principal jurisdiction” means, for a person or company, a jurisdiction other than the principal jurisdiction;

“NP 11-202” means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*; and

“NP 11-203” means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

**1.2 Additional definitions**

Terms used in this policy and that are defined in NP 11-202 and NP 11-203 have the same meanings as in those national policies.

**1.3 Purpose**

- (1) **General** – Multilateral Instrument 11-102 *Passport System* (the Instrument) and this policy implement part of the passport system contemplated by the Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation.

The Instrument gives each market participant a single window of access to the capital markets in multiple jurisdictions. It enables a person or company to deal only with its principal regulator to

- get deemed receipts in other jurisdictions (except Ontario) for a preliminary prospectus and prospectus, and
- obtain automatic exemptions in other jurisdictions (except Ontario) equivalent to most types of discretionary exemptions granted by the principal regulator.

- (2) **Ontario** – The Ontario Securities Commission (OSC) has not adopted the Instrument, but the Instrument provides that the OSC can be a principal regulator for purposes of a prospectus filing under Part 3 or a discretionary exemption application under Part 4. Consequently, when the OSC issues a receipt for a prospectus to an issuer whose principal jurisdiction is Ontario, a deemed receipt is automatically issued in each passport jurisdiction where the market participant filed the prospectus under the Instrument. Similarly, a market participant whose principal jurisdiction is Ontario obtains an automatic exemption from the equivalent provision of securities legislation of each passport jurisdiction for which the person who makes the application gives the notice described in section 4.7(1)(c) of the Instrument if the OSC grants the discretionary exemption.

- (3) **Process** – NP 11-202 and NP 11-203 set out the processes for a market participant in any jurisdiction to obtain a deemed prospectus receipt or an automatic exemption in a passport jurisdiction. These policies also set out processes for a market participant in a passport jurisdiction to get a prospectus receipt or a discretionary exemption from the OSC.

NP 11-203 also sets out the process for seeking exemptive relief in multiple jurisdictions that falls outside the scope of the Instrument. NP 11-203 applies to a broad range of exemptive relief applications, not just to discretionary exemption applications from the provisions listed in Appendix D of the Instrument. For example, NP 11-203 applies to an application to be designated a reporting issuer, mutual fund, non-redeemable investment fund or insider. It also applies to an application for a discretionary exemption from a provision not listed in Appendix D of the Instrument.

Please refer to NP 11-202 and NP 11-203 for more details on these processes.

- (4) **Interpretation of the Instrument** – As with all national or multilateral instruments, you should read the Instrument from the perspective of the local jurisdiction in which you want to obtain a deemed prospectus receipt or an automatic exemption. For example, if the Instrument does not specify where you file a document, it means that you must file it in the local jurisdiction.

To get a deemed receipt for a prospectus in the local jurisdiction, a filer must file the prospectus in the jurisdiction through SEDAR. Similarly, to get an automatic exemption based on a discretionary exemption granted in the principal jurisdiction, a filer must give notice under section 4.7(1)(c) of the Instrument to the securities regulatory authority or regulator in the local jurisdiction. Under section 4.7(2) of the Instrument, a filer can satisfy the latter requirement by giving notice to the principal regulator instead of the securities regulatory authority or regulator in the local jurisdiction.

- (5) **Operation of law** – The provisions of the Instrument on prospectus receipt and discretionary exemptions produce automatic legal outcomes in the local jurisdiction that result from a decision made by the principal regulator. The effect is to make the law of the local jurisdiction apply to a market participant as if the non-principal regulator had made the same decision as the principal regulator.
- (6) **Harmonized laws and their interpretation** – Most of the continuous disclosure and prospectus requirements are in rules or regulations, commonly referred to as 'national instruments'. The securities regulatory authorities and regulators intend to interpret and apply these requirements in a consistent way, and have put in place practices and procedures so this will be the case.
- (7) **Exemptions from non-harmonized requirements** – The Instrument contains exemptions from most non-harmonized continuous disclosure requirements and prospectus requirements that exist in a local jurisdiction. These exemptions apply in all jurisdictions, including the principal jurisdiction, for issuers that are reporting issuers, or file a prospectus, in multiple jurisdictions.
- (8) **Discretionary exemptions** – The Instrument provides an automatic exemption from an equivalent provision of securities legislation in the local jurisdiction if the principal regulator grants the discretionary exemption and the filer gives the required notice.

#### 1.4 Language of documents – Québec

The Instrument does not relieve issuers filing in Québec from the linguistic obligations prescribed by Québec law, including the specific obligations in the Québec *Securities Act* (e.g. section 40.1). For example, where a prospectus is filed in several jurisdictions including Québec, the prospectus must be in French or in French and English.

## PART 2 CONTINUOUS DISCLOSURE

### 2.1 Exemption from non-harmonized continuous disclosure provisions

Section 2.1 of the Instrument exempts a reporting issuer from the non-harmonized continuous disclosure provisions listed in Appendix A of the Instrument opposite the name of the local jurisdiction if the issuer is reporting in other jurisdictions. Consequently, the provisions that apply to the reporting issuer in the local jurisdiction are the harmonized continuous disclosure provisions and any non-harmonized continuous disclosure provisions from which the securities regulatory authority or regulator in the local jurisdiction has not provided an exemption under section 2.1 of the Instrument.

An issuer must continue to pay the fees related to the filing of any continuous disclosure document in each jurisdiction where it is a reporting issuer.

Although a reporting issuer does not have to identify a principal regulator to benefit from the exemption in section 2.1 of the Instrument, the securities regulatory authorities or regulators will continue to assign each reporting issuer a principal regulator for continuous disclosure review purposes under CSA Notice 51-312 *Harmonized Continuous Disclosure Review Program*. The principal regulator will deal with the reporting issuer on continuous disclosure related matters and would generally take action in the event of non-compliance.

## PART 3 PROSPECTUS

### 3.1 Principal regulator for prospectus

For a prospectus filing subject to Part 3 of the Instrument, the principal regulator is the principal regulator identified under section 3.1 of the Instrument. Under this section, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 3.1(1) of the Instrument specifies the following jurisdictions for purposes of that section: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 3.4 of NP 11-202 gives guidance on how to identify the principal regulator for a prospectus filing subject to Part 3 of the Instrument.

### **3.2 Discretionary change in principal regulator for prospectus**

Section 3.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a prospectus filing subject to Part 3 of the Instrument on its own motion or on application. Section 3.5 of NP 11-202 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a prospectus filing subject to Part 3 of the Instrument.

### **3.3 Deemed issuance of receipt**

Section 3.3 of the Instrument deems a receipt to be issued for a preliminary prospectus or prospectus in the local jurisdiction if certain conditions are met. A deemed receipt in the local jurisdiction has the same legal effect as a receipt issued in the principal jurisdiction.

To rely on section 3.3 of the Instrument in the local jurisdiction, a filer must file on SEDAR the preliminary prospectus or the pro forma prospectus, and the prospectus, in both the local jurisdiction and the principal jurisdiction. When filing, the filer must also indicate that it is filing the preliminary prospectus or pro forma prospectus under the Instrument. Under the law of the local jurisdiction, these filings trigger the obligation to file supporting documents (e.g., consents and material contracts).

To rely on section 3.3 of the Instrument in the local jurisdiction, the filer must also pay the fees required for the preliminary prospectus, pro forma prospectus or prospectus in the local jurisdiction. The effect of section 3.3 of the Instrument is that the law of the local jurisdiction, including the obligation to pay fees, applies to the filing of a preliminary prospectus, pro forma prospectus or prospectus in the jurisdiction. Section 3.4 of the Instrument does not exempt a filer from the obligation to pay fees in the local jurisdiction.

NP 11-202 sets out the process for making a waiver application for a prospectus filing subject to Part 3 of the Instrument.

If the principal regulator refuses to issue a receipt for a prospectus, it will notify the filer and the non-principal regulators by sending a refusal letter through SEDAR. In these circumstances, the Instrument will no longer apply to the filing and the filer may deal separately with the local securities regulatory authority or regulator in any non-principal jurisdiction in which the prospectus was filed to determine if the local securities regulatory authority or regulator would issue a local receipt.

### **3.4 Exemption from non-harmonized prospectus provisions**

Section 3.4 of the Instrument provides an exemption from the non-harmonized prospectus provisions listed in Appendix C of the Instrument opposite the name of the local jurisdiction. The exemption is available if a person or company files a preliminary prospectus, pro forma prospectus or prospectus under a provision set out in Appendix B to the Instrument and under a national prospectus instrument in multiple jurisdictions, including its principal jurisdiction. Consequently, the provisions that apply in the local jurisdiction where a preliminary prospectus, pro forma prospectus or prospectus is filed are the harmonized prospectus provisions and any non-harmonized prospectus provisions from which the securities regulatory authority or regulator in the local jurisdiction has not provided an exemption under section 3.4 of the Instrument.

### **3.5 Transition for section 3.3**

Section 3.3 of the Instrument applies to a preliminary prospectus or pro forma prospectus and their related prospectus, and to an amendment to a prospectus, filed on or after March 17, 2008.

Section 3.5(1) of the Instrument removes the deemed receipt that would otherwise be available in the local jurisdiction under section 3.3 of the Instrument if a preliminary prospectus amendment is filed after March 17, 2008 and the related preliminary prospectus was filed before March 17, 2008.

Section 3.5(2) provides an exemption from the requirement in section 3.3(2)(b) of the Instrument to indicate on SEDAR, at the time of filing the preliminary prospectus or pro forma prospectus, that the preliminary prospectus or pro forma prospectus is filed under Instrument. This means there is a deemed receipt in the local jurisdiction for a prospectus amendment if the related preliminary prospectus or pro forma prospectus was filed before March 17, 2008 and the filer indicated on SEDAR that it filed the amendment under the Instrument at the time of filing the amendment.

The exemption from non-harmonized prospectus requirements in section 3.4 of the Instrument is available in the local jurisdiction for a prospectus filed on or after March 17, 2008 even though the related preliminary prospectus or pro forma prospectus was filed in the local jurisdiction before that date and there is no deemed receipt for the prospectus in the local jurisdiction.

## **PART 4 DISCRETIONARY EXEMPTIONS**

### **4.1 Application**

Part 4 of the Instrument applies to an application for discretionary exemption from a provision listed in Appendix D of the Instrument made in multiple jurisdictions. Part 4 does not apply to a discretionary exemption application from a provision not listed in Appendix D of the Instrument or to other types of exemptive relief applications. For example, Part 4 does not apply to an application to designate a person to be a reporting issuer, mutual fund, non-redeemable investment fund or insider.

### **4.2 Principal regulator for discretionary exemption applications**

For purposes of a discretionary exemption application under Part 4 of the Instrument, the principal regulator is the principal regulator identified under sections 4.1 to 4.5 of the Instrument. Under these sections, the principal regulator must be the securities regulatory authority or regulator in a specified jurisdiction. Section 4.1 of the Instrument specifies the following jurisdictions for purposes of Part 4: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

Section 3.6 of NP 11-203 gives guidance on how to identify the principal regulator for a discretionary exemption application under Part 4 of the Instrument.

### **4.3 Discretionary change of principal regulator for discretionary exemption applications**

Section 4.6 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a discretionary exemption application under Part 4 of the Instrument on its own motion or on application. Section 3.7 of NP 11-203 gives guidance on the process for, and considerations leading to, a discretionary change in principal regulator for a discretionary exemption application under Part 4 of the Instrument.

### **4.4 Passport application of discretionary exemptions**

Section 4.7(1) of the Instrument exempts a person or company from an equivalent provision of securities legislation in the local jurisdiction if the principal regulator for the application grants the discretionary exemption, the filer gives the notice required under paragraph (c) of that section and other conditions are met. The equivalent provisions from which an automatic exemption is available under section 4.7(1) of the Instrument are set out in Appendix D of the Instrument.

A discretionary exemption under section 4.7(1) of the Instrument is available in the passport jurisdictions for which the filer gives the required notice when filing the application. However, the discretionary exemption can become available later in other passport jurisdictions if the circumstances warrant. For example, if a reporting issuer obtains a discretionary exemption from a national continuous disclosure requirement in its principal jurisdiction and an automatic exemption under section 4.7(1) in three non-principal jurisdictions in 2008 and the issuer becomes a reporting issuer in a fourth non-principal jurisdiction in 2009, the issuer could obtain an automatic exemption in the new jurisdiction. To obtain the automatic exemption in the new jurisdiction, the issuer would have to give the notice referred to in section 4.7(1)(c) of the Instrument in respect of that jurisdiction and meet the other condition of the exemption.

Under section 4.7(2) of the Instrument the filer may give the required notice to the principal regulator instead of the non-principal regulator.

A filer should identify in the application all the exemptions required and give notice for all the jurisdictions in which section 4.7(1) of the Instrument is intended to be relied upon. If an exemption is required in a non-principal jurisdiction when the filer files the application, but the filer does not give the required notice for that jurisdiction until after the principal regulator grants the exemption, the securities regulatory authority or regulator of the non-principal jurisdiction will take appropriate action. This could include removing the exemption, in which case the filer may have an opportunity to be heard in that jurisdiction in appropriate circumstances.

Because, under the Instrument, a person or company files an application for a discretionary exemption only in the principal jurisdiction to obtain an automatic exemption in multiple jurisdictions, the filer is required to pay fees only in the principal jurisdiction.

NP 11-203 sets out the process for seeking exemptive relief in multiple jurisdictions, including the process for seeking a discretionary exemption under Part 4 of the Instrument.

#### **4.5 Availability of passport for discretionary exemptions applied for before March 17, 2008**

Under section 4.8(1) of the Instrument, an exemption from the equivalent provision is automatically available in the local jurisdiction if

- an application was made in a specified jurisdiction before March 17, 2008 for an exemption from a provision of securities legislation that is now listed in Appendix D of the Instrument,
- the securities regulatory authority or regulator in the specified jurisdiction granted the exemption before, on or after March 17, 2008, and
- certain other conditions are met.

These conditions include giving the notice required under section 4.8(1)(c). Section 4.8(2) permits the filer to give the required notice to the securities regulatory authority or regulator that would be the principal regulator for the application under Part 4 if an application were to be made under that Part at the time the notice is given, instead of to the non-principal regulator.

Under section 4.1, the specified jurisdictions are British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.

A specified jurisdiction for purposes of section 4.8 of the Instrument is a principal jurisdiction under MI 11-101. Therefore, under section 4.8(1) of the Instrument, an exemption from the equivalent provision is automatically available in the local jurisdiction if

- an application was made before March 17, 2008 in the principal jurisdiction, as defined in MI 11-101, for an exemption from a CD requirement, as defined in that Instrument, which is now listed in Appendix D of the Instrument,
- the securities regulatory authority or regulator in the principal jurisdiction granted the exemption before March 17, 2008, and
- the other conditions of section 4.8(1) of the Instrument are met, including giving notice.

Section 4.8(3) of the Instrument provides an exemption from the notice requirement in section 4.8(1)(c) of the Instrument if, before March 17, 2008, the principal regulator under MI 11-101 granted the exemption and the reporting issuer filed the notice of principal regulator under section 2.2 or 2.3 of that Instrument.

The combined effect of sections 4.8(1) and 4.8(3) is to make the exemption from a CD requirement granted by the principal regulator under MI 11-101 automatically available in the local jurisdiction, even though the decision of the principal regulator under MI 11-101 does not refer to the local jurisdiction. To benefit from this, however, the reporting issuer must comply with the terms and conditions of the decision of the principal regulator under MI 11-101. Only exemptions granted from CD requirements that are now listed in Appendix D of the Instrument become available in the local jurisdiction in this way.

Appendix A of this policy lists the CD requirements from which a reporting issuer could get an exemption under section 3.2 of MI 11-101. Appendix D of the Instrument sets out the list of equivalent provisions.

### **PART 5 EFFECTIVE DATE**

#### **5.1 Effective date**

The Instrument applies to continuous disclosure documents, prospectuses and discretionary exemption applications filed on or after March 17, 2008.

COMPANION POLICY 11-102CP  
PASSPORT SYSTEM

APPENDIX A

CD REQUIREMENTS UNDER MI 11-101

For ease of reference, this appendix reproduces the definition of CD requirements in MI 11-101 even though some references might no longer be relevant because sections were repealed after September 19, 2005 when MI 11-101 came into force.

**British Columbia:**

*Securities Act:* section 85 and 117  
*Securities Rules:* section 144 (except as it relates to fees), 145 (except as it relates to fees, 152 and 153 sections 2, 3 and 189 as they relate to a filing under another CD requirement, as defined in MI 11-101

**Alberta:**

*Securities Act:* sections 146, 149 (except as it relates to fees), 150, 152 and 157.1  
*Securities Commission Rules (General):* except as it relates to a prospectus, section 143 – 169, 196 and 197

**Saskatchewan:**

*The Securities Act, 1988:* section 84, 86 – 88, 90, 94 and 95  
*The Securities Regulations:* section 117 – 138.1 and 175 as it relates to a filing under another CD requirement, as defined under MI 11-101

**Manitoba:**

*Securities Act:* sections 101(1), 102(1), 104, 106(3), 119, 120 (except as it relates to fees) and 121– 130  
*Securities Regulation:* sections 38 – 40 and 80 – 87

**Québec:**

*Securities Act:* sections 73 excluding the filing requirement of a statement of material change, 75 excluding the filing requirement, 76, 77 excluding the filing requirement, 78, 80 – 82.1, 83.1, 87, 105 excluding the filing requirement, 106 and 107 excluding the filing requirement  
*Securities Regulation:* sections 115.1 – 119, 119.4, 120 – 138 and 141 – 161  
*Regulations:* No. 14, No. 48, Q-11, Q-17 (Title IV) and 62 – 102

A document filed with or delivered to the Autorité des marchés financiers, delivered to securityholder in Québec or disseminated in Québec under section 3.2 of the Instrument, is deemed, for the purposes of securities legislation in Québec, to be a document filed, delivered or disseminated under Chapter II of Title III or section 84 of the Securities Act (Québec).

**New Brunswick:**

*Securities Act:* sections 89(1) – (4), 90, 91, 100 and 101

**Nova Scotia:**

*Securities Act:* section 81, 83, 84 and 91  
*General Securities Rules:* sections 9, 140(2), 140(3) and 141

**Newfoundland and Labrador:**

*Securities Act:* except as they relate to fees, sections 76, 78 – 80, 82, 86 and 87  
*Securities Regulations:* sections 4 – 14 and 71 – 80

**Yukon:**

*Securities Act:* section 22(5) except as it relates to filing a new or amended prospectus

**All jurisdictions:**

- (a) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, except as it relates to a prospectus,
- (b) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, except as it relates to a prospectus,
- (c) National Instrument 51-102 *Continuous Disclosure Obligations*,
- (d) National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* as it applies to a document filed under National Instrument 51-102 *Continuous Disclosure Obligations*,
- (e) National Instrument 52-108 *Auditor Oversight*,
- (f) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*,
- (g) National Instrument 52-110 *Audit Committees*, except in British Columbia
- (h) BC Instrument 52-509 *Audit Committees*, only in British Columbia
- (i) National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*,
- (j) National Instrument 58-101 *Disclosure of Corporate Governance Practices*,
- (k) section 8.5 of National Instrument 81-104 *Commodity Pools*, and
- (l) National Instrument 81-106 *Investment Fund Continuous Disclosure*.

**SCHEDULE C**  
**AMENDMENTS**  
**TO**  
**NATIONAL INSTRUMENT 14-101 DEFINITIONS**

- 1** *This Instrument amends National Instrument 14-101 Definitions.*
- 2** *Section 1.1(3) is amended by repealing the definition of “person or company” and substituting the following:*
- “person or company”, for the purpose of a national instrument or multilateral instrument, means,
- (a) in British Columbia, a “person” as defined in section 1(1) of the *Securities Act* (British Columbia);
  - (b) in New Brunswick, a “person” as defined in section 1(1) of the *Securities Act* (New Brunswick);
  - (c) in Prince Edward Island, a “person” as defined in section 1 of the *Securities Act* (Prince Edward Island);
  - (d) in Québec, a “person” as defined in section 5.1 of the *Securities Act* (Québec); and
  - (e) in Yukon Territory, a “person” as defined in section 1 of the *Securities Act* (Yukon Territory).
- 3** *Appendix B is amended,*
- (a) *in the text opposite “New Brunswick”, by striking out “Security Frauds Prevention Act” and substituting “Securities Act”, and*
  - (b) *by repealing the text opposite “Québec” and substituting the following:*  
  
*Securities Act and the regulations under that Act, An Act respecting the Autorité des marchés financiers and the blanket rulings and orders issued by the securities regulatory authority.*
- 4** *Appendix C is amended*
- (a) *by repealing the text opposite “New Brunswick” and substituting “New Brunswick Securities Commission”,*
  - (b) *by repealing the text opposite “Prince Edward Island” and substituting “Superintendent of Securities, Prince Edward Island”,*
  - (c) *by repealing the text opposite “Québec” and substituting “Autorité des marchés financiers or, where applicable, the Bureau de décision et de révision en valeurs mobilières”, and*
  - (d) *by repealing the text opposite “Yukon Territory” and substituting “Superintendent of Securities, Yukon Territory”.*
- 5** *Appendix D is amended*
- (a) *by repealing the text opposite “New Brunswick” and substituting “Executive Director as defined in section 1 of the Securities Act (New Brunswick).”,*
  - (b) *by repealing the text opposite “Prince Edward Island” and substituting “Superintendent, as defined in section 1 of the Securities Act (Prince Edward Island).”,*
  - (c) *by repealing the text opposite “Québec” and substituting “Autorité des marchés financiers.”, and*
  - (d) *by repealing the text opposite “Yukon Territory” and substituting “Superintendent, as defined in section 1 of the Securities Act (Yukon Territory).”.*
- 6** *This Instrument comes into force on March 17, 2008.*

## SCHEDULE D

### AMENDMENTS

#### TO

#### NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES*

- 1 *This Instrument amends National Instrument 58-101 Disclosure of Corporate Governance Practices.*
- 2 *Section 1.1 is amended*
  - (a) *by repealing the definition of “MI 52-110”,*
  - (b) *by adding the following definition:*

*“NI 52-110” means National Instrument 52-110 Audit Committees;, and*
  - (c) *in the definition of “subsidiary entity” by striking out “MI 52-110” and substituting “NI 52-110”.*
- 3 *Section 1.2 (1) is amended by*
  - (a) *striking out “In a jurisdiction other than British Columbia, a director” and substituting “For the purposes of this Instrument, a director”, and*
  - (b) *striking out “MI 52-110” and substituting “NI 52-110”.*
- 4 *Section 1.2 (2) is repealed.*
- 5 *This Instrument comes into force on March 17, 2008.*

## SCHEDULE E

### AMENDMENTS TO NATIONAL INSTRUMENT 81-104 *COMMODITY POOLS*

- 1 *This Instrument amends National Instrument 81-104 Commodity Pools.*
- 2 *Sections 3.4 and 4.2 are repealed.*
- 3 *This Instrument comes into force on March 17, 2008.*

### AMENDMENTS TO COMPANION POLICY 81-104CP *COMMODITY POOLS*

- 1 *This amends Companion Policy 81-104 CP Commodity Pools.*
- 2 *Section 2.1(2).4 is amended by*
  - (a) *striking out* “in all jurisdictions, other than British Columbia. Dealers registered to sell securities (including mutual funds) in British Columbia should look to local British Columbia securities regulations for guidance.”,  
*and*
  - (b) *adding a period after the last reference to* “commodity pools”.
- 3 *These amendments come into effect on March 17, 2008.*

## SCHEDULE F

### AMENDMENTS TO MULTILATERAL INSTRUMENT 11-101 *PRINCIPAL REGULATOR SYSTEM*

1 *This Instrument amends Multilateral Instrument 11-101 Principal Regulator System.*

2 *Section 1.1 is amended by repealing the following definitions:*

“audit committee rule”,  
“BCI 52-509”,  
“CD requirement”,  
“commodity pool”,  
“investment fund”,  
“investment fund manager”,  
“local prospectus-related requirements”,  
“long form rule”,  
“MI 52-110”,  
“mutual fund restricted individual”,  
“national prospectus rules”,  
“NI 33-105”,  
“NI 52-107”,  
“NI 58-101”,  
“NI 81-101”,  
“NI 81-102”,  
“NI 81-104”,  
“NI 81-106”,  
“participating dealer”,  
“preliminary prospectus”,  
“principal distributor”,  
“prospectus”, and  
“seed capital requirements”.

3 *Sections 2.1, 2.2, 2.3 and 2.4 are repealed.*

4 *Section 2.8 is amended by striking out “sections 2.1, 2.4 and 2.5” and substituting “section 2.5”.*

5 *Parts 3 and 4 are repealed.*

6 *Section 5.8 is repealed.*

- 7 **Section 5.9 is amended by striking out “section 5.3, 5.4, 5.5, 5.6 or 5.8” and substituting “section 5.3, 5.4, 5.5 or 5.6”.**
- 8 **Appendices A, B, C and D are repealed.**
- 9 **Form 11-101F1 Notice of Principal Regulator under Multilateral Instrument 11-101 is amended**
- (a) **in Item 2 by striking out “SEDAR profile number (if applicable):”;**
  - (b) **by repealing the Instructions after Item 2, and**
  - (c) **by repealing Item 5.**
- 10 **This Instrument comes into force on March 17, 2008.**

**AMENDMENTS  
TO  
COMPANION POLICY 11-101CP PRINCIPAL REGULATOR SYSTEM**

- 1 **Companion Policy 11-101CP Principal Regulator System is amended by**

- (a) **repealing section 1.1(1) and substituting;**

The Instrument provides an exemption from the registration requirement for a firm or individual to continue dealing with a client that moves to a different jurisdiction, and with family members of that client. As long as the registrant is registered in its principal jurisdiction and has a minimal number of clients and minimal amount of assets under management in the other jurisdiction, the registrant will not have to become registered in the other jurisdiction. Because Ontario has not adopted the Instrument, the exemption is not available to a registrant in another jurisdiction whose clients move to Ontario. Under the Instrument, the exemption is not available to a firm with a head office in Ontario or to an individual with a working office in Ontario.

- (b) **repealing sections 1.1(2), 1.1(3), 1.2, 1.3, 1.4, 2.1, 2.2(1), 2.3(1), and 2.3(3);**
- (c) **striking out in section 2.3(5) “and section 3.5 of NP 43-201”;**
- (d) **repealing Parts 3 and 4;**
- (e) **repealing section 5.3; and**
- (f) **repealing Appendix A.**

- 2 **These amendments come into effect on March 17, 2008.**

## SCHEDULE G

### AMENDMENTS TO MULTILATERAL INSTRUMENT 52-110 *AUDIT COMMITTEES*

- 1 *This Instrument amends Multilateral Instrument 52-110 Audit Committees.*
- 2 *The title is amended by striking out “Multilateral” and substituting “National”.*
- 3 *Section 1.1 is amended in the definition of “MD&A” by striking out “National Instrument 51-102” and substituting the following “NI 51-102”.*
- 4 *This Instrument comes into force on March 17, 2008.*

### AMENDMENTS TO COMPANION POLICY 52-110CP TO MULTILATERAL INSTRUMENT 52-110 *AUDIT COMMITTEES*

- 1 *This amends Companion Policy 52-110CP to Multilateral Instrument 52-110 Audit Committees.*
- 2 *The title is amended by striking out “Multilateral” and substituting “National”.*
- 3 *Section 1.1 is amended by*
  - (a) *striking out “Multilateral” and substituting “National”, and*
  - (b) *striking out “Nova Scotia and Newfoundland and Labrador,” and substituting “Nova Scotia, Newfoundland and Labrador and British Columbia.”*
- 4 *These amendments come into effect on March 17, 2008.*

## SCHEDULE H

### NATIONAL POLICY 11-202 *PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS*

#### **PART 1 APPLICATION**

- 1.1 Scope and application

#### **PART 2 DEFINITIONS**

- 2.1 Definitions
- 2.2 Further definitions

#### **PART 3 OVERVIEW AND PRINCIPAL REGULATOR**

- 3.1 Overview
- 3.2 Passport Prospectus
- 3.3 Dual Prospectus
- 3.4 Principal Regulator
- 3.5 Discretionary change in principal regulator

#### **PART 4 FILING MATERIALS**

- 4.1 Election to file under this policy, identification of principal regulator
- 4.2 Filing for distribution to purchasers only in jurisdictions outside principal jurisdiction
- 4.3 Blacklined document
- 4.4 Seasoned Prospectuses

#### **PART 5 REVIEW OF MATERIALS**

- 5.1 General
- 5.2 Passport prospectus
- 5.3 Dual prospectus
- 5.4 Review period for preliminary long form prospectuses and pro forma prospectuses
- 5.5 Review period for preliminary short form prospectuses and preliminary shelf prospectuses
- 5.6 Novel and substantive issue
- 5.7 Form of response

#### **PART 6 OPTING OUT OF A DUAL REVIEW**

- 6.1 Opting Out

#### **PART 7 RECEIPTS**

- 7.1 Effect of prospectus receipt
- 7.2 Conditions to issuance of preliminary receipt
- 7.3 Conditions to issuance of final receipt for a prospectus
- 7.4 Translations

#### **PART 8 PRE-FILINGS AND WAIVER APPLICATIONS**

- 8.1 General
- 8.2 Procedure
- 8.3 Information to be provided with related materials
- 8.4 Effect of prospectus receipt when waiver application submitted
- 8.5 Resolution of pre-filing

#### **PART 9 APPLICATIONS**

- 9.1 Applications in multiple jurisdictions
- 9.2 Timing of application
- 9.3 Additional information to be provided

#### **PART 10 AMENDMENTS**

- 10.1 Conditions to issuance of receipt for preliminary prospectus amendments
- 10.2 Receipt for preliminary prospectus amendments
- 10.3 Review period for preliminary prospectus amendments
- 10.4 Review period for prospectus amendments
- 10.5 Conditions to issuance of prospectus amendment receipt
- 10.6 Prospectus amendment receipt

**PART 11 HOLIDAYS**

11.1 Holidays

**PART 12 EFFECTIVE DATE AND TRANSITION**

12.1 Effective date – This policy comes into effect on March 17, 2008.

12.2 Prospectus filed before March 17, 2008 – The process set out in National Policy 43-201 Mutual Reliance Review System for Prospectuses will continue to apply to

**Annex A**

Examples of Pre-Filings and Waiver Applications Dealt With under Part 8 of National Policy 11-202

**NATIONAL POLICY 11-202**  
**PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS**

**PART 1 APPLICATION**

**1.1 Scope and application** – This policy describes procedures for the filing and review of a preliminary prospectus, prospectus and related materials in more than one Canadian jurisdiction.

**PART 2 DEFINITIONS**

**2.1 Definitions** – In this policy,

“CP 11-102” means Companion Policy 11-102 *CP Passport System* to MI 11-102;

“dual prospectus” means a prospectus described in section 3.3 of this policy;

“dual review” means the review under this policy of a dual prospectus;

“filer” means

- (a) a person or company filing a prospectus, or
- (b) an agent of a person or company referred to in paragraph (a);

“long form prospectus” includes a simplified prospectus and annual information form for a mutual fund;

“materials” mean the documents required under a national prospectus instrument;

“MI 11-102” means Multilateral Instrument 11-102 *Passport System*;

“NI 13-101” means National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

“NP 11-203” means National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*;

“OSC” means the regulator in Ontario;

“passport jurisdiction” means the jurisdiction of a passport regulator;

“passport prospectus” means a prospectus described in section 3.2 of this policy;

“passport regulator” means a regulator that has adopted MI 11-102;

“pre-filing” means a consultation with the principal regulator for a prospectus filing, initiated before the filing of materials, regarding the interpretation of securities legislation or securities directions or their application to a particular offering or proposed offering;

“regulator” means a securities regulatory authority or regulator;

“shelf prospectus” means a prospectus filed under National Instrument 44-102 *Shelf Distributions*;

“short form prospectus” means a prospectus filed under National Instrument 44-101 *Short Form Prospectus Distributions*; and

“waiver application” means a request for an exemption from securities legislation, if the exemption would be evidenced by the issuance of a receipt under this policy.

**2.2 Further definitions** – Terms used in this policy and that are defined in MI 11-102, NI 13-101, or National Instrument 14-101 *Definitions* have the same meanings as in those instruments.

### PART 3 OVERVIEW AND PRINCIPAL REGULATOR

**3.1 Overview** – This policy deals with prospectuses filed in multiple jurisdictions in the following circumstances:

- (a) The principal regulator is passport regulator and the prospectus is not filed in Ontario. This is a “passport prospectus.”
- (b) The principal regulator is the OSC and the prospectus is also filed in a passport jurisdiction. This is also a “passport prospectus.”
- (c) The principal regulator is a passport regulator and the prospectus is also filed in Ontario. This is a “dual prospectus.”

### 3.2 Passport Prospectus

- (1) If the principal regulator is a passport regulator and the prospectus is not filed in Ontario, only the principal regulator will review the prospectus. Under MI 11-102, the issuance of a receipt by the principal regulator will trigger a deemed receipt in each other passport jurisdiction where the prospectus is filed.
- (2) If the principal regulator is the OSC and the prospectus is also filed in a passport jurisdiction, only the OSC will review the prospectus. Under MI 11-102, the issuance of the OSC receipt will trigger a deemed receipt in each passport jurisdiction where the prospectus is filed.

**3.3 Dual Prospectus** – If the principal regulator is a passport regulator and the prospectus is also filed in Ontario, the principal regulator will review the prospectus, and the OSC, as a non-principal regulator, will coordinate its review with the principal regulator. The receipt of the principal regulator will trigger a deemed receipt in each other passport jurisdiction where the prospectus is filed and will evidence the receipt of the OSC, if the OSC has made the same decision as the principal regulator.

### 3.4 Principal Regulator

- (1) For purposes of a prospectus filing under this policy, the principal regulator is identified in the same manner as in section 3.1 of MI 11-102. This section summarizes section 3.1 of MI 11-102 and provides guidance for identifying the principal regulator for a prospectus filing. The same guidance also applies to a related pre-filing.
- (2) For purposes of a waiver application related to a prospectus filing under this policy, the principal regulator is identified in the same manner as in sections 4.1 to 4.5 of MI 11-102. A filer should refer to section 3.6 of NP 11-203 for guidance on how to identify the principal regulator for a waiver application related to a prospectus filing under this policy.
- (3) In most circumstances, the principal regulator for a waiver application and the principal regulator for the related prospectus filing will be the same. If the principal regulator is not the same, the regulators may initiate a discretionary change of principal regulator under section 3.5 of this policy. Alternatively, the filer may apply for a discretionary change of principal regulator under that section.
- (4) The principal regulator for a prospectus filing under this policy is the regulator of the jurisdiction in which
  - (a) the issuer's head office is located, if the issuer is not an investment fund, or
  - (b) the investment fund manager's head office is located, if the issuer is an investment fund.
- (5) If the regulator identified under subsection (4) is not in a specified jurisdiction, the principal regulator is the regulator in the specified jurisdiction with which the issuer, or in the case of an investment fund, the investment fund manager, has the most significant connection.
- (6) For purposes of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.
- (7) The factors an issuer, or in the case of an investment fund, the investment fund manager, should consider in identifying the principal regulator based on its most significant connection are, in order of influential weight:
  - (a) location of management;
  - (b) location of assets and operations;

- (c) location of trading market or quotation system in Canada;
- (d) location of securities holders, if the securities are not traded or quoted on a trading market or quotation system in Canada;
- (e) location of underwriter;
- (f) location of legal counsel; and
- (g) location of transfer agent.

The connecting factors in (e) to (g) are not relevant for a Canadian issuer, or Canadian investment fund manager, because it will have a significant connection to a specified jurisdiction based on the connecting factors in (a) to (d). Regulators will generally object to a Canadian issuer, or Canadian investment fund manager, identifying a principal regulator based on the factors in (e) to (g).

- (8) A filer should refer to section 3.6 of NP 11-203 for additional guidance if the filer
  - (a) is seeking a waiver application exemption but does not seek it from the regulator that would normally be the principal regulator for the waiver application, or
  - (b) is seeking more than one exemption and does not seek all of the exemptions from the regulator that would normally be the principal regulator for the waiver application.

### 3.5 Discretionary change in principal regulator

- (1) If the principal regulator identified under section 3.4 of this policy thinks that it is not the appropriate principal regulator, it will first consult with the filer and the appropriate regulator and then give the filer a written notice of the new principal regulator and the reasons for the change. The regulator specified in the notice will be the principal regulator as of the later of the date the filer receives the notice and the effective date specified in the notice, if any.
- (2) A filer may request a discretionary change of principal regulator for a prospectus filing if the filer believes that the principal regulator identified under section 3.4 of this policy is not the appropriate principal regulator.
- (3) When a filer requests a discretionary change in principal regulator under subsection (2), the principal regulator will consult with the appropriate regulator.
- (4) Regulators do not anticipate changing a principal regulator except in exceptional circumstances and will give a written notice when approving a request.
- (5) A filer that requests a discretionary change of principal regulator under subsection (2) should do so at least 30 days before filing the related materials. If the filer submits the request at least 30 days before filing the related materials, the regulators will use their best efforts to resolve the request within 30 days of receiving it. If the request is not resolved when the filer files the related materials, the principal regulator determined under section 3.4 of this policy will be the principal regulator for the prospectus filing. If the regulators subsequently agree to the change, they will give the filer notice and the change of principal regulator will apply to the filer's future prospectus filings.
- (6) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change.
- (7) The guidance in this section also applies to a pre-filing.
- (8) A filer should refer to section 3.7 of NP 11-203 for guidance on a discretionary change of principal regulator for a waiver application related to a prospectus filing under this policy.

## PART 4 FILING MATERIALS

**4.1 Election to file under this policy, identification of principal regulator and payment of fees** – The filer should indicate in its electronic filing on SEDAR the principal regulator for the prospectus offering and that it is filing materials under this policy. If the principal regulator is not in the jurisdiction of the issuer's head office (or, in the case of an investment fund, the jurisdiction of the investment fund manager's head office), the filer should also indicate the connecting factor used to identify the principal regulator. If the filer files a prospectus in paper format under NI 13-101, the filer should include this information in the

cover letter for the prospectus. In all cases, the filer should pay the required fees in each jurisdiction in which it files the prospectus.

**4.2 Filing for distribution to purchasers only in jurisdictions outside principal jurisdiction** – If a filer proposes to distribute its securities by prospectus only to purchasers in jurisdictions other than the jurisdiction of its principal regulator, the filer should file the materials with, and pay the required fees to, the principal regulator. The principal regulator will review the materials of the filer.

**4.3 Blacklined document** – A filer should file on SEDAR, as much in advance of filing final materials as possible, a draft final prospectus (the French language version in Québec), blacklined against the preliminary prospectus to show all proposed changes. A filer should also file with the final materials a copy of the final prospectus blacklined against the preliminary prospectus to show all changes made.

**4.4 Seasoned Prospectuses** – If a pro forma or preliminary prospectus is filed within two years of the date that a final receipt was issued for a prospectus of the same issuer, a filer (other than a filer that files under National Instrument 81-101 *Mutual Fund Prospectus Disclosure*) may identify the pro forma or preliminary prospectus as a seasoned prospectus. When filing a seasoned prospectus, the filer should also file

- (a) a copy of the seasoned prospectus blacklined against the preceding prospectus of the filer to show all changes made, and
- (b) a certificate certifying that the blacklined prospectus indicates all differences between the content of the seasoned prospectus and that of the filer's previous prospectus.

## PART 5 REVIEW OF MATERIALS

**5.1 General** – The principal regulator will review the materials in accordance with its securities legislation and securities directions and based on its review procedures, analysis and precedents.

**5.2 Passport prospectus** – The filer will deal only with the principal regulator, who will provide comments to, and receive responses from, the filer on the materials.

### 5.3 Dual prospectus

- (1) The OSC will also review the materials and will advise the principal regulator of any concerns relating to the materials that, if left unresolved, would cause the OSC to opt out of the dual review.
- (2) The filer will deal only with the principal regulator, who will provide comments to, and receive responses from, the filer and will issue the prospectus receipt if the relevant conditions are satisfied. However, in exceptional circumstances, the principal regulator may refer the filer to the OSC.

### 5.4 Review period for preliminary long form prospectuses and pro forma prospectuses

- (1) The principal regulator will use its best efforts to review the materials relating to a preliminary long form prospectus or pro forma prospectus and provide a first comment letter within 10 working days of the date of the preliminary receipt or of receiving the pro forma prospectus and related materials in acceptable form. The principal regulator may provide further comments as a result of the filer's responses or the continuing review of the materials.
- (2) In the case of a dual prospectus, the OSC will, within five working days of the date of the preliminary receipt or of receiving the pro forma prospectus and related materials in acceptable form, use its best efforts to:
  - (a) advise the principal regulator of any concerns with the materials that, if left unresolved, would cause the OSC to opt out of the dual review; or
  - (b) indicate on SEDAR that it is clear to receive final materials.

### 5.5 Review period for preliminary short form prospectuses and preliminary shelf prospectuses

- (1) The principal regulator will use its best efforts to review the materials relating to a preliminary short form prospectus or preliminary shelf prospectus and provide a first comment letter within three working days of the date of the preliminary receipt. The principal regulator may provide further comments as a result of the filer's responses or the continuing review of the materials.

- (2) In the case of a dual prospectus, the OSC will, within two working days of the date of the preliminary receipt, use its best efforts to:
  - (a) advise the principal regulator of any concerns with the materials that, if left unresolved, would cause the OSC to opt out of the dual review; or
  - (b) indicate on SEDAR that it is clear to receive final materials.
- (3) If the principal regulator does not think it can review a preliminary short form prospectus or preliminary shelf prospectus adequately within the time-period contemplated in subsection (1) because it is too complex, the principal regulator may decide to apply the time-period for long form prospectuses. In that case, the principal regulator will notify the filer and, in the case of a dual prospectus, the OSC, within one working day of issuing the receipt for the preliminary short form prospectus or the preliminary shelf prospectus. Filers should submit a pre-filing to resolve any issues that may cause a delay in the review of a preliminary short form prospectus or preliminary shelf prospectus.

**5.6 Novel and substantive issue** – If a prospectus is filed for an offering that involves a novel and substantive issue or raises a novel policy concern and the issues were not resolved in a pre-filing, the complexity of the issue or concern may delay the review of the prospectus.

**5.7 Form of response** – The filer should provide written responses to the principal regulator's comment letter.

## **PART 6 OPTING OUT OF A DUAL REVIEW**

### **6.1 Opting Out**

- (1) The OSC can opt out of a dual review at any time before the principal regulator issues a final receipt for the materials. The OSC will provide notice of its decision to opt out to the filer and the principal regulator by indicating that it has opted out on SEDAR.
- (2) The OSC will provide to the principal regulator written reasons for its decision to opt out of the dual review. The principal regulator will forward the reasons to the filer and will use its best efforts to resolve opt-out issues with the filer and the OSC.
- (3) If the principal regulator is able to resolve the OSC's opt-out issues with the filer and the OSC, the OSC may opt back in. If the principal regulator is unable to resolve the OSC's opt-out issues, the principal regulator's final receipt will not evidence that the OSC has issued a receipt and the filer should deal with the OSC outside the dual review to resolve any outstanding issues.

## **PART 7 RECEIPTS**

### **7.1 Effect of prospectus receipt**

- (1) Under MI 11-102, a filer that receives a receipt for a preliminary prospectus or prospectus from the principal regulator will be deemed to have a receipt for the preliminary prospectus or prospectus in a passport jurisdiction if certain conditions are met, including that
  - (a) the filer filed the preliminary prospectus or prospectus in the passport jurisdiction, and
  - (b) the regulator of the passport jurisdiction is not the principal regulator for the prospectus filing.

To assist filers, the principal regulator will list in its receipt the passport jurisdictions in which it understands the filer has a deemed receipt.

- (2) In the case of a dual prospectus, the principal regulator's receipt for a preliminary prospectus will also evidence that the OSC has issued a receipt. The principal regulator's receipt for a final prospectus will also evidence that the OSC has issued a receipt, if the OSC has indicated on SEDAR that it is "clear for final".

**7.2 Conditions to issuance of preliminary receipt** – The principal regulator will issue a preliminary receipt if:

- (1) the principal regulator determines that the filer has filed acceptable materials; and
- (2) the filer provides a letter to the principal regulator with the materials confirming the following, to the best of its knowledge and belief:

- (a) The filer filed the materials (including all required translations) with, and paid the required fees to, the principal regulator and all non-principal regulators.
- (b) The filer delivered all documents required to be delivered under the securities legislation of each jurisdiction in which the filer filed the materials.
- (c) The filer is not subject to a cease trade order issued by the regulator of any jurisdiction in which the filer filed the materials.
- (d) Where an underwriter is required to sign a certificate, at least one underwriter that signed the certificate is registered, or has filed an application for registration or for exemption from registration, in each jurisdiction in which the filer will offer securities to purchasers.
- (e) Where an underwriter is required to sign a certificate in a jurisdiction in which the filer is making the distribution and none of the underwriters that signed the certificate is registered in that jurisdiction, but one of them has filed an application for registration or for exemption from registration, that underwriter filed an undertaking with the principal regulator not to solicit in that jurisdiction until it is registered or exempt from registration.
- (f) If the filer plans to distribute the securities itself, the filer is registered in each jurisdiction in which the filer will offer securities to purchasers, has filed an application for registration or for exemption from registration, or is not required to be registered.
- (g) If the filer has filed an application for registration or exemption from registration in a jurisdiction, the filer filed an undertaking with the principal regulator not to solicit in that jurisdiction until the filer is registered or exempted from registration.

**7.3 Conditions to issuance of final receipt for a prospectus** – The principal regulator will issue a final receipt for a prospectus if:

- (1) the principal regulator is satisfied that all of its comments have been resolved;
- (2) in the case of a dual prospectus, the OSC indicates on SEDAR that it is clear to receive final materials or opts out of the dual review;
- (3) the principal regulator determines that the filer filed acceptable materials; and
- (4) the filer provides a letter to the principal regulator with the materials confirming the following, to the best of its knowledge and belief:
  - (a) The filer filed the materials (including all required translations and any undertaking the principal regulator requested) with, and paid the required fees to, the principal regulator and all non-principal regulators, except the OSC if the prospectus is a dual prospectus and the OSC has opted out of the dual review.
  - (b) The filer delivered all documents required to be delivered under the securities legislation of each jurisdiction in which the filer filed the materials.
  - (c) The filer is not subject to a cease trade order issued by the regulator of any jurisdiction in which the filer filed the materials.
  - (d) Where an underwriter is required to sign a certificate, at least one underwriter that signed the certificate is registered or is exempt from registration in each jurisdiction in which the filer will offer securities to purchasers.
  - (e) If the filer plans to distribute the securities itself, the filer is registered in each jurisdiction in which the filer will offer securities to purchasers, has an exemption from registration, or is not required to be registered.
  - (f) The filer has applied for and received all necessary exemptions from applicable securities legislation from the principal regulator and also from the OSC, in the case of a dual prospectus for which the OSC has not opted out of the dual review.

**7.4 Translations** – The filer is responsible for ensuring the accuracy of any required translations.

## **PART 8 PRE-FILINGS AND WAIVER APPLICATIONS**

### **8.1 General**

- (1) A filer seeking a pre-filing interpretation or a waiver application exemption before the issuance of a receipt should submit the pre-filing or waiver application sufficiently in advance of the filing of the related materials to avoid delays in the issuance of the receipt.
- (2) The time required to review a pre-filing or waiver application will depend on whether it is routine or involves a novel and substantive issue or raises a novel policy concern.
- (3) Annex A to the policy lists examples of pre-filings and waiver applications.

### **8.2 Procedure**

- (1) A filer should submit a pre-filing or waiver application by letter to the principal regulator. The pre-filing or waiver application should:
  - (a) identify the principal regulator for the pre-filing or waiver application and the basis for that determination;
  - (b) identify the non-principal regulators from which the filer requires the pre-filing interpretation or exemption,
  - (c) describe the subject matter of the pre-filing or waiver application, set out the interpretation or exemption sought, and provide supporting documentation; and
  - (d) in the case of a pre-filing or waiver application relating to a dual prospectus, provide the information set out in paragraph (c) that is relevant for Ontario.
- (2) Filing the waiver application under subsection (1) with the principal regulator will satisfy the requirement to give notice in section 4.7(1)(c) of MI 11-102 to each passport regulator from which the filer seeks the exemption.
- (3) For a routine pre-filing or waiver application,
  - (a) the principal regulator alone will review the pre-filing or waiver application and supporting documentation in accordance with its securities legislation and securities directions and based on its review procedures, analysis and precedents, and
  - (b) the principal regulator will use its best efforts to advise the filer of the disposition of the pre-filing or waiver application within four working days from receiving it.
- (4) If the principal regulator determines that a pre-filing or waiver application for a passport prospectus involves a novel and substantive issue or raises a novel policy concern, the principal regulator may provide copies or a description of the pre-filing or waiver application to other regulators for discussion purposes.
- (5) If the principal regulator determines that a pre-filing or waiver application for a dual prospectus involves a novel and substantive issue or raises a novel policy concern,
  - (a) The principal regulator will direct the filer to submit the pre-filing or waiver application in writing to the OSC if the filer has not already submitted it under paragraph (6).
  - (b) The principal regulator will use its best efforts to review the pre-filing or waiver application and supporting documentation and send its proposed disposition to the OSC within four working days from the date the principal regulator receives the pre-filing or waiver application.
  - (c) The OSC will use its best efforts to advise the principal regulator whether it agrees or disagrees with the principal regulator's proposed disposition within two working days from the date the OSC receives the principal regulator's proposed disposition.
  - (d) The principal regulator will advise the filer of the disposition of the pre-filing or waiver application if the OSC agrees with the proposed disposition.
  - (e) The principal regulator will use its best efforts to resolve the outstanding issues with the filer and the OSC if the OSC disagrees with the proposed disposition.

- (f) If the principal regulator is unable to resolve the OSC's outstanding issues, the principal regulator will advise the filer of how it disposed of the pre-filing or waiver application and to deal separately with the OSC to resolve the outstanding issues.
- (6) If it is apparent to the filer that a pre-filing or waiver application for a dual prospectus involves a novel and substantive issue or raises a novel policy concern, the filer may accelerate the process by initially submitting the pre-filing or waiver application to both the principal regulator and the OSC.

### **8.3 Information to be provided with related materials**

- (1) When filing a preliminary or pro forma prospectus after submitting a pre-filing or waiver application, a filer should always indicate on SEDAR that it submitted a pre-filing or waiver application in the principal jurisdiction and, if applicable, in Ontario.
- (2) If the principal regulator for the filer's pre-filing or waiver application is different from the principal regulator for the filer's related prospectus filing, the filer should also indicate the name of the principal regulator for the pre-filing or waiver application in the cover letter for the prospectus.
- (3) In addition, when filing a preliminary prospectus or pro forma prospectus after receiving the disposition for a pre-filing or waiver application, the filer should include in the cover letter for the prospectus:
  - (a) the name of the principal regulator for the pre-filing or waiver application, if it is different from the principal regulator for the prospectus filing;
  - (b) a description of the subject matter of the pre-filing or waiver application;
  - (c) the relevant provisions of the securities legislation in the principal jurisdiction;
  - (d) how the principal regulator for the pre-filing or waiver application disposed of the pre-filing or waiver application; and
  - (e) in the case of a pre-filing or waiver application relating to a dual prospectus,
    - (i) the information set out in paragraph (c) that is relevant for Ontario;
    - (ii) if the OSC disagrees with the principal regulator's proposed disposition, how the OSC disposed of the matter; and
    - (iii) if the filer did not seek an interpretation or an exemption in any passport jurisdiction, the subject matter of the pre-filing or waiver application and the disposition by the OSC.

### **8.4 Effect of prospectus receipt when waiver application submitted**

- (1) If a filer submitted a waiver application for a prospectus filing and the disclosure in the prospectus reflects that the principal regulator granted an exemption, the principal regulator's final receipt
  - (a) evidences that the principal regulator has granted the exemption, and
  - (b) results in an equivalent exemption in each passport jurisdiction that the filer identified in its waiver application under section 8.2(1)(b) of this policy and in which the filer filed the prospectus.
- (2) If the principal regulator for the waiver application is different from the principal regulator for the related prospectus, the principal regulator for the waiver application will advise the principal regulator for the related prospectus of the disposition of the waiver application. If the principal regulator for the waiver application grants the exemption, the final receipt of the principal regulator for the related prospectus will
  - (a) evidence that the principal regulator for the waiver application has granted the exemption, and
  - (b) result in an equivalent exemption in each passport jurisdiction that the filer identified in its waiver application under section 8.2(1)(b) of this policy and in which the filer filed the prospectus.
- (3) In the case of a waiver application relating to a dual prospectus, the principal regulator's final receipt will also evidence that the OSC has granted the exemption if the OSC has indicated on SEDAR that it is "clear for final".

### 8.5 Resolution of pre-filing

- (1) The fact that the principal regulator issued the final receipt for a prospectus filing for which a filer submitted a pre-filing confirms that the pre-filing was satisfactorily resolved.
- (2) If the principal regulator for a pre-filing is different from the principal regulator for the related prospectus, the principal regulator for the pre-filing will advise the principal regulator for the related prospectus of its interpretation.

## PART 9 APPLICATIONS

**9.1 Applications in multiple jurisdictions** – In many instances, filers require exemptions not contemplated under Part 8 to file materials or to facilitate a distribution of securities. NP 11-203 is available for these types of exemption applications.

**9.2 Timing of application** – A filer requiring an exemption before the issuance of a receipt should file its application sufficiently in advance of the filing of the related materials to avoid delays in the issuance of the receipt.

**9.3 Additional information to be provided** – When filing an application, the filer should indicate in a cover letter for the application that it has filed or will file related materials. When filing the related materials for a dual prospectus, the filer should indicate on SEDAR it has made or is making the application in Ontario.

## PART 10 AMENDMENTS

**10.1 Conditions to issuance of receipt for preliminary prospectus amendments** – The principal regulator will issue a preliminary prospectus amendment receipt if:

- (1) the principal regulator determines that the filer has filed acceptable materials; and
- (2) the filer provides a letter to the principal regulator with the materials confirming the following, to the best of its knowledge and belief:
  - (a) The filer filed the materials (including all required translations) with, and paid the required fees to, the principal regulator and all non-principal regulators.
  - (b) The filer delivered all documents required to be delivered under the securities legislation of each jurisdiction in which the filer filed the materials.
  - (c) The filer is not subject to a cease trade order issued by the regulator of any jurisdiction in which the filer filed the materials.
  - (d) Where an underwriter is required to sign a certificate, at least one underwriter that signed the certificate is registered, or has filed an application for registration or for exemption from registration, in each jurisdiction in which the filer will offer securities to purchasers.
  - (e) Where an underwriter is required to sign a certificate in a jurisdiction in which the filer is making the distribution and none of the underwriters that signed the certificate is registered in that jurisdiction, but one of them has filed an application for registration or for exemption from registration, that underwriter filed an undertaking with the principal regulator not to solicit in that jurisdiction until it is registered or exempt from registration.
  - (f) If the filer plans to distribute the securities itself, the filer is registered in each jurisdiction in which the filer will offer securities to purchasers, has filed an application for registration or for exemption from registration, or is not required to be registered.
  - (g) If the filer has filed an application for registration or exemption from registration in a jurisdiction, the filer filed an undertaking with the principal regulator not to solicit in that jurisdiction until the filer is registered or exempted from registration.

### 10.2 Receipt for preliminary prospectus amendments

- (1) Under MI 11-102, a filer that receives a receipt for a preliminary prospectus amendment from the principal regulator will be deemed to have a receipt for the preliminary prospectus amendment in a passport jurisdiction if certain conditions are met, including that

- (a) the filer filed the preliminary prospectus amendment in the passport jurisdiction, and
- (b) the regulator in the passport jurisdiction is not the principal regulator for the prospectus filing.

To assist filers, the principal regulator will list in its receipt the passport jurisdictions in which it understands the filer has a deemed receipt.

- (2) In the case of a dual prospectus, the principal regulator's receipt for a preliminary prospectus amendment will also evidence that the OSC has issued a receipt.

### 10.3 Review period for preliminary prospectus amendments

- (1) If a filer files a preliminary prospectus amendment before the principal regulator issues its comment letter relating to the preliminary prospectus materials, the principal regulator may be unable to complete its review of the preliminary prospectus materials and issue its comment letter within the time-period indicated in section 5.4(1) or 5.5(1) of this policy, as applicable. The principal regulator will use its best efforts to issue its comment letter on the later of the date that is

- (a) in the case of a long form prospectus, five working days after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter; and
- (b) in the case of a short form prospectus or a shelf prospectus, three working days after the date of the receipt for the preliminary prospectus amendment and the original due date for the comment letter.

Similarly, in the case of a dual prospectus, if a filer files a preliminary prospectus amendment before the OSC completes its review under section 5.4(2) or 5.5(2) of this policy, the OSC may be unable to complete its review within the relevant time-periods. The OSC will use its best efforts to advise the principal regulator by the later of

- (a) the date that is three working days after the date of the receipt for the preliminary prospectus amendment, and
- (b) the original due date for advising the principal regulator

of any concerns with the materials that, if left unresolved, would cause it to opt out of the dual review.

- (2) If a filer files a preliminary long form prospectus amendment after the principal regulator has issued its comment letter,
  - (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within three working days of the date of the receipt for the preliminary long form prospectus amendment; and
  - (b) in the case of a dual prospectus, the OSC will use its best efforts to advise the principal regulator, within three working days of the date of the receipt for the preliminary long form prospectus amendment, of any concerns with the materials that, if left unresolved, would cause it to opt out of the dual review.
- (3) If a filer files a preliminary short form prospectus amendment or preliminary shelf prospectus amendment after the principal regulator has issued its comment letter,
  - (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within two working days of the date of the receipt for the preliminary short form prospectus amendment or preliminary shelf prospectus amendment; and
  - (b) in the case of a dual prospectus, the OSC will use its best efforts to advise the principal regulator, within two working days of the date of the receipt for the preliminary short form prospectus amendment or preliminary shelf prospectus amendment, of any concerns with the materials that, if left unresolved, would cause it to opt out of the dual review.
- (4) The time periods in subsections (2) and (3) may not apply in circumstances where it would be more appropriate for the principal regulator and, in the case of a dual prospectus, the OSC, to review the amendment materials at a different stage of the review process. For example, the principal regulator and the OSC may wish to defer reviewing the amendment materials until after receiving and reviewing the filer's responses to comments already issued on the preliminary prospectus materials.

#### 10.4 Review period for prospectus amendments

- (1) If a filer files a long form prospectus amendment,
  - (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within three working days of the date of receiving the materials in acceptable form; and
  - (b) in the case of a dual prospectus, the OSC will use its best efforts to advise the principal regulator within three working days of the date of receiving the materials in acceptable form of any concerns with the materials that, if left unresolved, would cause it to opt out of the dual review.
- (2) If a filer files a short form prospectus amendment or shelf prospectus amendment,
  - (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within two working days of the date of receiving the materials in acceptable form; and
  - (b) in the case of a dual prospectus, the OSC will use its best efforts to advise the principal regulator within two working days of the date of receiving the materials in acceptable form of any concerns with the materials that, if left unresolved, would cause it to opt out of the dual review.

#### 10.5 Conditions to issuance of prospectus amendment receipt – The principal regulator will issue a prospectus amendment receipt if:

- (1) the principal regulator is satisfied that all of its comments have been resolved;
- (2) in the case of a dual prospectus, the OSC indicates on SEDAR that it is clear to receive amendments to final materials or opts out of the dual review;
- (3) the principal regulator determines that the filer filed acceptable materials; and
- (4) the filer provides a letter to the principal regulator with the materials confirming the following, to the best of its knowledge and belief:
  - (a) The filer filed the materials (including all required translations and any undertaking the principal regulator requested) with, and paid the required fees to, the principal regulator and all non-principal regulators, except the OSC if the amendment relates to a dual prospectus and the OSC has opted out of the dual review.
  - (b) The filer delivered all documents required to be delivered under the securities legislation of each jurisdiction in which the filer filed the materials.
  - (c) The filer is not subject to a cease trade order issued by the regulator of any jurisdiction in which the filer filed the materials;
  - (d) Where an underwriter is required to sign a certificate and the amendment relates to the removal of an underwriter, at least one underwriter that signed the certificate is registered or is exempt from registration in each jurisdiction in which the filer will offer securities to purchasers.
  - (e) The filer has applied for and received all necessary exemptions from applicable securities legislation from the principal regulator, and from the OSC in the case of a dual prospectus for which the OSC has not opted out of the dual review.

#### 10.6 Prospectus amendment receipt

- (1) Under MI 11-102, a filer that receives a receipt for a prospectus amendment from the principal regulator will be deemed to have a receipt for the prospectus amendment in a passport jurisdiction if certain conditions are met, including that
  - (a) the filer filed the prospectus amendment in the passport jurisdiction, and
  - (b) the regulator in the passport jurisdiction is not the principal regulator for the prospectus filing.

To assist filers, the principal regulator will list in its receipt the passport jurisdictions in which it understands the filer has a deemed receipt.

- (2) In the case of a dual prospectus, the principal regulator's receipt for a prospectus amendment will also evidence that the OSC has issued a receipt, if the OSC has indicated on SEDAR that it is "clear" for the amendment to final.

#### **PART 11 HOLIDAYS**

**11.1 Holidays** – A receipt issued under this Policy is deemed to be issued in a non-principal passport jurisdiction on the date of the receipt issued by the principal regulator even if the non-principal passport regulator is closed on that date. For a dual prospectus, the receipt from the principal regulator will also evidence that the OSC has issued a receipt if the OSC is open on the date of the principal regulator's receipt and has not opted-out. If the OSC is not open on the date of the principal regulator's receipt, the principal regulator will issue a second receipt that evidences that the OSC has issued a receipt on the next day that the OSC is open.

#### **PART 12 EFFECTIVE DATE AND TRANSITION**

**12.1 Effective date** – This policy comes into effect on March 17, 2008.

**12.2 Prospectus filed before March 17, 2008** – The process set out in National Policy 43-201 Mutual Reliance Review System for Prospectuses will continue to apply to

- (a) a preliminary prospectus, pro forma prospectus, preliminary prospectus amendment or prospectus amendment filed before March 17, 2008,
- (b) a prospectus, other than a prospectus amendment, whose related preliminary prospectus or pro forma prospectus was filed before March 17, 2008, and
- (c) a pre-filing or waiver application filed before March 17, 2008 if it relates to a prospectus whose related preliminary prospectus or pro forma prospectus was filed before March 17, 2008.

Annex A

**Examples of Pre-Filings and Waiver Applications Dealt With  
under Part 8 of National Policy 11-202**

Matters relating to:

1. Financial statement and other prospectus requirements
2. Escrow requirements for a prospectus
3. Confidentiality of material contracts
4. NI 81-101 *Mutual Fund Prospectus Disclosure*
5. Confidential pre-filing of a prospectus for review purposes

## SCHEDULE I

### NATIONAL POLICY 11-203

#### *PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS*

#### **PART 1 APPLICATION**

- 1.1 Application

#### **PART 2 DEFINITIONS**

- 2.1 Definitions
- 2.2 Further definitions

#### **PART 3 OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES**

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- 3.2 Passport application
- 3.3 Dual application
- 3.4 Coordinated review application
- 3.5 Hybrid applications
- 3.6 Principal regulator
- 3.7 Discretionary change in principal regulator
- 3.8 General guidelines

#### **PART 4 PRE-FILINGS**

- 4.1 General
- 4.2 Procedure for passport application pre-filing
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#### **PART 5 FILING MATERIALS**

- 5.1 Election to file under this policy and identification of principal regulator
- 5.2 Materials to be filed with application
- 5.3 Materials to be filed to make an exemption available in an additional passport jurisdiction under sections 4.7 and 4.8 of MI 11-102
- 5.4 Request for confidentiality
- 5.5 Filing
- 5.6 Incomplete or deficient material
- 5.7 Acknowledgment of receipt of filing
- 5.8 Withdrawal or abandonment of application

#### **PART 6 REVIEW OF MATERIALS**

- 6.1 Review of passport application
- 6.2 Review and processing of dual application or coordinated review application

#### **PART 7 DECISION-MAKING PROCESS**

- 7.1 Passport application
- 7.2 Dual application or coordinated review application

#### **PART 8 DECISION**

- 8.1 Effect of decision made under passport application
- 8.2 Effect of decision made under dual application
- 8.3 Effect of decision made under coordinated review application
- 8.4 Listing non-principal jurisdictions
- 8.5 Form of decision
- 8.6 Issuance of decision

#### **PART 9 EFFECTIVE DATE AND TRANSITION**

- 9.1 Effective date
- 9.2 Exemptive relief applications filed before March 17, 2008
- 9.3 Availability of passport for exemptions applied for before March 17, 2008

#### **Annex A**

- Form of decision for passport application

**Annex B**

Form of decision for a dual application

**Annex C**

Form of decision for coordinated review application

**Annex D**

Form of decision for hybrid application

**NATIONAL POLICY 11-203**  
**PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS**

**PART 1 APPLICATION**

**1.1 Application** – This policy describes the process for the filing and review of an application for exemptive relief in more than one Canadian jurisdiction.

**PART 2 DEFINITIONS**

**2.1 Definitions** – In this policy

“AMF” means the regulator in Québec;

“application” means a request for exemptive relief other than a pre-filing or waiver application as those terms are defined in NP 11-202;

“coordinated review application” means an application described in section 3.4 of this policy;

“coordinated review” means the review under this policy of a coordinated review application;

“CP 11-102” means Companion Policy 11-102CP *Passport System* to MI 11-102;

“dual application” means an application described in section 3.3 of this policy;

“dual review” means the review under this policy of a dual application;

“exemption” means any discretionary exemption to which Part 4 of MI 11-102 applies;

“exemptive relief” means any approval, decision, declaration, designation, determination, exemption, extension, order, ruling, permission, recognition, revocation, waiver or other relief sought under securities legislation or securities directions;

“filer” means

- (a) a person or company filing an application, or
- (b) an agent of a person or company referred to in paragraph (a);

“hybrid application” means an application comprised of both

- (a) a passport application or dual application, and
- (b) a coordinated review application;

“MI 11-102” means Multilateral Instrument 11-102 *Passport System*;

“notified passport jurisdiction” means a passport jurisdiction for which a filer gave the notice referred to in section 4.7(1)(c) of MI 11-102

“NP 11-202” means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;

“OSC” means the regulator in Ontario;

“passport application” means an application described in section 3.2 of this policy;

“passport jurisdiction” means the jurisdiction of a passport regulator;

“passport regulator” means a regulator that has adopted MI 11-102;

“pre-filing” means a consultation with the principal regulator for an application, initiated before the filing of the application, regarding the interpretation of securities legislation or securities directions or their application to a particular transaction or matter or proposed transaction or matter; and

“regulator” means a securities regulatory authority or regulator.

**2.2 Further definitions** – Terms used in this policy that are defined in MI 11-102 or National Instrument 14-101 *Definitions* have the same meanings as in those instruments.

### PART 3 OVERVIEW, PRINCIPAL REGULATOR AND GENERAL GUIDELINES

#### 3.1 Overview

This policy applies to any application for exemptive relief in multiple jurisdictions. These are the possible types of applications:

- (a) The principal regulator is a passport regulator and the filer does not seek an exemption in Ontario. This is a “passport application.”
- (b) The principal regulator is the OSC and the filer also seeks an exemption in a passport jurisdiction. This is also a “passport application.”
- (c) The principal regulator is a passport regulator and the filer also seeks an exemption in Ontario. This is a “dual application.”
- (d) An application for any type of exemptive relief not covered by Part 4 of MI 11-102. This is a “coordinated review application.”

#### 3.2 Passport application

- (1) If the principal regulator is a passport regulator and the filer does not seek an exemption in Ontario, the filer files the application only with, and pays fees only to, the principal regulator. Only the principal regulator reviews the application. The principal regulator’s decision to grant an exemption automatically results in an equivalent exemption in the notified passport jurisdictions.
- (2) If the principal regulator is the OSC and the filer also seeks an equivalent exemption in a passport jurisdiction, the filer files the application only with, and pays fees only to, the OSC. Only the OSC reviews the application. The OSC’s decision to grant the exemption automatically results in an equivalent exemption in the notified passport jurisdictions.

**3.3 Dual application** – If the principal regulator is a passport regulator and the filer also seeks an exemption in Ontario, the filer files the application with, and pays fees to, both the principal regulator and the OSC. The principal regulator reviews the application and the OSC, as a non-principal regulator, coordinates its review with the principal regulator. The principal regulator’s decision to grant the exemption automatically results in an equivalent exemption in the notified passport jurisdictions and, if the OSC has made the same decision as the principal regulator, evidences the decision of the OSC.

**3.4 Coordinated review application** – If the application is outside the scope of MI 11-102 (see section 4.1 of CP 11-102 for details on the types of applications that fall outside the scope of MI 11-102), the filer files the application and pays fees in each jurisdiction where the exemptive relief is required. The principal regulator reviews the application, and each non-principal regulator coordinates its review with the principal regulator. The decision of the principal regulator to grant exemptive relief evidences the decision of each non-principal regulator that has made the same decision as the principal regulator.

**3.5 Hybrid applications** – The processes and outcomes applicable to a passport application, dual application or a coordinated review application under this policy also apply to a hybrid application. For a hybrid application, the filer should follow the processes for both a coordinated review application and either a passport application or dual application, as appropriate.

#### 3.6 Principal regulator

- (1) For any application under this policy, the principal regulator is identified in the same manner as in sections 4.1 to 4.5 of MI 11-102. This section summarizes sections 4.1 to 4.5 of MI 11-102 and provides guidance on identifying the principal regulator for an application under this policy.
- (2) For the purpose of this section, a specified jurisdiction is one of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.
- (3) Except as provided in subsections (4) to (8) of this section and in section 3.7 of this policy, the principal regulator is
  - (a) for an application made for an investment fund, the regulator of the jurisdiction in which the investment fund manager’s head office is located; or

- (b) for an application made for a person or company other than an investment fund, the regulator of the jurisdiction in which the person or company's head office is located.
- (4) For an application for exemptive relief from a provision of securities legislation related to insider reporting, the principal regulator is the regulator in the jurisdiction in which the head office of the reporting issuer, not the insider, is located.
- (5) For an application for exemptive relief from a provision of securities legislation related to take-over bids, the principal regulator is the regulator in the jurisdiction in which the head office of the issuer whose securities are subject to the take-over bid, not the person or company that is making the take-over bid, is located.
- (6) If the jurisdiction identified under subsection (3), (4) or (5) is not a specified jurisdiction, the principal regulator for the application is the regulator of the specified jurisdiction with which
  - (a) in the case of an application for exemptive relief from a provision of securities legislation related to insider reporting, the reporting issuer has the most significant connection,
  - (b) in the case of an application for exemptive relief from a provision of securities legislation related to take-over bids, the issuer whose securities are subject to the take-over bid has the most significant connection, or
  - (c) in any other case, the person or company or, in the case of an investment fund, the investment fund manager, has the most significant connection.
- (7) Except as provided in subsection (8), if a person or company is not seeking exemptive relief in the jurisdiction of the principal regulator, as determined under subsections (3), (4), (5) or (6), the principal regulator for the application is the regulator in the specified jurisdiction
  - (a) in which the person or company is seeking exemptive relief, and
  - (b) with which
    - (i) in the case of an application for exemptive relief from a provision of securities legislation related to insider reporting, the reporting issuer has the most significant connection,
    - (ii) in the case of an application for exemptive relief from a provision of securities legislation related to take-over bids, the issuer whose securities are subject to the take-over bid has the most significant connection, or
    - (iii) in any other case, the person or company or, in the case of an investment fund, the investment fund manager, has the most significant connection.
- (8) If at any one time a person or company is seeking more than one item of exemptive relief and not all of the exemptive relief is needed in the jurisdiction of the principal regulator, as determined under subsection (3), (4), (5) or (6), the person or company may make an application to the regulator in the specified jurisdiction
  - (a) in which the person or company is seeking all of the exemptive relief, and
  - (b) with which
    - (i) in the case of an application for exemptive relief from a provision of securities legislation related to insider reporting, the reporting issuer has the most significant connection,
    - (ii) in the case of an application for exemptive relief from a provision of securities legislation related to take-over bids, the issuer whose securities are subject to the take-over bid has the most significant connection, or
    - (iii) in any other case, the person or company or, in the case of an investment fund, the investment fund manager, has the most significant connection.

That regulator will be the principal regulator for the application.

- (9) The factors a filer should consider in identifying the principal regulator for the application based on the most significant connection test are, in order of influential weight:

- (a) location of reporting issuer status or registration status,
- (b) location of management,
- (c) location of assets and operations,
- (d) location of majority of security holders or clients, and
- (e) location of trading market or quotation system in Canada.

### 3.7 Discretionary change in principal regulator

- (1) If the principal regulator identified under section 3.6 of this policy thinks it is not the appropriate principal regulator, it will first consult with the filer and the appropriate regulator and then give the filer a written notice of the new principal regulator and the reasons for the change.
- (2) A filer may request a discretionary change of principal regulator for an application if
  - (a) the filer believes the principal regulator identified under section 3.6 of this policy is not the appropriate principal regulator,
  - (b) the location of the head office changes over the course of the application,
  - (c) the most significant connection to a specified jurisdiction changes over the course of the application, or
  - (d) the filer withdraws its application in the principal jurisdiction because no exemptive relief is required in that jurisdiction.
- (3) Regulators do not anticipate changing a principal regulator except in exceptional circumstances.
- (4) A filer should submit a written request for a change in principal regulator to its current principal regulator and include the reasons for requesting the change.

### 3.8 General guidelines

- (1) A filer should identify the exemptive relief that is appropriate and necessary in the principal jurisdiction and each non-principal jurisdiction to which the filer applies or for which it gives notice under section 4.7(1)(c) of MI 11-102.
- (2) The terms, conditions, restrictions and requirements of a decision will reflect the securities legislation and securities directions of the principal jurisdiction.
- (3) A decision will generally provide exemptive relief for the entire transaction or matter that is the subject of the application to ensure the transaction or matter gets uniform treatment in all jurisdictions. This means that, if the transaction or matter is comprised of a series of trades, the decision will generally exempt all the trades in the series and the filer will not rely on statutory exemptions for some trades and on the decision for others.
- (4) The regulators are not prepared to extend the availability of a non-harmonized exemption set out in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) to a non-principal jurisdiction where the non-harmonized exemption is not available under that rule. If a filer makes a passport application or a dual application that would have that effect, the principal regulator will request that the filer provide a representation that no person or company will rely on the exemption in that non-principal jurisdiction. For example, jurisdictions have adopted two types of offering memorandum exemptions under NI 45-106. A principal regulator would not grant an exemption that would have the effect of allowing the use of a type of offering memorandum exemption that is not available under NI 45-106 in a non-principal jurisdiction, unless the filer gave a representation that no person or company would offer the securities relying on that type of offering memorandum exemption in the non-principal jurisdiction.
- (5) Regulators will generally send communications to filers by e-mail or facsimile.

## **PART 4 PRE-FILINGS**

### **4.1 General**

- (1) A filer should submit a pre-filing sufficiently in advance of an application to avoid any delays in the issuance of a decision on the application.
- (2) The principal regulator will treat the pre-filing as confidential except that it:
  - (a) may provide copies or a description of the pre-filing to other regulators for discussion purposes if the pre-filing involves a novel and substantive issue or raises a novel policy concern, and
  - (b) may have to release the pre-filing under freedom of information and protection of privacy legislation.

### **4.2 Procedure for passport application pre-filing** – A filer should submit a pre-filing for a passport application by letter to the principal regulator and should

- (a) identify in the pre-filing the principal regulator for the application and each passport jurisdiction for which the filer intends to give the notice referred to in section 4.7(1)(c) of MI 11-102, and
- (b) submit the pre-filing to the principal regulator only.

### **4.3 Procedure for dual application pre-filing**

- (1) A filer submitting a pre-filing for a dual application should identify in the pre-filing the principal regulator, each passport jurisdiction for which the filer intends to give the notice referred to in section 4.7(1)(c) of MI 11-102, and Ontario.
- (2) The filer should submit the pre-filing only to the principal regulator. If the pre-filing is routine, the filer will deal only with the principal regulator to resolve the pre-filing.
- (3) If the principal regulator determines that a pre-filing submitted as a routine pre-filing involves a novel and substantive issue or raises a novel policy concern, it will advise the filer and direct the filer to submit the pre-filing to the OSC.
- (4) If it is apparent to the filer that a pre-filing involves a novel and substantive issue or raises a novel policy concern, the filer may accelerate this process by submitting the pre-filing to both the principal regulator and the OSC.
- (5) If a pre-filing involves a novel and substantive issue or raises a novel policy concern, the principal regulator will arrange with the OSC to discuss it within seven business days, or as soon as practicable after the OSC receives the pre-filing.

### **4.4 Procedure for coordinated review application pre-filing**

- (1) A filer submitting a pre-filing for a coordinated review application should identify in the pre-filing the principal regulator and all non-principal jurisdictions where the filer intends to file the application.
- (2) The filer should submit the pre-filing only to the principal regulator. If the pre-filing is routine, the filer will deal only with the principal regulator to resolve the pre-filing.
- (3) If the principal regulator determines that a pre-filing submitted as a routine pre-filing involves a novel and substantive issue or raises a novel policy concern, it will advise the filer and direct the filer to submit the pre-filing to each non-principal regulator.
- (4) If it is apparent to the filer that a pre-filing involves a novel and substantive issue or raises a novel policy concern, the filer may accelerate this process by submitting the pre-filing to the principal regulator and each non-principal regulator with whom the filer intends to file the application.
- (5) If a pre-filing involves a novel and substantive issue or raises a novel policy concern, the principal regulator will arrange with the non-principal regulators to discuss the pre-filing within seven business days, or as soon as practicable after all non-principal regulators receive the pre-filing.

### **4.5 Disclosure in related application** – The filer should include in the application that follows a pre-filing,

- (a) a description of the subject matter of the pre-filing and the approach taken by the principal regulator, and

- (b) any alternative approach proposed by a non-principal regulator that was involved in discussions and that disagreed with the principal regulator.

## PART 5 FILING MATERIALS

**5.1 Election to file under this policy and identification of principal regulator** – In its application, the filer should indicate whether it is filing a passport application, dual application, coordinated review application or hybrid application under this policy and identify the principal regulator for the application. If submitting a hybrid application, the filer should indicate whether it includes a passport application or a dual application.

### 5.2 Materials to be filed with application

- (1) For a passport application, the filer should remit to the principal regulator the fees payable under the securities legislation of the principal regulator, and file the following materials with the principal regulator only:
  - (a) a written application drafted in accordance with the procedures of the principal regulator as to format and content in which the filer:
    - (i) states the basis for identifying the principal regulator under section 3.6 of this policy,
    - (ii) identifies whether another application in connection with the same transaction or matter has been filed in one or more jurisdictions, the reasons for that application, and the principal regulator for that application,
    - (iii) sets out, for any related pre-filing, the information referred to in section 4.5 of this policy,
    - (iv) sets out, under separate headings, each provision of securities legislation listed in Appendix D of MI 11-102 below the name of the principal jurisdiction from which the filer and other relevant party seek an exemption,
    - (v) gives notice of the non-principal passport jurisdictions for which section 4.7(1) of MI 11-102 is intended to be relied upon for each equivalent provision of the local jurisdiction,
    - (vi) sets out any request for confidentiality,
    - (vii) sets out references to previous decisions of the principal regulator or other regulators that would support granting the exemption, or indicates that the exemption sought is novel and has not been previously granted;
    - (viii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application; and
    - (ix) states that the filer and other relevant party is not in default of securities legislation in any jurisdiction or, if the filer is in default, the nature of the default;
  - (b) supporting materials; and
  - (c) a draft form of decision with terms, conditions, restrictions or requirements, including
    - (i) a representation stating that the filer and other relevant party are not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, the nature of the default; and
    - (ii) resale restrictions, if applicable, based on the securities legislation and securities directions of the principal jurisdiction.
- (2) For a dual application, the filer should remit the fees payable under the securities legislation of the principal regulator and the OSC to each of them, as appropriate, and file the following materials with both the principal regulator and the OSC:
  - (a) a written application drafted in accordance with the procedures of the principal regulator as to format and content in which the filer:

- (i) states the basis for identifying the principal regulator under section 3.6 of this policy,
  - (ii) identifies whether another application in connection with the same transaction or matter has been filed in one or more jurisdictions, the reasons for the application, and the principal regulator for that application,
  - (iii) sets out, for any related pre-filing, the information referred to in section 4.5 of this policy,
  - (iv) sets out, under separate headings, each provision of securities legislation listed in Appendix D of MI 11-102 below the name of the principal jurisdiction from which the filer and other relevant party seek an exemption, the relevant provisions of securities legislation in Ontario and an analysis of any differences between the applicable provisions in the principal jurisdiction and Ontario,
  - (v) gives notice of the non-principal passport jurisdictions for which section 4.7(1) of MI 11-102 is intended to be relied upon for each equivalent provision of the local jurisdiction,
  - (vi) sets out any request for confidentiality,
  - (vii) sets out any request to shorten the review period (see section 6.2(3) of this policy) or the opt-out period (see section 7.2(4) of this policy) and provides supporting reasons,
  - (viii) sets out references to previous decisions of the principal regulator or other regulators that would support granting the exemption, or indicates that the exemption sought is novel and has not been previously granted;
  - (ix) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application; and
  - (x) states that the filer and any relevant party are not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, the nature of the default;
- (b) supporting materials; and
- (c) a draft form of decision with terms, conditions, restrictions or requirements, including
- (i) a representation stating that the filer and other relevant party are not in default of securities legislation in any jurisdiction or if the filer or relevant party is in default, the nature of the default; and
  - (ii) resale restrictions, if applicable, based on the securities legislation and securities directions of the principal jurisdiction.
- (3) For a coordinated review application, the filer should remit the fees payable under the securities legislation of the principal regulator and each non-principal regulator from whom the filer or other relevant parties seek exemptive relief to each of them, as appropriate, and file the following materials with the principal regulator and each of the non-principal regulators:
- (a) a written application drafted in accordance with the procedures of the principal regulator as to format and content in which the filer:
    - (i) states the basis for identifying the principal regulator section 3.6 of this policy,
    - (ii) identifies whether another application in connection with the same transaction or matter has been filed in one or more jurisdictions, the reasons for the application, and the principal regulator for that application,
    - (iii) sets out, for any related pre-filing, the information referred to in section 4.5 of this policy,
    - (iv) sets out, under separate headings, each provision of securities legislation in the principal jurisdiction from which the filer and other relevant party are seeking exemptive relief, the relevant provisions of securities legislation in each non-principal jurisdiction, and an analysis of any differences between the applicable provisions in the principal jurisdiction and each non-principal jurisdiction,
    - (v) sets out any request for confidentiality,

- (vi) sets out any request to shorten the review period (see section 6.2(3) of this policy) or the opt-out period (see section 7.2(4) of this policy) and provides supporting reasons,
  - (vii) sets out references to previous decisions of the principal regulator or other regulators that would support granting the exemptive relief, or indicates that the exemptive relief sought is novel and has not been previously granted;
  - (viii) includes a verification statement that authorizes the filing of the application and confirms the truth of the facts in the application; and
  - (ix) states that the filer and any other relevant party are not in default of securities legislation in any jurisdiction or if the filer or other relevant party is in default, the nature of the default;
- (b) supporting materials; and
- (c) a draft form of decision with terms, conditions, restrictions or requirements, including
- (i) a representation stating that the filer and any other relevant party are not in default of securities legislation in any jurisdiction or if the filer or other relevant party is in default, the nature of the default; and
  - (ii) resale restrictions, if applicable, based on the securities legislation and securities directions of the principal jurisdiction.
- (4) For a hybrid application, the filer should pay the fees, file the application with each regulator and, for each type of application, set out the exemption or exemptive relief sought and submit the relevant information and materials, all as described in this section.
- (5) A filer should file an application sufficiently in advance of any deadline to ensure that staff have a reasonable opportunity to complete the review and make recommendations for a decision.
- (6) A filer making a passport application or a dual application should identify in the application all the exemptions required and give the required notice for all the passport jurisdictions for which section 4.7(1) of MI 11-102 is intended to be relied upon. The notice given under subsection (1)(a)(v) or (2)(a)(v) above satisfies the notice requirement of section 4.7(1)(c) of MI 11-102.
- (7) A filer seeking exemptive relief in Québec should file a French language version of the draft decision when the AMF is acting as principal regulator.

**5.3 Materials to be filed to make an exemption available in an additional passport jurisdiction under sections 4.7 and 4.8 of MI 11-102**

- (1) Under section 4.7(1) of MI 11-102, an exemption from a provision of securities legislation listed in Appendix D of that Instrument granted by the principal regulator under a passport application or dual application can become available in a non-principal passport jurisdiction for which the filer did not give the notice referred to in section 5.2(1)(a)(v) or 5.2(2)(a)(v) of this policy in the initial application if certain conditions are met. One of the conditions is that the filer give the notice under section 4.7(1)(c) of MI 11-102 for the additional non-principal passport jurisdiction.
- (2) Under section 4.8(1) of MI 11-102, an exemption from a provision of securities legislation that is now listed in Appendix D of that Instrument and that was granted before March 17, 2008 by the regulator in a specified jurisdiction, as defined in that section, can also become available in a non-principal passport jurisdiction if certain conditions are met. One of the conditions is that the filer gives the notice under section 4.8(1)(c) of MI 11-102 for the non-principal passport jurisdiction. Under section 4.8(3), the filer is not required to give this notice if the exemption relates to a CD requirement, as defined in Multilateral Instrument 11-101 *Principal Regulator System*, that is now listed in Appendix D of MI 11-102 and other conditions are met. For more guidance on section 4.8(1) of MI 11-102, refer to section 9.3 of this policy and section 4.5 of CP 11-102.
- (3) For greater certainty, a filer may not rely on section 4.7 or 4.8 of MI 11-102 to obtain an automatic exemption from a provision of Ontario's securities legislation listed in Appendix D of MI 11-102. A filer may rely on section 4.7 and 4.8 of MI 11-102 only in a passport jurisdiction.

- (4) The filer should give the notice referred to in subsection (1) to the principal regulator for the initial application and the notice referred to in subsection (2) to the regulator that would be the principal regulator under Part 4 of MI 11-102 if an application were to be made under that Part at the time the notice is given. The notice should
- (a) list each relevant non-principal passport jurisdiction for which notice is given that section 4.7(1) or 4.8(1) of MI 11-102 is intended to be relied upon,
  - (b) include the date of the decision of
    - (i) the principal regulator for the initial application, if the notice is given under section 4.7(1)(c) of MI 11-102, or
    - (ii) the regulator of the specified jurisdiction that granted the application, if the notice is given under section 4.8(1)(c) of MI 11-102,
  - (c) include the citation for the regulator's decision,
  - (d) describe the exemption the regulator granted, and
  - (e) confirm that the exemption is still in effect.
- (5) If an exemption sought in a passport application or a dual application is required in a non-principal jurisdiction at the time the filer files the application, but the filer does not give the notice required under section 4.7(1)(c) of MI 11-102 for that jurisdiction until after the principal regulator grants the exemption, the regulator of the non-principal passport jurisdiction will take appropriate action. This could include removing the exemption, in which case the filer would have an opportunity to be heard in that jurisdiction in appropriate circumstances.
- (6) The regulator that receives the notice referred to in subsection (1) or (2) will send a copy of the notice and its decision to the regulator in the relevant non-principal passport jurisdiction.

#### 5.4 Request for confidentiality

- (1) A filer requesting that the regulators hold an application and supporting materials in confidence during the application review process should provide a substantive reason for the request in its application.
- (2) If a filer is requesting that the regulators hold the application, supporting materials, or decision in confidence after the effective date of the decision, the filer should describe the request for confidentiality separately in its application, and pay any required fee:
- (a) in the principal jurisdiction, if the filer is making a passport application,
  - (b) in the principal jurisdiction and in Ontario, if the filer is making a dual application, or
  - (c) in each jurisdiction, if the filer is making a coordinated review application.
- (3) Any request for confidentiality should explain why the request is reasonable in the circumstances and not prejudicial to the public interest and when any decision granting confidentiality could expire.
- (4) Communications on requests for confidentiality will normally take place by e-mail. If a filer is concerned with this practice, the filer may request in the application that all communications take place by facsimile or telephone.

#### 5.5 Filing – A filer should send the application materials in paper together with the fees to

- (a) the principal regulator, in the case of a passport application,
- (b) the principal regulator and the OSC, in the case of a dual application, or
- (c) each regulator from which the filer seeks exemptive relief, in the case of a coordinated review application.

The filer should also provide an electronic copy of the application materials, including the draft decision document, by e-mail or on CD ROM. Filing the application concurrently in all required jurisdictions will make it easier for the principal regulator and non-principal regulators, if applicable, to process the application expeditiously. In British Columbia, an electronic filing system is available for filing and tracking exemptive relief applications. Filers should file an application

in British Columbia using that system instead of e-mail. Filers should file applications related to National Instrument 81-102 Mutual Funds on SEDAR.

Filers should send pre-filing and application materials by e-mail using the relevant address or addresses listed below:

British Columbia	<a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a> (click on BCSC e-services and follow the steps)
Alberta	<a href="mailto:legalapplications@seccom.ab.ca">legalapplications@seccom.ab.ca</a>
Saskatchewan	<a href="mailto:exemptions@sfsc.gov.sk.ca">exemptions@sfsc.gov.sk.ca</a>
Manitoba	<a href="mailto:exemptions.msc@gov.mb.ca">exemptions.msc@gov.mb.ca</a>
Ontario	<a href="mailto:applications@osc.gov.on.ca">applications@osc.gov.on.ca</a>
Québec	<a href="mailto:dispenses/passeport@lautorite.qc.ca">dispenses/passeport@lautorite.qc.ca</a>
New Brunswick	<b>[OSC Web Editor's Correction Note 2009-01-15: <a href="mailto:dispenses-passeport@lautorite.qc.ca">dispenses-passeport@lautorite.qc.ca</a>]</b> <a href="mailto:Passport-passeport@nbsc-cvmnb.ca">Passport-passeport@nbsc-cvmnb.ca</a>
Nova Scotia	<a href="mailto:nsscexemptions@gov.ns.ca">nsscexemptions@gov.ns.ca</a>
Prince Edward Island	<a href="mailto:CCIS@gov.pe.ca">CCIS@gov.pe.ca</a>
Newfoundland and Labrador	<a href="mailto:securitiesexemptions@gov.nl.ca">securitiesexemptions@gov.nl.ca</a>
Yukon	<a href="mailto:Corporateaffairs@gov.yk.ca">Corporateaffairs@gov.yk.ca</a>
Northwest Territories	<a href="mailto:SecuritiesRegistry@gov.nt.ca">SecuritiesRegistry@gov.nt.ca</a>
Nunavut	<a href="mailto:legalregistries@gov.nu.ca">legalregistries@gov.nu.ca</a>

**5.6 Incomplete or deficient material** – If the filer's materials are deficient or incomplete, the principal regulator may ask the filer to file an amended application. This will likely delay the review of the application.

**5.7 Acknowledgment of receipt of filing**

- (1) After the principal regulator receives a complete and adequate application, the principal regulator will send the filer an acknowledgment of receipt of the application. The principal regulator will send a copy of the acknowledgement to any other regulator with whom the filer has filed the application. The acknowledgement will identify the name, phone number, fax number and e-mail address of the individual reviewing the application.
- (2) For a dual application, coordinated review application or hybrid application, the principal regulator will tell the filer, in the acknowledgement, the end date of the review period identified in section 6.2(3) of this policy.

**5.8 Withdrawal or abandonment of application**

- (1) If a filer withdraws an application at any time during the process, the filer is responsible for notifying the principal regulator and any non-principal regulator with whom the filer filed the application and for providing an explanation of the withdrawal.
- (2) If at any time during the review process, the principal regulator determines that a filer has abandoned an application, the principal regulator will notify the filer that it will mark the application as "abandoned". In that case, the principal regulator will close the file without further notice to the filer unless the filer provides acceptable reasons not to close the file in writing within 10 business days. If the filer does not, the principal regulator will notify the filer and any non-principal regulator with whom the filer filed the application that the principal regulator has closed the file.

**PART 6 REVIEW OF MATERIALS**

**6.1 Review of passport application**

- (1) The principal regulator will review any passport application in accordance with its securities legislation and securities directions and based on its review procedures, analysis and considering previous decisions.

- (2) The filer will deal only with the principal regulator, who will provide comments to and receive responses from the filer.

## 6.2 Review and processing of dual application or coordinated review application

- (1) The principal regulator will review any dual application or coordinated review application in accordance with its securities legislation and securities directions, based on its review procedures, analysis and considering previous decisions. The principal regulator will consider any comments from a non-principal regulator with whom the filer filed the application. Please refer to section 5.2(2) of this policy for guidance on the non-principal regulator with whom a filer should file a dual application, and to section 5.2(3) for similar guidance for a coordinated review application.
- (2) The filer will generally deal only with the principal regulator, who will be responsible for providing comments to the filer once it has considered the comments from the non-principal regulators and completed its own review. However, in exceptional circumstances, the principal regulator may refer the filer to a non-principal regulator with whom the filer has filed the application.
- (3) A non-principal regulator with whom the filer has filed the application will have seven business days from receiving the acknowledgement referred to in section 5.7(1) of this policy to review the application. In exceptional circumstances, if the filer filed the dual application or coordinated review application concurrently in the non-principal jurisdictions and shows that it is necessary and reasonable in the circumstances for the application to receive immediate attention, the principal regulator may abridge the review period. A non-principal regulator that disagrees with abridging the review period may notify the filer and the principal regulator and request the filer to withdraw the application in that jurisdiction. In that case, the application will proceed as a local application without the need to file a new application and pay any additional related fees.
- (4) Exceptional circumstances when the principal regulator may abridge the review period include:
- (a) where exemptive relief is sought for a contested take-over bid and delay would prejudice the filer's position, and
  - (b) other situations in which the filer is responding to a critical event beyond its control and could not have applied for the exemptive relief earlier.
- (5) Unless the filer provides compelling reasons as to why it did not start the application process sooner, the principal regulator will not consider the following circumstances as exceptional:
- (a) the mailing of a management information circular for a scheduled meeting of security holders to consider a transaction,
  - (b) the filing of a prospectus where the receipt for the prospectus cannot evidence the exemptive relief,
  - (c) the closing of a transaction,
  - (d) the filing of a continuous disclosure document shortly before the date on which its filing is required, or
  - (e) other situations in which the deadline was known before filing the application and the filer could have filed the application earlier.

While staff will attempt to accommodate transaction timing where possible, filers planning time-sensitive transactions should build sufficient regulatory approval time into their transaction schedules.

The fact that a filer may consider an application as routine is not a compelling argument for requesting an abridgement.

- (6) Filers should provide sufficient information in an application to enable staff to assess how quickly they should handle the application. For example, if the filer has committed to take certain steps by a specific date and needs to have staff's view or a decision by that date, the filer should explain why staff's view or the exemptive relief is required by the specific date and identify these time constraints in its application.
- (7) A non-principal regulator with whom the filer has filed the dual application or coordinated review application will advise the principal regulator, before the expiration of the review period, of any substantive issues that, if left unresolved, would cause staff to recommend that the non-principal regulator opt out of the review. The principal regulator may assume that a non-principal regulator does not have comments on the application if the principal regulator does not receive them within the review period.

- (8) A non-principal regulator with whom the filer has filed the dual application or coordinated review application will notify the filer and the principal regulator and request that the filer withdraw the application if staff of the non-principal regulator think that no exemptive relief is required under its securities legislation.

## **PART 7 DECISION-MAKING PROCESS**

### **7.1 Passport application**

- (1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the exemption a filer sought in a passport application.
- (2) If the principal regulator is not prepared to grant the exemption a filer sought in its passport application based on the information before it, it will notify the filer accordingly.
- (3) If a filer receives a notice under subsection (2) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator.

### **7.2 Dual application or coordinated review application**

- (1) After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether to grant or deny the exemption a filer sought in a dual application or the exemptive relief the filer sought in a coordinated review application and immediately circulate its decision to the non-principal regulators with whom the filer filed the application.
- (2) Each non-principal regulator with whom the filer filed the dual application or coordinated review application will have five business days from receipt of the principal regulator's decision to confirm whether it has made the same decision and is opting in or is opting out of the dual review or coordinated review.
- (3) If the non-principal regulator is silent, the principal regulator will consider that the non-principal regulator has opted out.
- (4) If the filer shows that it is necessary and reasonable in the circumstances, the principal regulator may request, but cannot require, the non-principal regulators to abridge the opt-out period. In some circumstances, abridging the opt-out period may not be feasible. For example, in many jurisdictions, only a panel of the regulator that convenes according to a schedule can make some types of decisions.
- (5) The principal regulator will not send the filer a decision for a dual application or coordinated review application before the earlier of
  - (a) the expiry of the opt-out period, or
  - (b) receipt from a non-principal regulator with whom the filer filed the application of the confirmation referred to in subsection (2).
- (6) If the principal regulator is not prepared to grant the exemption a filer sought in its dual application or the exemptive relief the filer sought in its coordinated review application based on the information before it, it will notify the filer and all non-principal regulators with whom the filer filed the application.
- (7) If a filer receives a notice under subsection (6) and this process is available in the principal jurisdiction, the filer may request the opportunity to appear before, and make submissions to, the principal regulator. The principal regulator may hold a hearing on its own, or jointly or concurrently with the non-principal regulators with whom the filer filed the application. After the hearing, the principal regulator will send a copy of the decision to the filer and all non-principal regulators with whom the filer filed the application.
- (8) A non-principal regulator electing to opt out will notify the filer, the principal regulator and any other non-principal regulator with whom the filer filed the application and give its reasons for opting out. The filer may deal directly with the non-principal regulator to resolve outstanding issues and obtain a decision without having to file a new application or pay any additional related fees. If the filer and non-principal regulator resolve all outstanding issues, the non-principal regulator may opt back into the dual review or coordinated review by notifying the principal regulator and the other non-principal regulators with whom the filer filed the application within the opt-out period referred to in subsection (2).

## **PART 8 DECISION**

### **8.1 Effect of decision made under passport application**

- (1) The decision of the principal regulator under a passport application to grant an exemption from a provision of securities legislation listed below the name of the principal jurisdiction in Appendix D of MI 11-102 is the decision of the principal regulator. Under MI 11-102, a filer is automatically exempt from the equivalent provision of each notified passport jurisdiction as a result of the principal regulator for the application granting the exemption.
- (2) Except in the circumstances described in section 5.3(1) or (2) of this policy, the exemption is effective in each notified passport jurisdiction on the date of the principal regulator's decision (even if the regulator in the notified passport jurisdiction is closed on that date). In the circumstances described in section 5.3(1) of this policy, the exemption is effective in the relevant non-principal passport jurisdiction on the date the filer gives the notice under section 4.7(1)(c) or 4.8(1)(c) of MI 11-102 for that jurisdiction (even if the regulator in that jurisdiction is closed on that date).

### **8.2 Effect of decision made under dual application**

- (1) The decision of the principal regulator under a dual application to grant an exemption from a provision of securities legislation listed below the name of the principal jurisdiction in Appendix D of MI 11-102 is the decision of the principal regulator. Under MI 11-102, a filer is automatically exempt from an equivalent provision of each notified passport jurisdiction as a result of the principal regulator for the application granting the exemption. The decision of the principal regulator under a dual application also evidences the OSC's decision, if the OSC has confirmed that it has made the same decision as the principal regulator.
- (2) The principal regulator will not issue the decision until the earlier of
  - (a) the date that the OSC confirms that it has made the same decision as the principal regulator, or
  - (b) the date the opt-out period referred to in section 7.2(2) of this policy has expired.

### **8.3 Effect of decision made under coordinated review application**

- (1) The decision of the principal regulator under a coordinated review application to grant exemptive relief from a provision of securities legislation in the principal jurisdiction is the decision of the principal regulator and evidences the decision of each non-principal regulator that has confirmed that it has made the same decision as the principal regulator.
- (2) The principal regulator will not issue the decision until the earlier of
  - (a) the date that the principal regulator has received confirmation from each non-principal regulator that it has made the same decision as the principal regulator, or
  - (b) the date the opt-out period referred to in section 7.2(2) of this policy has expired.

### **8.4 Listing non-principal jurisdictions**

- (1) For convenience, the decision of the principal regulator on a passport application or a dual application will refer to the notified passport jurisdictions, but it is the filer's responsibility to ensure that it gives the required notice for each jurisdiction for which section 4.7(1) of MI 11-102 is intended to be relied upon.
- (2) The decision of the principal regulator on a dual application or a coordinated review application will contain wording that makes it clear that the decision evidences and sets out the decision of each non-principal regulator that has made the same decision as the principal regulator.
- (3) For a coordinated review application for which Québec is not the principal jurisdiction, the AMF will issue a local decision concurrently with and in addition to the principal regulator's decision. The AMF decision will contain the same terms and conditions as the principal regulator's decision. No other local regulator will issue a local decision.

### **8.5 Form of decision**

- (1) Except as described in subsection (2), the decision will be in the form set out in:
  - (a) Annex A, for a passport application,

- (b) Annex B, for a dual application,
  - (c) Annex C, for a coordinated review application, or
  - (d) Annex D, for a hybrid application.
- (2) A principal regulator may issue a less formal decision where it is appropriate.
- (3) If the decision is to deny the exemptive relief, the decision will set out reasons.

**8.6 Issuance of decision** – The principal regulator will send the decision to the filer and to all non-principal regulators.

## **PART 9 EFFECTIVE DATE AND TRANSITION**

### **9.1 Effective date**

This policy comes into effect on March 17, 2008.

### **9.2 Exemptive relief applications filed before March 17, 2008**

The process set out in National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* will continue to apply to an exemptive relief application and any related pre-filing filed in multiple jurisdictions before March 17, 2008.

### **9.3 Availability of passport for exemptions applied for before March 17, 2008**

- (1) Section 4.8(1) of MI 11-102 provides that an exemption from the equivalent provision is automatically available in the local jurisdiction if
- (a) an application was made in a specified jurisdiction before March 17, 2008 for an exemption from a provision of securities legislation that is now listed in Appendix D of MI 11-102,
  - (b) the regulator in the specified jurisdiction granted the exemption before, on or after March 17, 2008, and
  - (c) certain other conditions are met, including giving the required notice for the additional non-principal passport jurisdiction; refer to section 5.3 of this policy for information on where to give the required notice and what information the notice should contain.
- (2) A specified jurisdiction for purposes of section 4.8 of MI 11-102 is a principal jurisdiction under Multilateral Instrument 11-101 *Principal Regulator System*. Therefore, section 4.8(1) applies to an exemption from a CD requirement, as defined in Multilateral Instrument 11-101 *Principal Regulator System*, which the principal regulator under that Instrument granted to a reporting issuer before March 17, 2008 if the exemption relates to a CD requirement that is now listed in Appendix D of MI 11-102. In this case, however, section 4.8(3) exempts a reporting issuer from having to give the notice required in section 4.8(1)(c). Refer to section 4.5 of the CP 11-102 for guidance on the effect of section 4.8 of MI 11-102.
- (3) For greater certainty, a filer may not rely on section 4.8 of MI 11-102 to obtain an automatic exemption from a provision of Ontario's securities legislation listed in Appendix D of MI 11-102. A filer may rely on section 4.8 of MI 11-102 only in a passport jurisdiction.

**Annex A**

**Form of decision for passport application**

[Citation:[neutral citation]]

[Date of decision]]

In the Matter of  
the Securities Legislation of  
[name of principal jurisdiction] (the Jurisdiction)

and

In the Matter of  
**the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

In the Matter of  
**[name(s) of filer(s) and other relevant parties,  
including definitions as required]** (the Filer(s))

Decision

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) for **[describe the exemption sought (the Exemption Sought ) by referring to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the **[name of the principal regulator]** is the principal regulator for this application, and
- (b) the Filer(s) has(have) provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in **[names of non-principal passport jurisdictions]**.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. **[Add additional definitions here.]**

**Representations**

This decision is based on the following facts represented by the Filer(s):

**[Insert material representations necessary to explain why the principal regulator came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the filer used to identify the principal regulator for the application. State that the filer and any other relevant party is not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, set out the nature of the default.]**

**Decision**

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

**[Insert numbered terms, conditions, restrictions or requirements. These should include references to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

**[If any exemption has an effective date after the date of the decision, state here.]**

\_\_\_\_\_

(Name of signatory for the principal regulator)

\_\_\_\_\_

(Title)

\_\_\_\_\_

(Name of principal regulator)

*(justify signature block)*

**Annex B**

**Form of decision for a dual application**

[Citation:[neutral citation]]

[Date of decision]]

In the Matter of  
the Securities Legislation of  
[name of principal jurisdiction] and Ontario (the Jurisdictions)

and

In the Matter of  
**the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

In the Matter of  
**[name(s) of filer(s) and other relevant parties,  
including definitions as required]** (the Filer(s))

Decision

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdictions (the Legislation) for **[describe the exemption sought (the Exemption Sought) by referring to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the [name of the principal regulator] is the principal regulator for this application,
- (b) the Filer(s) has(have) provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [names of non-principal passport jurisdictions], and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. **[Add additional definitions here.]**

**Representations**

This decision is based on the following facts represented by the Filer(s):

**[Insert material representations necessary to explain why the Decision Makers came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the filer used to identify the principal regulator for the application. State that the filer and any other relevant party is not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, set out the nature of the default.]**

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

[Insert numbered terms, conditions, restrictions or requirements. These should include references to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]

[If any exemption has an effective date after the date of the decision, state here.]

\_\_\_\_\_

(Name of signatory for the principal regulator)

\_\_\_\_\_

(Title)

\_\_\_\_\_  
*(justify signature block)*

(Name of principal regulator)

Annex C

Form of decision for coordinated review application

[Citation:[neutral citation]]

[Date of decision]]

In the Matter of  
the Securities Legislation of  
[name of jurisdictions participating in decision] (the Jurisdictions)

and

In the Matter of  
**the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

In the Matter of  
**[name(s) of filer(s) and other relevant parties,  
including definitions as required]** (the Filer(s))

Decision

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdictions (the Legislation) for **[describe the exemptive relief sought (the Exemptive Relief Sought) in words (e.g., that the filer is not a reporting issuer). Do not use statutory references. Include defined terms as necessary.]**

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the **[name of the principal regulator]** is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

**Interpretation**

Terms defined in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined. **[Add additional definitions here.]**

**Representations**

This decision is based on the following facts represented by the Filer(s):

**[Insert material representations necessary to explain why the Decision Makers came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the filer used to identify the principal regulator for the application. State that the filer and any other relevant party is not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, set out the nature of the default. Do not use statutory references.]**

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted provided that:

**[Insert numbered terms, conditions, restrictions or requirements. These should be generic and without statutory references to the Legislation of the Jurisdictions.]**

**[If any exemptive relief has an effective date after the date of the decision, state here.]**

\_\_\_\_\_

(Name of signatory for the principal regulator)

\_\_\_\_\_

(Title)

\_\_\_\_\_

(Name of principal regulator)

*(justify signature block)*

Annex D

Form of decision for hybrid application

[Citation:[neutral citation]]

[Date of decision]]

In the Matter of  
the Securities Legislation of  
[name of principal jurisdiction (for a passport application), or of principal jurisdiction and Ontario (for a dual application), and name of each jurisdiction participating in coordinated review application decision]

and

In the Matter of  
**the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

In the Matter of  
[name(s) of filer(s) and other relevant parties,  
including definitions as required,] (the Filer(s))

Decision

**Background**

[If you are making a passport application, insert:]

The securities regulatory authority or regulator in \_\_\_\_\_ has received an application from the Filer(s) for a decision under the securities legislation of the jurisdiction of the principal regulator (the Legislation) for **[describe the exemption sought (the Passport Exemption) by referring to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

**OR**

[If you are making a dual application, insert:]

The securities regulatory authority or regulator in \_\_\_\_\_ and Ontario (Dual Exemption Decision Makers) have received an application from the Filer(s) for a decision under the securities legislation of those jurisdictions (the Legislation) for **[describe the exemption sought (the Dual Exemption) by referring to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

**AND**

[For your coordinated review application, insert:]

The securities regulatory authority or regulator in each of \_\_\_\_\_ (the Jurisdictions) (Coordinated Exemptive Relief Decision Makers) has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdictions (the Legislation) for **[describe the exemptive relief sought (the Coordinated Exemptive Relief) in words (e.g., that the filer is not a reporting issuer). Do not use statutory references. Include defined terms as necessary.]**

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid application):

- (a) the [name of the principal regulator] is the principal regulator for this application,
- (b) the Filer(s) has(ve) provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in [names of non-principal passport jurisdictions],
- (c) the decision is the decision of the principal regulator, [if you are making a dual application, insert: "and the decision evidences the decision of the securities regulatory authority or regulator in Ontario,"] and
- (d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

**Interpretation**

Terms defined in MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined. **[Add additional definitions here.]**

**Representations**

This decision is based on the following facts represented by the Filer(s):

**[Insert material representations necessary to explain why the Decision Makers came to this decision. Include the location of the Filer's head office and, if appropriate, the connecting factor the filer used to identify the principal regulator for the application. State that the filer and any other relevant party is not in default of securities legislation in any jurisdiction or, if the filer or other relevant party is in default, set out the nature of the default. Do not use statutory references.]**

**Decision**

Each of the principal regulator **[if you are making a dual application, insert: “, the securities regulatory authority or regulator in Ontario,”]** and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

**[If you are making a passport application, insert:]**

The decision of the principal regulator under the Legislation is that the Passport Exemption is granted provided that:

**[Insert numbered terms, conditions, restrictions or requirements. These should include references to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

**OR**

**[If you are making a dual application, insert:]**

The decision of the Dual Exemption Decision Makers under the Legislation is that the Dual Exemption is granted provided that:

**[Insert numbered terms, conditions, restrictions or requirements. These should include references to the relevant requirement(s) or provision(s) listed in the first column of Appendix D to MI 11-102.]**

**AND**

**[For your coordinated application, insert:]**

The decision of the Coordinated Review Decision Makers under the Legislation is that the Coordinated Exemptive Relief is granted provided that:

**[Insert numbered terms, conditions, restrictions or requirements. These should be generic and without statutory references to the Legislation of the Jurisdictions.]**

**[If any exemption or exemptive relief has an effective date after the date of the decision, state here.]**

\_\_\_\_\_ (Name of signatory for the principal regulator)  
\_\_\_\_\_ (Title)  
\_\_\_\_\_ (Name of principal regulator)  
*(justify signature block)*

## SCHEDULE J

**MULTILATERAL INSTRUMENT 11-102 PASSPORT SYSTEM  
NATIONAL POLICY 11-202  
PROCESS FOR PROSPECTUS REVIEWS IN MULTIPLE JURISDICTIONS  
AND  
NATIONAL POLICY 11-203  
PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS**

### LIST OF COMMENTERS

1. Jean-François G. Labbé, MBA, CFA,<sup>1</sup>  
Planificateur financier, Investia Services Financiers Inc.
2. Fédération des caisses Desjardins du Québec<sup>2</sup>
3. Trust Banque Nationale<sup>3</sup>
4. Independent Financial Brokers
5. Legal Advisory Committee to the Autorité des marchés financiers
6. Edward Jones
7. Raymond James<sup>4</sup>
8. IGM Financial<sup>5</sup>
9. Investment Industry Association of Canada
10. TSX Group<sup>6</sup>
11. Investment Funds Institute of Canada
12. BMO Nesbitt Burns inc., Private Client Division
13. Canadian Bankers Association
14. BC Investment Management Corporation<sup>7</sup>
15. Borden, Ladner, Gervais – Toronto Securities and Capital Markets practice group<sup>8</sup>
16. Investment Dealers Association of Canada (IDA)
17. Canadian Coalition for Good Governance<sup>9</sup>

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<sup>1</sup> Comment letter addressed to the Autorité des marchés financiers.

<sup>2</sup> Comment letters addressed to the Autorité des marchés financiers.

<sup>3</sup> Comment letter addressed to the Autorité des marchés financiers.

<sup>4</sup> Comment letter addressed to passport jurisdictions and OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

<sup>5</sup> Comment letter addressed to passport jurisdictions and similar letter sent to the OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

<sup>6</sup> Comment letter addressed to passport jurisdictions and OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

<sup>7</sup> Comment letter addressed to British Columbia Securities Commission.

<sup>8</sup> Comment letter addressed to passport jurisdictions and OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

<sup>9</sup> Comment letter sent to passport jurisdictions and OSC in response to OSC Notice 11-904 *Request for Comment Regarding the Proposed Passport System*.

## SUMMARY OF COMMENTS AND RESPONSES

MI 11-102 PASSPORT SYSTEM  
(MI 11-102)

Comments			
#	Themes	Comments	Responses
1.	<b>Passport System – General</b>	<p>The passport regulators received 17 comment letters on the passport system.</p> <p>Of these 15 expressed support for a variety of reasons, including that the passport system would reduce the regulatory burden, improve regulatory efficiency, streamline regulatory decision-making and generally simplify the securities regulatory regime while adequately protecting investors. Many indicated passport was a step in the right direction while noting that their ultimate preference is a national regulator.</p> <p>Two commenters did not support the passport system. They think that Canada needs a single securities regulator to simply the regulatory system and provide maximum benefits to market participants.</p>	<p>MI 11-102 implements the second phase of the passport initiative contemplated in the Provincial/Territorial Memorandum of Understanding regarding Securities Regulation (Passport MOU). The objective of the Passport MOU is to set up a system that gives a single window of access to market participants in areas where securities laws are already highly harmonized or could be harmonized quickly.</p> <p>The structural changes suggested by some of the commenters as their ultimate preference for Canada's securities regulatory system are not within the powers of securities regulators to consider. However, the passport regulators and the OSC are continuing to work to harmonize and streamline securities legislation and requirements across jurisdictions and to implement the interfaces and administrative and other processes necessary to make the Canadian securities regulatory system more efficient and effective.</p> <p>See item 2 below for the response on the issues related to Ontario's decision not to participate in the passport system.</p>
2.	<b>Ontario's non-participation in passport</b>	<p>Six commenters expressed views on Ontario's decision not to participate in the passport system.</p> <p>Two commenters were disappointed that the Ontario government and the OSC are declining to participate in passport. They urged them to reconsider their position.</p> <p>Half the commenters thought that, without Ontario, the passport system would not work, should not proceed, or its benefits would be substantially reduced. They invoked several reasons, including that</p> <ul style="list-style-type: none"> <li>• market participants would have to contend with two systems</li> <li>• the regulatory system would be more complicated than it is now</li> <li>• market participants in the passport jurisdictions would have an unfair advantage</li> </ul>	<p>The OSC is not adopting MI 11-102, but CSA is implementing the passport system and interfaces that make the securities regulatory system as efficient and effective as possible in the circumstances for all market participants who want to gain access to the capital markets in both passport jurisdictions and Ontario. The OSC has participated in developing the interfaces between the passport jurisdictions and Ontario.</p> <p>See item 3 below for more details on the interface with Ontario.</p>
3.	<b>Interface with Ontario</b>	<p>Twelve commenters expressed views on the proposal to repeal the existing mutual reliance review systems (MRRS) and national registration system (NRS) and the lack of interface with Ontario.</p>	<p>The passport regulators designed the proposed passport system for adoption by all Canadian securities regulatory authorities to show how the system could operate to streamline Canadian securities regulation. On</p>

Comments			
#	Themes	Comments	Responses
		<p>Most commenters disagreed with the passport jurisdictions' proposal if Ontario does not participate in passport. Three said passport should not proceed in those circumstances or without the involvement of Ontario.</p> <p>Most commenters thought the regulators should maintain MRRS and NRS or provide similar mechanisms to ensure that market participants do not lose the benefits those systems provide, or that no one, inside or outside Ontario, is disadvantaged. Two commenters suggested incorporating the improvements of passport into MRRS and NRS.</p>	<p>that basis, we proposed repealing MRRS (except to deal with a few types of exemptive relief applications) and NRS because the passport system would have replaced them. When we published the passport system for comment, we did not address what would happen if a jurisdiction did not adopt it.</p> <p>As indicated above, passport regulators are implementing the passport system even though the OSC is not adopting MI 11-102. However, to make the system as efficient and effective as possible in the circumstances for all market participants who want to gain access to the capital markets in both passport jurisdictions and Ontario, passport regulators and the OSC worked together to develop interfaces between the passport jurisdictions and Ontario.</p> <p>On August 31, 2007, CSA published a Notice and Request for Comment on proposed National Policy 11-202 <i>Process for Prospectus Reviews in Multiple Jurisdictions</i> (NP 11-202) and National Policy 11-203 <i>Process for Exemptive Relief Applications in Multiple Jurisdictions</i> (NP 11-203). The policies replace the MRRS policies for prospectuses and exemptive relief applications. They set out the processes for making regulatory decisions in multiple jurisdictions for market participants based in passport jurisdictions and in Ontario. They maintain the processes in the current MRRS system to give market participants in passport jurisdictions coordinated access to Ontario and give Ontario market participants direct access to passport jurisdictions.</p> <p>CSA received three comment letters on NP 11-202 and NP 11-203 (the proposed policies). The commenters generally supported the proposed policies and provided some technical and other comments. See items 21 and following below for a summary of the comments on these policies and our responses.</p> <p>CSA is adopting NP 11-202 and NP 11-203 at the same time as the passport jurisdictions are adopting MI 11-102.</p>
4.	<b>Harmonized requirements</b>	<p>Five commenters said that harmonized requirements were critical to the proper functioning of the passport system. Most of them noted that the rules should be the same regardless of the location of the market participant and asked that differences be resolved.</p> <p>Most of them also said that market participants operating in more than one</p>	<p>CSA has been working cooperatively for many years on harmonizing securities requirements and has developed national instruments and policies in many regulatory areas. For example, CSA has already implemented national continuous disclosure requirements for investment funds and other reporting issuers.</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
		<p>jurisdiction should only be subject to harmonized requirements. Others noted the challenges that lie ahead to complete the harmonization projects necessary to implement the proposed passport system at both the CSA and government levels.</p> <p>Some made more specific comments, including the following:</p> <ul style="list-style-type: none"> <li>• One commenter suggested CSA should have a rule generating body to make recommendations to commissions and provincial governments for rule changes applicable across the country.</li> <li>• Another suggested that CSA and governments adopt mechanisms other than consensus to govern how CSA makes or amends national rules before finalizing the passport system. The mechanisms should include a formal agreement to minimize local 'opt-outs' and local regulation and an agreement on the specific and very limited circumstances when local regulations would be considered necessary. Another suggested the mechanism for making or amending existing harmonized laws be transparent.</li> <li>• Two commenters noted that an unintended consequence of having non-harmonized requirements is that small issuers raising capital only in one province may be subject to potentially more onerous requirements than those raising capital in two or more.</li> <li>• One commenter noted that much of securities regulation is outside the scope of the passport system, e.g., the prospectus and registration exemption regime, insider reporting, take-over bid regulation, early warning reporting, civil remedies, trading rules etc. and thought the passport system should address all regulatory instruments.</li> <li>• Two commenters suggested that CSA should also work together and with provincial governments, in appropriate cases, to harmonize their rule-making procedures, enforcement powers, compliance procedures and SRO oversight regimes.</li> <li>• A last commenter expressed concern about the fact that under the passport system, cancellations, amendments, revocations or other changes to terms and conditions of registration could vary across jurisdictions because any existing</li> </ul>	<p>A key foundation for the passport system is a set of nationally harmonized regulatory requirements. Therefore, the passport regulators are implementing the passport system for prospectuses, continuous disclosure and exemptive relief applications at the same time as CSA is implementing National Instrument 41-101 <i>General Prospectus requirements</i>.</p> <p>CSA is also harmonizing securities regulations in other areas. For example, the passport regulators have announced that we expect to implement Multilateral Instrument 62-104 <i>Take-Over Bids and Issuer Bids</i> on February 1, 2008. The OSC has requested that amendments to Part XX of the Ontario <i>Securities Act</i> and OSC Rule 62-504 <i>Take-Over Bids and Issuer Bids</i> come into force on February 1, 2008. These rules and act amendments harmonize the take-over bid and issuer bid requirements in all jurisdictions. CSA is working on other harmonization initiatives, e.g., insider reporting requirements.</p> <p>CSA developed processes to avoid undue delay and resolve differences of view among jurisdictions as we work on harmonization and other projects. For instance, CSA project committees elevate contentious issues to the CSA's Policy Coordination Committee (PCC) for resolution as they arise.</p> <p>The rule-making process is a local process that varies from jurisdiction to jurisdiction. In the passport MOU, Ministers agreed to make best efforts to achieve and maintain a high degree of harmonization in securities legislation.</p> <p>CSA recognizes that local issuers or registrants may be subject to different or additional non-harmonized requirements than those operating or offering securities in more than one jurisdiction. In every project we undertake, we work to eliminate or harmonize remaining non-harmonized requirements. We also consider the impact unique local requirements would have on local market participants.</p> <p>Some CSA jurisdictions have proposed to their governments a number of legislative changes to harmonize our enforcement powers. For example, the legislature in many jurisdictions have adopted or governments are considering a provision that would enable the securities regulator to reciprocate an enforcement order made by a court or securities regulatory authority or a settlement agreement reached in another Canadian or a</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
		<p>terms and conditions imposed by a non-principal regulator through a settlement or decision made before passport would continue to apply only in the non-principal jurisdiction.</p>	<p>foreign jurisdiction.</p> <p>The passport system for discretionary exemptions covers discretionary exemptions from harmonized requirements in most areas of regulation (e.g., take-over bids and insider reporting, as well as prospectus, continuous disclosure and registration). NP 11-203 sets out the process for making regulatory decisions on discretionary exemption applications made in multiple jurisdictions for filers in passport jurisdictions and in Ontario. It also includes a process modelled on MRRS for exemptive relief applications that fall outside the scope of MI 11-102.</p> <p>As part of our work to implement the passport system and the proposed policies, CSA assessed the risks of the system, and developed and are implementing processes and procedures to mitigate those risks. Before implementation, we focused our efforts on ensuring consistency in decision-making among passport jurisdictions. We are now reviewing our compliance review processes in the relevant areas to ensure consistent application of harmonized requirements across jurisdictions.</p> <p>We will respond to the last comment, which specifically relates to registration, when we finalize passport for registration.</p>
5.	<b>Consistency in application and interpretation under passport system</b>	<p>Six commenters noted the importance of CSA members providing uniform interpretation and application of securities legislation. Some also suggested making the practices and procedures the CSA implements to achieve that result transparent.</p>	<p>CSA agrees that it is important to apply and interpret harmonized securities legislation consistently under the passport system. As mentioned in response to item 4 above, as part of our work to implement the passport system and the proposed policies, CSA assessed the risks of the system. CSA developed and we are implementing processes and procedures to mitigate this type of risk in relevant areas while ensuring that we maintain the increased efficiencies of the securities regulatory system for market participants.</p> <p>In addition, we put in place a training program to ensure staff are familiar with the passport system and the proposed policies and we conduct regular training on the interpretation and application of harmonized requirements.</p> <p>Finally, we reviewed our processes and procedures for continuous disclosure reviews to ensure that we have mechanisms in place to produce consistent review outcomes across CSA jurisdictions.</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
6.	<b>Consultation among passport jurisdictions</b>	<p>One commenter noted that there is a risk, under passport, that regulators will take a different approach to the same issue without consultation among regulators before making a decision. However, the commenter acknowledged that entrenching consultation among regulators would create regulatory paralysis and make the system less efficient than it is today.</p> <p>Another commenter asked that there not be a mandatory requirement for the principal regulator to consult with a non-principal regulator before making a registration-related decision.</p>	<p>As mentioned in response to item 4 above, as part of our work to implement the passport system and the proposed policies, CSA assessed the risks of the system. CSA developed and we are implementing processes and procedures in relevant areas to mitigate this type of risk while ensuring that we maintain the increased efficiencies of the securities regulatory system for market participants.</p> <p>We will respond to this comment when we finalize passport for registration.</p>
7.	<b>Inherent complexities of the passport system</b>	<p>One commenter said that, while the instrument itself is relatively simple, the companion policy contains 44 pages of details and five appendices. It will be difficult for regulators to keep the details up to date. The companion policy also contains mandatory language that more properly belongs in the instrument.</p>	<p>The passport regulators streamlined the companion policy and moved much of the guidance to the proposed policies (e.g., the guidance on principal regulator and the appendices that described the administrative processes for each passport area). The remaining guidance expands on many of the provisions of the rule to assist market participants.</p>
8.	<b>Discretionary change of principal regulator</b> (sections 3.2, 4.8 and 5.3 of MI 11-102)	<p>One commenter requested guidance on the circumstances in which a securities regulator would initiate a change in principal regulator and noted that a market participant should receive notice of the securities regulator's intention to exercise its discretion and have an opportunity to respond and make submissions as to why this should not happen.</p>	<p>The guidance on principal regulator is now in NP 11-202 and NP 11-203. The proposed policies provide that the principal regulator will consult with the filer and the appropriate regulator if it wants to initiate a change in principal regulator.</p>
9.	<b>Fees</b>	<p>Four commenters suggested eliminating or reducing fees in non-principal jurisdictions under passport because they believe that non-principal regulators will do no work or less work under passport. One commenter acknowledged that fees support the entire regulatory system and suggested that market participants pay all fees to the principal regulator. Another commenter recommended against that approach for registered firms.</p>	<p>The proposed passport system maintains the status quo with respect to fees for prospectuses and registration. It extends the benefit given to reporting issuers who sought an exemption from continuous disclosure requirements under Multilateral Instrument 11-101 <i>Principal Regulator System</i> to all discretionary application exemptions. MI 11-102 requires a market participant to pay fees for a discretionary exemption application only in its principal jurisdiction.</p> <p>The Passport MOU contemplates a review of fees to assess whether to change them so they are more consistent with the objectives of the passport system. The Council of Ministers under the Passport MOU asked CSA to review the fee structure of its members and propose changes to the Ministers. CSA has initiated this project and will report to the Ministers.</p> <p>We will respond to the comment relating to the collection of fees for firm registration, when we finalize passport for registration.</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
10.	<b>Cost benefit analysis (CBA)</b>	Two commenters suggested that CSA do a cost-benefit analysis about the passport system given Ontario's non-participation.	The passport regulators, working with the OSC, developed interfaces for Ontario market participants who want to access the capital markets of passport jurisdictions, and for market participants in passport jurisdictions who want access to the Ontario capital market. The interfaces make the securities regulatory system as efficient and effective as possible in the circumstances for all market participants who want to gain access to the capital markets in both passport jurisdictions and Ontario.
11.	<b>Re-publication of passport for comment</b>	Two commenters suggested republishing the passport system for comment with or after the underlying harmonized rules are in place and once the regulators have developed an interface for Ontario market participants. Otherwise, market participants would be commenting on an incomplete proposal.	<p>It is important for market participants to understand how the passport system will work in light of Ontario's decision not to adopt MI 11-102. Consequently, we published for comment NP 11-202 and 11-203. See items 21 and following below for a summary of the comments on these policies and our responses.</p> <p>We have not made material changes to MI 11-102 to implement the interfaces between the passport jurisdictions and Ontario. For that reason, we did not republish it for comment.</p> <p>As is our usual practice, we published for comment the harmonized rules underlying the passport system.</p>
12.	<b>Operational constraints for regulators</b>	One commenter thought that the passport system would increase the need for the regulators to have staff with appropriate financial market and product expertise and suggested regulators focus on allocating resources appropriately to prevent an escalation in costs.	As mentioned in response to item 4 above, as part of our work to implement the passport system, CSA jurisdictions assessed the risks of the system. CSA developed and we are implementing processes and procedures in relevant areas to mitigate this type of risk while ensuring that we maintain the increased efficiencies of the securities regulatory system for market participants.
13.	<b>National Registration Database (NRD)</b>	<p>One commenter said that regulators should postpone developing passport for registration or implementing major changes to NRD until the regulators have finalized all their registration-related proposals.</p> <p>Another commenter recommended that CSA not implement the passport rule until it makes changes to NRD because, otherwise, regulators will have to put in place burdensome administrative workarounds and the accuracy of the data on NRD will be compromised. This commenter added that for the passport system to work, all regulators should record any detrimental information relating to an individual on NRD.</p>	<p>CSA is working to ensure that the passport for registration and proposed National Instrument 31-103 <i>Registration Requirements</i> (NI 31-103) will work together to provide an efficient system of regulation.</p> <p>CSA expects to publish a proposed policy for registration in due course and will work with the IDA to accommodate passport and the interfaces on NRD.</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
14.	<b>Registration implementation issues if Ontario does not adopt MI 11-102</b>	<p>Two commenters asked specific questions about implementing the passport system for registration without Ontario:</p> <ul style="list-style-type: none"> <li>• Could an individual whose firm has its head office in Ontario participate in passport?</li> <li>• If so, which regulator would act as principal regulator for the individual and could the firm have a principal regulator in each jurisdiction where it has representatives?</li> <li>• How will opting in and opting out of passport work for a firm whose head office and a majority of its representatives are in Ontario? If a firm cannot participate because of the location of its head office, will it have to file any documentation?</li> <li>• If a firm opts-out and Ontario decides to join passport, will the firm have the opportunity to revisit its decision?</li> <li>• How would NRD be updated to reflect the automatic registration process under the passport system? How will the system be different especially in light of the fact the Ontario residents will not be able to participate in passport?</li> <li>•</li> </ul>	<p>We will respond to these questions when we finalize passport for registration.</p>
15.	<b>Transition issues for registration</b>	<p>Two commenters submitted that the 30-day transition period proposed for firms to opt out of the passport system is too short and should be at least 180 days.</p>	<p>We will respond to this comment when we finalize passport for registration.</p>
16.	<b>Technical registration issues</b>	<p>One commenter raised several technical registration issues about</p> <ul style="list-style-type: none"> <li>• the information an individual should provide on NRD to register in additional jurisdictions</li> <li>• whether the IDA will continue to approve individuals before they are registered by their principal regulator in the jurisdictions that do not delegate registration to the IDA</li> <li>• the meaning of the phrase “date on which the filing is made” on Form 11-102F1</li> <li>• where to request a hearing when the IDA registers firms or individuals in a jurisdiction</li> <li>•</li> </ul>	<p>We will respond to these comments when we finalize passport for registration.</p>
17.	<b>Delegation of registration to self-regulatory organizations (SROs)</b>	<p>Three commenters suggested all CSA members should consider delegating their registration function to the IDA to ensure a single point of contact in every jurisdiction and a common and consistent approach.</p>	<p>We will respond to these comments when we finalize passport for registration.</p>

<b>Comments</b>			
<b>#</b>	<b>Themes</b>	<b>Comments</b>	<b>Responses</b>
18.	<b>Mobility exemption</b>	One commenter said the decision to retain the limits on the number of eligible clients a firm or individual may service under the mobility exemption is inconsistent with the principles of the passport system. Also, the limits are too low and the cost of compliance too high, which means dealers will choose to register instead of using the exemption.	CSA published a revised mobility exemption in proposed NI 31-103. The purpose of the exemption is to provide relief on a <i>de minimis</i> basis to a firm or individual whose clients move to another jurisdiction. On that basis, if the number of clients in the non-principal jurisdiction exceeds the limit set out in the exemption, we consider the registrant's level of activity in the jurisdiction to be sufficient to warrant registration. Passport for registration will allow firms and individuals to register in multiple jurisdictions by dealing only with their principal regulator.
19.	<b>Cease-trade orders (CTOs)</b>	One commenter encouraged CSA to include in the national instrument a system to treat CTOs consistently across the country. Specifically, the commenter sought guidance on how to comply with CTOs issued in one or more Canadian jurisdictions, but not all of them.	CSA is developing a proposed national policy on CTOs to harmonize the procedures for issuing CTOs. We will consider this comment in developing the proposed policy.
20.	<b>Publication of national instruments on CSA website</b>	One commenter urged CSA to publish national and proposed national rules and policies on the CSA website instead of on each regulator's website.	CSA initiated a project to determine how best to use our website. As part of this review, we will consider whether our website should contain national instruments and policies.

**NP 11-202 AND NP 11-203  
(PROPOSED POLICIES)**

21.	<b>Proposed policies - General</b>	<p>CSA received three comment letters on the proposed policies. The three commenters supported the proposed interfaces with Ontario.</p> <p>One said it was time to move forward with passport to allow the system to show its potential. The commenter continues to hope the Ontario government and the OSC will adopt passport.</p> <p>Another said that a common regulator would create a more efficient and effective regulatory system, but encouraged Ontario to become a full participant in passport to support the momentum for reform of regulatory content and structure.</p> <p>The last commenter urged CSA to address the un-level playing field between Ontario and passport jurisdiction market participants as soon as possible. This commenter was concerned that the proposed interfaces did not provide Ontario with any incentive to reconsider its position and adopt passport.</p>	<p>The proposed interfaces with Ontario make the securities regulatory system as efficient and effective as possible in the circumstances for all market participants who want to gain access to the capital markets in both passport jurisdictions and Ontario. The changes to the regulatory structure suggested by one commenter are not within the powers of securities regulators to consider.</p>
22.	<b>Proposed policies – Two-year review</b>	<p>One commenter thought the CSA's plan to review the direct access to passport for Ontario market participants two years after the implementation of passport is reasonable. The commenter is confident it will show the effectiveness of the system and that this should convince Ontario to adopt passport.</p> <p>Another commenter was concerned that the review of the interfaces two years after the implementation of passport introduces an element of uncertainty and encouraged CSA to develop a permanent solution that all jurisdictions support.</p>	<p>The passport jurisdictions plan to review the direct access provided to Ontario market participants in due course and continue to work with the OSC to make the regulatory system as effective and efficient as possible in the circumstances.</p>
23.	<b>Proposed policies - Fees</b>	<p>One commenter recommended that CSA requires issuers to pay prospectus filing fees only to their principal regulator (and the OSC for passport jurisdiction issuers). The commenter acknowledged that these fees are an important source of revenue for regulators and its recommendation may disrupt the functioning of the regulatory framework and suggested CSA consider this as part of its planned two-year review of the passport interfaces.</p>	<p>The Passport MOU contemplates a review of fees to assess whether to change them so they are more consistent with the objectives of the passport system. The Council of Ministers under the Passport MOU asked CSA to review the fee structure of its members and propose changes to the Ministers. CSA has initiated this project and will report to the Ministers.</p>

24.	<b>Transparency</b>	<p>One commenter requested CSA to</p> <ul style="list-style-type: none"> <li>• provide details of the mechanisms it will utilize to monitor the effectiveness of the interfaces, and</li> <li>• consult with market participants on the strategies to mitigate the risk of inconsistent interpretation and application of harmonized law.</li> </ul> <p>The commenter specifically suggested CSA create a precedent database to ensure consistent treatment of novel and substantive issues.</p>	<p>Up to now, CSA focused our efforts on establishing appropriate processes and procedures to implement the passport system and the interfaces and to mitigate the risks of the system. We will be considering the need to develop mechanisms to evaluate the effectiveness of passport and the interfaces as we implement passport.</p> <p>We plan to create an internal precedent database to ensure consistent interpretation and application of harmonized law, but view this as a longer-term objective. In the meantime, we are implementing other mechanisms in relevant areas to mitigate this risk while ensuring that we maintain the increased efficiencies of the securities regulatory system for market participants.</p>
25.	<b>Proposed policies – review of dual application for discretionary relief</b>	<p>One commenter was concerned that, in a dual application under NP 11-203, the principal regulator would have to consider the comments of any non-principal regulator with which the filer files the application (s. 6.2(1)) and each of those non-principal regulators would be able to opt-out of the dual review (s. 7.2(2)). The commenter recommended making clear that only the principal regulator and the OSC would review the application and only the OSC could opt-out of a dual application review.</p>	<p>Section 5.2(2) of NP 11-203 makes it clear that a filer making a dual application has to file the application only with the principal regulator and the OSC. Therefore, in the context of a dual application, the reference to the “non-principal regulator with which the filer filed the application” are references to the OSC only. We will establish a better connection between these provisions to ensure there is no confusion.</p>
26.	<b>NP 11-202 – Technical comments</b>	<p>One commenter recommended:</p> <ul style="list-style-type: none"> <li>• requiring the principal regulator to review and respond to an application for a change of principal regulator within the 30-day period.</li> <li>• including language to the effect that, for a mutual fund prospectus, it is not necessary for the filer to confirm in its cover letter that at least one underwriter has signed the certificate page of the prospectus.</li> <li>• deleting the requirement for the principal regulator to issue a second receipt for a dual prospectus evidencing that the OSC has issued its receipt for the prospectus when the OSC is closed on the day the principal regulator issued its receipt.</li> <li>• clarifying whether a filer that needs to identify another principal regulator for a pre-filing or waiver application because it does not require the relief from its principal regulator should request a discretionary change in principal regulator and whether the filer can file the related prospectus materials with the principal regulator for the pre-filing or waiver application.</li> </ul>	<ul style="list-style-type: none"> <li>• We will clarify that the regulators will use best efforts to resolve a request filed on a timely basis within 30 days of receiving it.</li> <li>• We will clarify in Parts 7 and 10 that the filer only has to provide the confirmation when an underwriter’s certificate is required.</li> <li>• The OSC needs to be open for a receipt to be issued on its behalf for a preliminary prospectus, prospectus or amendment.</li> <li>• We will clarify in section 4.5 of MI 11-102 that, if a filer does not require an exemption in its principal jurisdiction, the filer does not have to request a discretionary change of principal regulator for the waiver application. The filer’s principal regulator will be the securities regulatory authority or regulator in the specified jurisdiction where the filer is seeking the exemption and has the most</li> </ul>

		<p>In addition, the commenter asked whether a waiver applications under National Instrument 81-102 <i>Mutual Funds</i> (NI 81-102) should be included in Appendix A.</p>	<p>significant connection. The filer will deal with its usual principal regulator for the related prospectus.</p> <p>It would not be appropriate to include applications for discretionary exemptions under NI 81-102 in Appendix A of NP 11-202. These applications are covered by Part 4 of MI 11-102 and guidance is in NP 11-203.</p>
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