

## NATIONAL INSTRUMENT 55-102

### SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)

#### PART 1- DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions - In this Instrument

“access key” means an alpha-numeric code issued by SEDI or the SEDI operator in respect of an insider that files an insider profile in SEDI format or in respect of a SEDI issuer that files an issuer profile supplement in SEDI format;

“class” includes a series of a class;

“filing agent” means a person or company that is authorized by a SEDI filer to make a SEDI filing on behalf of the SEDI filer;

“insider profile” means the information that is required under Form 55-102F1;

“insider report” means a report required to be filed under the insider reporting requirement;

“issuer event” means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

“issuer event report” means the information that is required under Form 55-102F4;

“issuer profile supplement” means the information that is required under Form 55-102F3;

“paper format” means information printed on paper;

“SEDI” means the online computer system providing for the transmission, receipt, review and dissemination of insider reports and related information filed electronically, which is known as the System for Electronic Disclosure by Insiders;

“SEDI filer” means a person or company that is required to make a SEDI filing in accordance with this Instrument;

“SEDI filing” means information that is filed under securities legislation or securities directions in SEDI format, or the act of filing information under securities legislation or securities directions in SEDI format, as the context indicates;

“SEDI format” means information entered electronically in SEDI using the SEDI software application located at the SEDI web site;

“SEDI issuer” means a reporting issuer, other than a mutual fund, that is required to comply with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*, including a foreign issuer referred to under paragraph 2 of subsection 2.1(1) of that Instrument;

“SEDI operator” means CDS INC. or a successor appointed by the securities regulatory authority to operate SEDI;

“SEDI software application” means the software on the SEDI web site that provides SEDI users with the functionality to make SEDI filings;

“SEDI user” means an individual who has registered in accordance with subsection 2.5(2);

“SEDI web site” means the web site maintained by the SEDI operator for the filing of information in SEDI format;

“transfer report” means

- (a) in Alberta, Saskatchewan, Ontario, Nova Scotia or Newfoundland, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider transfers securities of the reporting issuer into the name of an agent, nominee or custodian; or
- (b) in Quebec, a report required to be filed by an insider of a reporting issuer under securities legislation if the insider registers or causes to be registered any security of the reporting issuer in the name of a third person;

“user registration form” means the information that is required under Form 55-102F5.

## **PART 2 - SEDI FILING REQUIREMENTS**

### **2.1 Filing of Insider Profile**

- (1) An insider of a SEDI issuer shall file an insider profile or an amended insider profile in SEDI format before the insider files an insider report in SEDI format in respect of that SEDI issuer.
- (2) An insider profile shall contain the information required under Form 55-102F1.
- (3) An insider that has filed an insider profile under subsection (1) shall file an amended insider profile in SEDI format containing the information required under Form 55-102F1

- (a) if there is a change in the insider's name or the insider's relationship to any SEDI issuer disclosed in the insider's most recently filed insider profile, or if the insider ceases to be an insider of any such SEDI issuer, within 10 days after the occurrence of the event, or
  - (b) if there has been any other change in the information disclosed in the insider's most recently filed insider profile, at the time that the insider next files an amended insider profile or an insider report in SEDI format.
- (4) An insider that is required to file an insider profile in SEDI format shall not file more than one insider profile.

## **2.2 Filing of Insider Reports in SEDI Format**

- (1) An insider of a SEDI issuer that is required by securities legislation to file an insider report in that capacity shall file the insider report in SEDI format through a SEDI user.
- (2) For greater certainty, a SEDI user under subsection (1) includes the insider if that insider becomes registered as a SEDI user on or before the time that the insider report is due to be filed.
- (3) An insider report that is filed in SEDI format shall contain the information required under Form 55-102F2.

## **2.3 Filing of Issuer Profile Supplement**

- (1) A SEDI issuer shall file an issuer profile supplement in SEDI format within three business days after the date that it becomes a SEDI issuer.
- (2) An issuer profile supplement that is required to be filed under subsection (1) shall contain the information required under Form 55-102F3.
- (3) A SEDI issuer shall file an amended issuer profile supplement in SEDI format immediately if
  - (a) the SEDI issuer issues any security or class of securities that is not disclosed in its issuer profile supplement;
  - (b) there is any change in the designation of any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement;

- (c) any security or class of securities of the SEDI issuer disclosed or required to be disclosed in its issuer profile supplement has ceased to be outstanding and is not subject to issuance at a future date; or
- (d) there is any other change in the information disclosed or required to be disclosed in its issuer profile supplement.

## **2.4 Filing of Issuer Event Report**

- (1) A SEDI issuer shall file an issuer event report in SEDI format no later than one business day following the occurrence of an issuer event.
- (2) An issuer event report that is required to be filed under subsection (1) shall contain the information required under Form 55-102F4.

## **2.5 SEDI Users**

- (1) An individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings.
- (2) Before using SEDI to make SEDI filings, an individual referred to in subsection (1) shall register as a SEDI user by
  - (a) completing and submitting a user registration form in SEDI format; and
  - (b) delivering a copy of the completed user registration form in paper format to the SEDI operator for verification by the SEDI operator.
- (3) A user registration form under subsection (2) shall contain the information required under Form 55-102F5 and the paper format copy of the user registration form under paragraph (2)(b) shall contain the manual or facsimile signature of the individual being registered.
- (4) The paper format copy of the user registration form referred to in paragraph (2)(b) shall be delivered to the SEDI operator by prepaid mail, personal delivery or facsimile at the address or facsimile number indicated on the printed copy of Form 55-102F5, as applicable.

## **PART 3 - FILING OF REPORTS IN PAPER FORMAT**

### **3.1 Filing of Insider Reports in Paper Format**

- (1) An insider report that is not required to be filed in SEDI format under this Instrument shall be filed in paper format.
- (2) An insider report that is required to be filed in paper format shall be prepared in accordance with Form 55-102F6, subject to any provision of securities legislation that permits the use of an alternative form of report in the particular circumstances.
- (3) An insider report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either
  - (a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form 55-102F6; or
  - (b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

### **3.2 Filing of Transfer Reports in Paper Format**

- (1) In Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia or Newfoundland, a transfer report shall be filed in paper format and shall be prepared in accordance with Form 55-102F6.
- (2) A transfer report that is prepared in accordance with Form 55-102F6 shall be manually signed and shall be filed either
  - (a) by prepaid mail or personal delivery to the address of the securities regulatory authority set forth on Form 55-102F6; or
  - (b) by facsimile to the facsimile number of the securities regulatory authority set forth on Form 55-102F6.

## **PART 4 - SEDI FILING EXEMPTION**

### **4.1 Temporary Hardship Exemption**

- (1) If unanticipated technical difficulties or failure by a SEDI issuer to file its issuer profile supplement prevent the timely submission of an insider report in SEDI format, a SEDI filer shall file the insider report in paper format as soon as practicable and in any event no later than two business days after the day on which the insider report was required to be filed.

- (2) An insider report filed in paper format under subsection (1) shall be prepared in accordance with Form 55-102F6 and shall include the following legend in capital letters at the top of the front page:

IN ACCORDANCE WITH SECTION 4.1 OF NATIONAL INSTRUMENT 55-102 SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI), THIS INSIDER REPORT IS BEING FILED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

- (3) The requirements of securities legislation relating to paper format filings of insider reports apply to a filing under subsection (1) except that signatures to the paper format document may be in typed form rather than manual format.
- (4) If an insider report is filed in paper format in the manner and within the time prescribed in this section, the date by which the information is required to be filed under securities legislation is extended to the date on which the filing is made in paper format.
- (5) If a SEDI filer makes a paper format filing under this section, the SEDI filer shall file the insider report in SEDI format as soon as practicable after the unanticipated technical difficulties have been resolved or the insider has become aware that the SEDI issuer has filed its issuer profile supplement, whichever is applicable.

## **PART 5 - PREPARATION AND TRANSMISSION OF SEDI FILINGS**

- 5.1 Manner of Effecting SEDI Filings** - A SEDI filing shall be prepared and transmitted using the SEDI software application located at the SEDI web site.
- 5.2 Access Key** - After an issuer profile supplement or an insider profile has been filed by or for a SEDI filer, all information filed in SEDI format by or for the SEDI filer shall be authenticated using the SEDI filer's access key.
- 5.3 Format of Information and Number of Copies** - A requirement in securities legislation relating to the format in which a report or other information to be filed must be printed or specifying the number of copies of a report or other information that must be filed does not apply to a SEDI filing made in accordance with this Instrument.

## **PART 6 - EXEMPTION**

### **6.1 Exemption**

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

- (2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

## **PART 7 - TRANSITION TO ELECTRONIC FILING**

**7.1 SEDI Issuers** - An issuer that is a SEDI issuer on October 29, 2001 shall file an issuer profile supplement in SEDI format within five business days after that date.

**7.2 Transactions Before Effective Date** - If, at any time on or after November 13, 2001, an insider of a SEDI issuer is filing an insider report, including an amended insider report, in respect of a relationship to, or a transaction in securities of, the SEDI issuer which arose or occurred prior to that date, the insider shall file the insider report in SEDI format.

## **PART 8 - EFFECTIVE DATE**

### **8.1 Effective Date**

- (1) Except for sections 2.1, 2.2, 2.4, 3.1 and 3.2, this Instrument comes into force on October 29, 2001.
- (2) Sections 2.1, 2.2, 2.4, 3.1 and 3.2 come into force on November 13, 2001.

## FORM 55-102F1

### Insider Profile

An insider profile filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

If the insider is an individual, start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter individual information". If the individual insider has submitted a SEDI user registration form, select "Copy your user registration information" to avoid re-entering the insider's personal information. If the insider is not an individual, select "Enter company information" and start entering information on the web page titled "Create insider profile (Form 55-102F1) - Enter company information".

#### **1. Insider's full legal name**

Provide the full legal name of the insider. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. If the insider is an individual, complete the "Insider family name" and the "Insider given names" fields. If the insider is not an individual, provide the full legal name of the insider in the "Insider company name" field.

#### **2. Name of insider representative (if applicable)**

If the insider is not an individual, provide the full legal name of an individual representative of the insider using the "Family name" and "Given names" fields. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

#### **3. Insider's address**

If the insider is an individual, provide the insider's principal residential address. Otherwise, provide the business address where the insider's representative (provided in item 2 above) is employed. In either case, select or provide the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

#### **4. Insider's telephone number**

Provide a daytime telephone number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

#### **5. Insider's fax number (if applicable)**



If available, provide a fax number for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

**6. Insider's e-mail address (if applicable)**

If available, provide an e-mail address for the insider (if the insider is an individual) or for the insider's representative (if the insider is not an individual).

**7. Correspondence in English or French**

If the insider is an individual resident in Quebec, the insider may choose to receive any correspondence from the Quebec securities regulatory authority in English. If no choice is made, any correspondence from the Quebec securities regulatory authority shall be in French. If the insider is a person or company other than an individual and is resident in Quebec, any correspondence from the Quebec securities regulatory authority shall be in French.

If the insider is resident in Manitoba, New Brunswick or Ontario, the insider may choose to receive any correspondence from the local securities regulatory authority in French. If no choice is made, any correspondence from the local securities regulatory authority shall be in English.

**8. Confidential question and answer**

Provide a "confidential question" and an answer to the confidential question for use in verifying the identity of the insider or the insider's representative if a request is being made to the SEDI operator for a new insider access key. Keep a record of the confidential question and answer in a secure location.

**9. Add name(s) of reporting issuer(s)**

Add the name of each reporting issuer in respect of which the insider is required to file an insider report in SEDI format. Search for and select each reporting issuer to be added from a database of all SEDI issuers provided for this purpose. Use the reporting issuer's SEDAR number or its legal name (in English or French) to conduct your search. Make sure you select the correct reporting issuer before you proceed further. If you are unable to find the reporting issuer that you are searching for, contact the reporting issuer or the SEDI operator for assistance. Note that the reporting issuer will not appear in your search results unless the reporting issuer has created an issuer profile in SEDAR and filed an issuer profile supplement in SEDI.

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, see item 12 below.

**10. Insider's relationship to reporting issuer**

For each reporting issuer added under item 9 above, disclose all of the insider's relationships to that reporting issuer by selecting from the list of relationship types provided.

**11. Date the insider became an insider or date of previous paper filing**

For each reporting issuer added under item 9 above, if the insider has not filed an insider report in respect of the reporting issuer since becoming an insider, provide the date on which the insider became an insider of the reporting issuer. Alternatively, if the insider has previously filed an insider report in paper format in respect of the reporting issuer, provide the date of the insider's last paper filing in respect of the reporting issuer.

**12. Date the insider ceased to be an insider**

If the insider has ceased to be an insider of a reporting issuer added previously to the insider profile, amend the insider profile by providing the date on which the insider ceased to be an insider of the reporting issuer in the fields provided for this purpose on the web page titled "Amend insider profile - Amend issuer information."

***Optional Information***

An insider profile filed in SEDI format may, at the option of the insider, contain the following additional information:

**13. Additional contact information**

For each reporting issuer added to the insider profile, the insider may provide another address at which the insider prefers to be contacted (such as a business address) or may provide contact information for another individual who is to be contacted by the securities regulatory authority instead of the insider. To provide additional contact information, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer".

**14. Add name(s) of registered holder(s) of securities**

If the insider is required to file an insider report in respect of securities owned indirectly or over which control or direction is exercised, the insider must provide the name of the registered holder of the securities at the time the insider report is filed. To assist the insider in complying with this requirement, for each reporting issuer added to the insider's profile the insider may add the name(s) of the registered holder(s) of securities of the reporting issuer that the insider is required to provide in an insider report.

To add the name(s) of the registered holder(s) for the reporting issuer, check the applicable box under "Optional information" on the web page titled "Create insider profile - Enter information about the insider's relationship to the issuer". Any name added to the insider's

profile in this manner may be selected when an insider report is prepared in SEDI format and registered holder information is required. The full legal name of the registered holder must be provided in each case.

Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

### ***Amending Insider Profile To Add a Reporting Issuer***

If an insider that has previously filed an insider profile is required to file an insider report in SEDI format in respect of a reporting issuer that is not already disclosed in the insider profile, amend the insider profile to add the name of the reporting issuer, to disclose all of the insider's relationships to the reporting issuer and to provide the date the insider became an insider or the date of the previous paper filing, as applicable. Provide the information required in items 9, 10 and 11 above.

### ***Certification***

Prior to submitting an insider profile, the insider or the insider's agent must certify that the information is true and complete in every respect by selecting "Certify" on the web page titled "Create insider profile - Certify and file insider profile" and following the instructions provided for this purpose. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

### ***Notice – Collection and Use of Personal Information***

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

The Manitoba Securities Commission  
1130-405 Broadway  
Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

Securities Commission of Newfoundland  
P.O. Box 8700  
2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, ON M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22<sup>nd</sup> Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645

## FORM 55-102F2

### Insider Report

An insider report filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

If a position or transaction being reported by the insider involves an option, warrant, right or other derivative, the information prescribed by items 18 to 25 below must be included in the insider report, if applicable.

For each reporting issuer in respect of which one or more positions or transactions are being reported by an insider, start by navigating to the web page titled "File insider report (Form 55-102 F2) – Select issuer" and then provide the information required in the circumstances.

#### 1. Name of reporting issuer

Provide the name of the reporting issuer for the securities that are the subject of the insider report by selecting the reporting issuer's name from the list of one or more reporting issuer names added previously to the insider's profile. If the name of the applicable reporting issuer does not appear in the list, the insider's profile must be amended to add the name of the applicable reporting issuer before the insider report can be completed. A separate insider report must be completed for each reporting issuer in respect of which the insider has a reporting obligation.

#### 2. Amended insider report

If the insider is amending information contained in an insider report filed previously in SEDI format, the amended insider report shall contain all of the information required to be disclosed in the previous insider report in its amended form.

If the insider is amending information contained in an insider report filed previously in paper format, select "Amend paper filing" on the "Amend insider transaction" web page and complete a new insider report in SEDI format containing all of the information required to be disclosed in the previous paper filing in its amended form. In the "General remarks" field on the "File insider report - Enter transaction information" web page, provide the date on which the previous paper filing was made.

#### 3. Review issuer information

Review the information contained in the insider's profile with respect to the selected reporting issuer to ensure that it is correct. If required, select "Amend" to file an amended insider profile.

#### **4. Review new issuer event reports**

If the reporting issuer has filed an issuer event report that has not previously been viewed or that has been previously flagged for further viewing, the issuer event report will be displayed for review by or on behalf of the insider. If the insider's holdings of securities of the reporting issuer have been affected by an issuer event, the change in holdings must be reported.

#### **5. Security designation**

For each position or transaction being reported, provide the security designation for the applicable security or class of securities. For this purpose, select the applicable security designation from the list shown for the reporting issuer's outstanding securities.

If the applicable security designation does not appear in the list, check the "archived security designation" list containing designations of securities of the reporting issuer that are no longer outstanding and that may no longer be issued. Alternatively, check the "Insider defined security" list that will contain one or more security designations for the reporting issuer if any have been defined previously by or for the insider. In either case, if the applicable securities designation appears in the list, select it.

If the applicable security designation does not appear in any of the lists described above, the insider must define the applicable security designation. For this purpose, select the appropriate "Security category" by choosing "Debt", "Equity", "Issuer Derivative" or "Third Party Derivative" from the list provided. For purposes of the insider reporting requirement, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates. The security category selected will determine the nature of the information that is required to be reported in relation to positions or transactions involving the applicable security designation.

Next, create the "insider defined" security designation by selecting the most appropriate "Security name" from the list provided and, if applicable, use the "Additional description" field to enter any additional words used to describe the specific security or class of securities. For example, to provide the security designation of "Class A Preferred Shares, Series 1", select "Preferred Shares" from the "Security name" list and then type "Class A, Series 1" in the "Additional description" field.

*Important Note:* If the security or class of securities being designated is a security that has been issued by the reporting issuer, it is important to try to avoid creating an "insider defined" security designation. If a security designation has not been created by the reporting issuer in respect of a security or class of securities issued by the reporting issuer, contact the reporting issuer to request that the security designation be added to the list of security designations for the reporting issuer's outstanding securities in its issuer profile supplement. However, you must create an "insider defined" security designation if this becomes necessary to ensure that the insider report is filed on a timely basis.

*Derivatives:* If the security or class of securities being designated is an issuer derivative or a third party derivative, provide the security designation for the derivative and the security designation for the underlying security. See item 18 below. In addition, if the security or class of securities being designated is a third party derivative, the insider will have to provide the applicable security designation in all cases.

## **6. Ownership type**

Indicate whether the securities in respect of which a position or transaction is being reported are (1) beneficially owned directly, (2) beneficially owned indirectly or (3) controlled or directed. Securities beneficially owned directly but held through a nominee such as a broker or book-based depository are considered direct holdings.

## **7. Identity of registered holder of securities where ownership is indirect or where control or direction is exercised**

If beneficial ownership of the securities is indirect or if control or direction is exercised over the securities, provide the name of the registered holder of the securities. If the name of the registered holder has been previously added to the insider's profile in respect of the reporting issuer, select the name of the registered holder from the list shown. Otherwise, enter the full legal name of the registered holder in the field provided.

## **8. Opening balance of securities held (initial SEDI report only)**

If the insider is filing an initial report in respect of securities held on becoming an insider or is reporting a change in a security or class of securities previously reported only in paper format, for each security or class of securities held directly or by a particular registered holder, disclose the initial number or amount of securities so held in the field provided for this purpose on the web page titled "File insider report - Opening balance on initial SEDI report (Non-Derivatives)", or the corresponding web page for derivatives, as applicable. For debt securities, provide the aggregate nominal value of the securities held.

If an opening balance of securities held is required to be disclosed, the information with respect to the "date of transaction" and "nature of transaction" required under items 9 and 10 below will be generated by the SEDI software application. The "date of the transaction" will be the date the insider became an insider or the date of the previous paper filing, whichever has been reported in the insider profile.

If the insider has previously filed a report in SEDI disclosing the balance of the security or class of securities held directly or by a particular registered holder, the opening balance of the security or class of securities so held is generated by the SEDI software application based on all previous reports filed in respect of the particular holding.

If an initial SEDI report involves the holding of a derivative, see item 19 below.

**9. Date of transaction**

Provide the date of each transaction being reported using the fields provided for this purpose. Provide the “trade date” not the “settlement date”.

**10. Nature of transaction**

Indicate the nature of each transaction being reported by selecting the most appropriate transaction type from the list provided for this purpose.

**11. Number or value of securities acquired**

Disclose the number or value of securities acquired for each transaction involving an acquisition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the acquisition of an option, warrant, right or other derivative, see items 21 and 22 below.

**12. Number or value of securities disposed of**

Disclose the number or value of securities disposed of for each transaction involving a disposition of securities. For debt securities, provide the aggregate nominal value. If the transaction involved the disposition of an option, warrant, right or other derivative, see items 21 and 22 below.

**13. Unit price or exercise price**

Disclose the price per security paid or received by the insider for each transaction being reported, if applicable. Do not reduce the price being reported to reflect the amount of any commission paid. If the insider acquired or disposed of a security upon the exercise of an option, warrant, right or other derivative, report the exercise price per security. If the insider acquired or disposed of an option, warrant, right or other derivative, see item 23 below.

If the transaction involved consideration other than cash, provide the approximate fair value of the consideration in Canadian dollars and describe the consideration in the “General remarks” field. If no consideration was paid or received by the insider, check “Not applicable”.

**14. Currency**

If the price paid or received in any transaction was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

**15. Closing balance of securities held**



After each new transaction being reported in respect of a security or class of securities held directly or through a particular registered holder has been entered, a new balance of the security or class of securities held directly or by the particular registered holder will be generated automatically by SEDI prior to filing. If the insider believes that the closing balance reported by SEDI is not correct, the closing balance calculated by the insider must be reported in the field provided for this purpose. The insider shall make all reasonable efforts to reconcile the balance calculated by SEDI with the balance believed by the insider to be correct. An incorrect balance may have resulted from an error in a previous insider report or from a failure to report a previous transaction.

**16. General remarks**

Provide additional information if necessary to provide an accurate description of each position and/or transaction in securities being reported. Information provided in this field will be accessible by the public.

**17. Private remarks to securities regulatory authority**

Using the field provided, the insider may disclose additional information with respect to the position or transaction being reported to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

***Holdings or Transactions Involving Derivatives***

If a holding or transaction being reported by the insider involves an issuer derivative or a third party derivative, the additional information prescribed below shall be disclosed, if applicable. For this purpose, "issuer derivative" means a derivative issued by the reporting issuer to which the insider reporting requirement relates, and "third party derivative" means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates.

**18. Security designation of derivative and underlying security**

Provide the security designation for the derivative in the manner described under item 5 above. Next, select the appropriate security category for the underlying security from the list provided and then provide the security designation for the underlying security in a similar manner to that described under item 5 above. If the security or class of securities being designated is a third party derivative, the insider will have to define the applicable security designation in all cases. If the derivative security has been defined by the insider, the underlying security must also be defined by the insider.

**19. Opening balance of derivative securities or contracts held (initial SEDI report**

**only)**

If the insider is filing an initial report disclosing an option, warrant, right or other derivative held on becoming an insider or is reporting a change in such a derivative not previously reported in SEDI format, for each such derivative position so held directly or by a particular registered holder, disclose the initial number of derivative securities or contracts held in the field provided for this purpose.

**20. Opening balance of equivalent number of underlying securities (initial SEDI report only)**

If the insider is filing an initial report of an option, warrant, right or other derivative held on becoming an insider or is reporting a change in any such derivative not previously reported in SEDI format, for each such derivative position held directly or by a particular registered holder, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of such derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the actual or notional amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of such derivative.

**21. Number of derivative securities or contracts acquired or disposed of**

Disclose the number of derivative securities or contracts acquired for each transaction involving an acquisition of a derivative or the number of derivative securities or contracts disposed of for each transaction involving a disposition of a derivative.

**22. Equivalent number of underlying securities acquired or disposed of**

For each transaction involving an acquisition or disposition of a derivative, disclose the actual or notional number or amount of underlying securities that may be acquired or disposed of upon exercise or settlement of the derivative. If the underlying securities are debt securities, provide the aggregate nominal value of the equivalent amount of underlying debt securities that may be acquired or disposed of upon exercise or settlement of the derivative.

**23. Unit price of derivative**

Disclose the premium or other amount paid or received by the insider in connection with the acquisition or disposition of the derivative (per contract if applicable). If the premium or other amount paid or received was in a currency other than Canadian dollars, provide the amount in that other currency and select the other currency from the list provided for this purpose.

**24. Conversion or exercise price of derivative**

Provide the conversion or exercise price of the derivative by entering the amount in the field provided for this purpose (per underlying security if applicable). If the conversion or exercise price is in a currency other than Canadian dollars, select the relevant currency from the list provided for this purpose. If the conversion or exercise price of the derivative will adjust on one or more specified dates, provide the details of the adjustment terms in the “General remarks” field.

## **25. Date of expiry or maturity of derivative**

If the derivative expires or matures on a given date, specify the date of expiry or maturity using the fields provided for this purpose.

### ***Certification***

Prior to filing an insider report, the insider or the insider’s agent must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the insider is still responsible for ensuring that the information filed by the agent is true and complete. It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

### ***Notice – Collection and Use of Personal Information***

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d’accès à l’information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

The Manitoba Securities Commission  
1130-405 Broadway

Securities Commission of Newfoundland  
P.O. Box 8700

Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22<sup>nd</sup> Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès à  
l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645

**FORM 55-102F3**

**Issuer Profile Supplement**

An issuer profile supplement filed in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

**1. Name of reporting issuer**

Provide the name of the reporting issuer for which the issuer profile supplement is being created by searching for the reporting issuer using the reporting issuer's SEDAR number or the reporting issuer's legal name (in English or French). If the reporting issuer's name does not appear in the search results, an issuer profile must be created for the reporting issuer in SEDAR before proceeding further with any SEDI filings. See National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

**2. Name of insider affairs contact**

Provide the full legal name of an individual who will act as "insider affairs contact" for the reporting issuer. Use the "Family name" and "Given names" fields for this purpose. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations. SEDI will automatically deliver an e-mail message to the e-mail address provided for the insider affairs contact each time an insider profile or an amended insider profile is filed by or on behalf of a person or company disclosing an insider relationship with the reporting issuer. This is intended to assist the reporting issuer in identifying any incorrect or inappropriate SEDI filings made in respect of the reporting issuer. Insider affairs contact information is not accessible by the public.

**3. Address of insider affairs contact**

Provide a business address for the insider affairs contact. Indicate the country and provide the address (street name and number, etc.), the municipality (city, town, etc.), province, territory or state and postal or zip code, as applicable. A post office box or similar mailing address is not acceptable.

**4. Telephone number and e-mail address of insider affairs contact**

Provide a business telephone number and a business e-mail address for the insider affairs contact.

**5. Fax number of insider affairs contact (if applicable)**

If available, provide a business fax number for the insider affairs contact.

## **6. Confidential question and answer**

Provide a “confidential question” and an answer to the confidential question for use in identifying the issuer’s representative if a request is being made to the SEDI operator for a new issuer access key. Keep a record of the confidential question and answer in a secure location.

## **7. Security designations**

Provide the security designation for each outstanding security and each class of outstanding securities of the reporting issuer being profiled. For each security or class of securities, select the appropriate “Security category” by choosing “Debt”, “Equity” or “Issuer Derivative” from the list provided. Then provide a designation of the security or class of securities using the fields provided for this purpose, as follows. First, select the “Security name” from the list of generic security names provided. Second, if applicable, enter any additional words used to describe the specific security or class of securities. For example, to provide the designation of “Class A Preferred Shares, Series 1”, select “Preferred Shares” from the “Security name” field and then type “Class A, Series 1” in the “Additional description” field.

If the security whose designation is being added is an issuer derivative, provide the designation of the underlying security or class of underlying securities in addition to the designation of the issuer derivative itself. First, select the applicable securities category for the underlying security and then provide the designation for the underlying security using the “Security name” and “Additional description” fields in the same manner as described above.

## **8. Amending a security designation**

If there is any change in the security designation disclosed previously for a security or class of securities of the reporting issuer that is outstanding or that may be issued in the future, use the “Amend security designation” function to amend the applicable security designation in the issuer profile supplement. Select the applicable security designation to be amended and a web page with pre-populated fields containing the existing security designation information will be displayed for purposes of making the necessary amendment(s).

Note that a security designation should only be amended for corrections or for changes that do not result in the security or class of securities ceasing to exist. If a security or class of securities ceases to exist and is replaced by another security or class of securities, the “old” security must be archived in the manner described under item 9 below and a security designation must be added for the “new” security in the manner described under item 7 above.

If the security or class of securities affected by the change is an underlying security for an issuer derivative, use the “Amend security designation” function to amend the security designation of the underlying security as well.

## 9. Archiving a security designation

If any security or class of securities designated previously by the reporting issuer has ceased to be outstanding and the security or class of securities may no longer be issued, use the “Archive security designation” function to remove the relevant security designation from the reporting issuer’s list of “outstanding securities” and place it in the reporting issuer’s list of “archived securities”. Archived security designations may not be reactivated if the applicable security or class of securities is re-issued or becomes subject to the issuance. In such circumstances, a new security designation must be added to the issuer profile supplement in the manner described under item 7 above.

### ***Notice – Collection and Use of Personal Information***

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for purposes of the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland. Some of the required information will be made public pursuant to the securities legislation in each of the jurisdictions indicated above. Other required information will remain confidential and will not be disclosed to any person or company except to any of the securities regulatory authorities or their authorized representatives. If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction(s) in which the required information is filed, at the address(es) or telephone number(s) set out below. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Attention: Information Officer  
Telephone: (403) 297-6454

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2  
Attention: Supervisor, Insider Reporting  
Telephone: (604) 899-6500 or  
(800) 373-6393 (in BC)

The Manitoba Securities Commission  
1130-405 Broadway  
P.O. Box 8700  
Winnipeg, MB R3C 3L6  
Attention: Director, Legal  
Telephone: (204) 945-4508

Securities Commission of  
Newfoundland  
2<sup>nd</sup> Floor, West Block  
Confederation Building  
St. John's, NFLD A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189

Nova Scotia Securities Commission  
2<sup>nd</sup> Floor, Joseph Howe Building  
1690 Hollis Street  
P.O. Box 458  
Halifax, NS B3J 3J9  
Attention: FOI Officer  
Telephone: (902) 424-7768

Ontario Securities Commission  
Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario  
M5H 3S8  
Attention: FOI Coordinator  
Telephone: (416) 593-8314

Commission des valeurs mobilières du Québec  
Stock Exchange Tower  
P.O. Box 246, 22<sup>nd</sup> Floor  
800 Victoria Square  
Montréal, PQ H4Z 1G3  
Attention: Responsable de l'accès  
à l'information  
Telephone: (514) 940-2150 or  
(800) 361-5072 (in Quebec)

Saskatchewan Securities Commission  
800-1920 Broad Street  
Regina, SK S4P 3V7  
Attention: Director  
Telephone: (306) 787-5645



## FORM 55-102F4

### Issuer Event Report

An issuer event report in SEDI format shall contain the information prescribed below. The information shall be entered using the online version of this form accessible by SEDI users at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). All references to web pages, fields and lists relate to the online version of the form.

#### 1. Issuer event type

Starting at the web page titled “File issuer event report – Form 55-102F4”, select the “Issuer event type” that appropriately describes the issuer event from the list of transactions and other events provided for this purpose. If an appropriate issuer event type is not provided in the list, select “Other Issuer Event” and enter an appropriate generic term for the type of issuer event being reported in the “Other issuer event type” field provided for this purpose.

#### 2. Effective date of issuer event

Disclose the effective date of the issuer event using the fields provided for this purpose.

#### 3. Issuer event title

Provide a descriptive title for the issuer event that will distinguish the issuer event from other issuer events of the same type. For example, in the case of a merger, refer to another merging issuer, or in the case of a stock split, indicate the approximate date.

#### 4. Issuer event details

Describe the issuer event in plain language. Provide the security designation of each security or class of securities of the issuer affected by the issuer event and explain the adjustment or other change in holdings that affected insiders of the issuer would be required to report as a result of the issuer event. If applicable, provide the ratio by which each security or class of securities affected has been or will be adjusted by the issuer event.

If the required adjustment(s) will result in a fractional number of securities when applied to the number of securities held by affected insiders, indicate whether the number of securities held by the insider shall be rounded up or down.

If the issuer event involved the creation of a new security or class of securities or the formation of a new reporting issuer, disclose this information. If applicable, amend the issuer profile supplement for the reporting issuer.

***Optional Information***

An issuer event report filed in SEDI format may, at the option of the reporting issuer, contain the following additional information:

**5. Private remarks to securities regulatory authority**

Using the field provided, the issuer may disclose additional information concerning the issuer event to staff of the securities regulatory authority. Information provided in this field will not be accessible by the public.

**FORM 55-102F5**

**SEDI User Registration Form**

An individual who intends to use SEDI to file information with the securities regulatory authority is required to complete and submit a user registration form in SEDI format containing the information prescribed below. The information must be entered using the online version of this form accessible at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). To access the online user registration form, select "Register as a SEDI user" on the navigation bar at the top of the web page titled "Welcome to SEDI".

**1. Full legal name of SEDI user**

Provide your family name and your given names. Use upper and lower case letters as applicable. Do not use initials, nicknames or abbreviations.

**2. Name of employer and position of SEDI user**

If you are acting on behalf of an employer, provide the full legal name of your employer and your position with that employer.

**3. Address of SEDI user**

If you are an insider, provide your principal residential address. Otherwise, provide the business address where you are employed. A post office box or other mailing address is not sufficient.

**4. SEDI user's telephone number**

Provide your daytime telephone number.

**5. SEDI user's fax number**

If available, provide your fax number.

**6. SEDI user's e-mail address**

If available, provide your e-mail address.

**7. Check the appropriate box for SEDI user classification**

Indicate whether you expect to access SEDI as an insider, an agent and/or an issuer's representative by checking the appropriate box or boxes. The type of user classification will determine the amount of functionality you will have in the SEDI application software.

## **8. Confidential question and answer**

Provide a “confidential question” and an answer to the confidential question for use in verifying your identity if a request in your name is being made to the SEDI operator for a new password.

### ***Certification***

Prior to submitting the completed online user registration form, you must certify that the information is true in all material respects and you must agree to update the information submitted as soon as practicable following any material change in the information.

### ***Delivery of Signed Copy to SEDI Operator***

Before you may make a valid SEDI filing, you must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. To satisfy this requirement, it is preferred that you print a copy of the online user registration form once you have certified and submitted it. You must deliver a manually signed and dated copy of the completed user registration form via prepaid mail, personal delivery or facsimile to the SEDI operator at the following address or fax number, as applicable:

CDS INC.  
Attention: SEDI Administrator  
85 Richmond Street West  
Toronto, Ontario M5H 2C9

Facsimile: 1-866-729-8011

or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to:

CDS INC.  
Attention: SEDI Administrator  
600 boul. de Maisonneuve Ouest  
Montreal, Quebec  
H3A 3J2

or at such other address(es) or fax number(s) as may be provided on the SEDI web site ([www.sedi.ca](http://www.sedi.ca)).

**Questions**

Questions may be directed to CDS INC. at 1-800-219-5381 or such other number as may be provided on the SEDI web site.

***Notice – Collection and Use of Personal Information***

The personal information that you provide on this form is used to facilitate your access to and use of the SEDI system and is not used for any other purpose. The signed copy of the completed form that you deliver to CDS INC. (the SEDI operator) is retained by CDS INC. as evidence of your registration as a SEDI user. The information you provide on this form will not be disclosed to any third party except any of the securities regulatory authorities or their authorized representatives for purposes of the administration or enforcement of securities legislation in the applicable jurisdictions. For information about the use of the information collected on this form or if you would like to obtain access to the information you have submitted, contact the CDS SEDI Administrator at the address or telephone number provided above. In Quebec, questions may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

## SEDI User Registration Form

Note: Before an individual registering as a SEDI user may make a valid SEDI filing, the registering individual must deliver a manually signed paper copy of the completed user registration form to the SEDI operator for verification purposes. It is preferred that the registering individual print a copy of the online version using the "Print" function provided for this purpose in SEDI. The signed paper copy must be delivered by prepaid mail, personal delivery or facsimile to: CDS INC., Attention: SEDI Administrator, 85 Richmond Street West, Toronto, Ontario M5H 2C9, Facsimile: 1-866-729-8011 or, if you are resident in the province of Quebec, to the SEDI operator at the address above, or to CDS INC., Attention: SEDI Administrator, 600 boul. de Maisonneuve Ouest, Montreal, Quebec, H3A 3J2.

### Section 1 SEDI User Information

Family name:

Given names (in full):Employer name and position (if applicable):

Address (street name and number, etc.):

Municipality (city, town, etc.):

Province, territory or state:

Country:

Postal code or zip code:

Telephone number:

( )

Fax number (if available):

( )E-mail address (if available):

### Section 2 SEDI User Classification

Check the appropriate box or boxes:

Insider

Agent

Issuer representative

### Section 3 Certification of SEDI User

I certify that the foregoing information is true in all material respects. I agree to update the information submitted on this form in SEDI as soon as practicable following any material change in the information. I agree that an executed copy of Form 55-102F5, if delivered to CDS INC. by facsimile, shall have the same effect as an originally executed copy delivered to CDS INC.

Signature of SEDI user

Date:

**COMPANION POLICY 55-102CP  
TO NATIONAL INSTRUMENT 55-102  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)**

**PART 1 - PUBLIC AVAILABILITY OF SEDI INFORMATION**

- 1.1** The securities legislation of several provinces requires, in effect, that information filed with the securities regulatory authority or, where applicable, the regulator under such securities legislation, be made available for public inspection during normal business hours except for information that the securities regulatory authority or, where applicable, the regulator,
- (a) believes to be personal or other information of such a nature that the desirability of avoiding disclosure thereof in the interest of any affected individual outweighs the desirability of adhering to the principle that information filed with the securities regulatory authority or the regulator, as applicable, be available to the public for inspection, or
  - (b) in Alberta, considers that it would not be prejudicial to the public interest to hold the information in confidence, or
  - (c) in Quebec, considers that access to the information could be prejudicial for the affected persons.

Based on the above mentioned provisions of the securities legislation, the securities regulatory authority or the regulator, as applicable, has determined that the information listed in Schedule A to this Companion Policy discloses personal or other information or such a nature that the desirability of avoiding disclosure of this personal or other information in the interests of the affected persons outweighs the desirability of making the information available to the public for inspection. In addition, in Alberta, the securities regulatory authority and the regulator consider that it would not be prejudicial to the public interest to hold the information listed in Schedule A to this Companion Policy in confidence and in Quebec, the security regulatory authority considers that access to the information by the public in general could be prejudicial for the affected persons. Accordingly, the information listed in Schedule A to this Companion Policy will not be made publicly available.

- 1.2** The securities regulatory authority or the regulator, as applicable, has further determined that, in the case of information filed in SEDI format other than information listed in Schedule A to this Companion Policy, the requirement that this information be made available for public inspection will be satisfied by making the information available on the SEDI web site.

**PART 2 - PRODUCTION OF SEDI FILINGS**

- 2.1** The securities legislation of several provinces contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. The securities regulatory authority or the regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in SEDI format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the regulator that the printed copy or output is a copy of the information filed in SEDI format.

### **PART 3 - JURISDICTION OF FILING**

- 3.1** The SEDI software application located at the SEDI web site does not provide a SEDI user with the functionality to select the jurisdiction(s) in which a SEDI filing is being submitted for filing. However, the securities regulatory authority takes the view that the submission of information in SEDI format in accordance with the National Instrument constitutes the filing of that information under securities legislation if the information is required to be filed under the securities legislation.

### **PART 4 - DATE OF FILING AND CONDITIONAL FILING**

- 4.1** Subject to section 4.2, the securities regulatory authority takes the view that information filed in SEDI format is, for purposes of securities legislation, filed on the day that the transmission of the information to the SEDI server is completed. Following receipt by SEDI of information filed in SEDI format, SEDI will provide the SEDI user with the ability to print a copy of the filed information showing the date and time of receipt by SEDI.
- 4.2** Subsection 2.5(1) of the National Instrument provides that an individual who is a SEDI filer, a filing agent, or an authorized representative of a SEDI filer or filing agent, may use SEDI for the purpose of making SEDI filings. Subsection 2.5(2) of the National Instrument provides that, before using SEDI to make a SEDI filing, such an individual must register as a SEDI user by completing and submitting an online user registration form and delivering a manually signed paper copy of the completed user registration form to the SEDI operator, for verification. Since registration requires delivery of a signed paper copy of the completed user registration form to the SEDI operator for verification, the securities regulatory authority takes the view that a SEDI filing made by an individual who has not completed registration as a SEDI user in accordance with subsection 2.5(2) of the National Instrument is not a valid filing for purposes of securities legislation until such time as the individual making the SEDI filing has completed the registration process.



Despite the requirement to complete the user registration process before using SEDI to make filings, SEDI has been designed to permit an individual who has submitted the online user registration form to proceed to prepare and submit an insider profile as well as insider reports prior to the delivery and verification of the signed paper copy of the registration form. However, SEDI will assign a conditional status to any insider profiles or insider reports filed by an individual who has not completed the registration process. Consistent with the provisions of the National Instrument discussed above, SEDI filings that are conditional are not considered valid filings and are not made publicly accessible. If and when the individual making a conditional SEDI filing completes the registration process, any conditional SEDI filings will automatically cease to be conditional filings and will be made publicly accessible.

It is anticipated that signed paper copies of the registration form that are delivered to the SEDI operator for verification will be processed promptly upon receipt by the SEDI operator. If there is a problem with the verification process, the SEDI operator will attempt to resolve the problem by trying to contact the registering individual or using other appropriate means, which may involve referring the problem to the securities regulatory authority. It is preferred that registering individuals sign a computer printout of the online registration form for purposes of satisfying the requirement to deliver a signed paper copy of the form to the SEDI operator for verification.

## **PART 5 - OFFICIAL COPY OF SEDI FILINGS**

- 5.1** For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority takes the view that the official record of any information filed in SEDI format by a SEDI filer is the electronic information stored in SEDI.

## **PART 6 - COLLECTION, USE AND DISCLOSURE OF PERSONAL INFORMATION**

- 6.1** The *Personal Information Protection and Electronic Documents Act* (Canada) (the “Federal Privacy Act”) requires an organization that is collecting, using or disclosing personal information to obtain the individual’s consent in most circumstances. While certain information filed in SEDI is personal information within the meaning of the Federal Privacy Act, the Act provides an exemption from the consent requirement in respect of personal information that is, by law, collected and placed in a public registry if the collection, use and disclosure relates directly to the purposes for which the personal information appears in the public registry. This exemption is based on the recognition that often there are legitimate primary purposes for which the personal information is collected, used or disclosed and, therefore, as long as the information is collected, used or disclosed for the primary purposes, no consent is required.

In Quebec, the *Act Respecting Access to Documents Held by Public Bodies and the Protection of Personal Information*, R.S.Q. c. A-2.1 (the “Public Sector Act”) and the *Act Respecting the Protection of Personal Information in the Private Sector*, R.S.Q.

c. P-39.1 (the “Private Sector Act”) are both applicable to information filed in SEDI. Under the Public Sector Act, personal information which, by law, is public is not considered to be nominative (or personal) and, therefore, is not confidential. The Private Sector Act, which applies to persons engaged in carrying on an enterprise (excluding a public body within the meaning of the Public Sector Act and any person that holds information on behalf of the public body), requires an individual’s consent to the use or disclosure of personal information concerning the individual in most circumstances. Further, this consent must be manifest, free and enlightened, and must be given for specific purposes. However, Bill 122, which will amend the Private Sector Act and which was introduced in the Quebec legislature on May 11, 2000, will harmonize the Private Sector Act with the Public Sector Act. Bill 122 provides that personal information which, by law, is public is not confidential. Consequently, if the Quebec legislature adopts Bill 122, the use and communication of publicly available information filed in SEDI will not be subject to the consent requirement in the Private Sector Act.

**6.2** For purposes of determining the scope of the exemption from the consent requirement in the Federal Privacy Act discussed in section 6.1, the securities regulatory authority takes the view that the primary purposes for the collection, use and disclosure of personal information relating to insiders of reporting issuers and their security holdings in these issuers include the following:

- (a) protecting the investing public against unfair, improper or fraudulent use of material undisclosed information relating to publicly traded issuers;
- (b) enhancing the ability of investors to make well-informed investment decisions;
- (c) promoting efficiency in the capital markets;
- (d) promoting fair, honest and responsible market practices by market participants;  
and
- (e) promoting confidence in the transparent operation of the capital markets in Canada.

**SCHEDULE A TO COMPANION POLICY 55-102CP  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)**

**Form 55-102F1 Insider Profile**

The following information filed in Form 55-102F1 Insider Profile will not be made available for public inspection:

1. Name of insider representative (if applicable) (item 2)
2. Insider's address including postal code but excluding municipality (city, town, etc.), province, territory, state and/or country (item 3)
3. Insider's telephone number (item 4)
4. Insider's fax number (if applicable) (item 5)
5. Insider's e-mail address (if applicable) (item 6)
6. Correspondence in English or French (item 7)
7. Confidential question and answer (item 8)
8. Additional contact information (item 13)

**Form 55-102F2 Insider Report**

The following information filed in Form 55-102F2 Insider Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 17)

**Form 55-102F3 Issuer Profile Supplement**

The following information filed in Form 55-102F3 Issuer Profile Supplement will not be made available for public inspection:

1. Name of insider affairs contact (item 2)
2. Address of insider affairs contact (item 3)
3. Telephone number and e-mail address of insider affairs contact (item 4)
4. Fax number of insider affairs contact (if applicable) (item 5)
5. Confidential question and answer (item 6)

### **Form 55-102F4 Issuer Event Report**

The following information filed in Form 55-102F4 Issuer Event Report will not be made available for public inspection:

1. Private remarks to securities regulatory authority (item 6)

### **Form 55-102F5 SEDI User Registration Form**

None of the information submitted in Form 55-102F5 SEDI User Registration Form will be made available for public inspection.

## NOTICE

### **NATIONAL INSTRUMENT 55-102, FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)**

#### **Notice of Rule and Policy**

The Ontario Securities Commission (the "Commission") and other members of the Canadian Securities Administrators (the "CSA") have implemented National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (the "National Instrument") and Forms 55-102F1, 55-102F2, 55-102F3, 55-102F4, 55-102F5 and 55-102F6 (the "Forms") and Companion Policy 55-102CP (the "Companion Policy"). In this Notice, the National Instrument, the Forms and the Policy are referred to collectively as the "Instruments".

The Commission has made the National Instrument and Forms under section 143 of the Securities Act (the "Act") and has adopted the Policy under section 143.8 of the Act. The National Instrument, together with the Forms, has been, or is expected to be, implemented as a rule in each of Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia and Ontario, as a Commission regulation in Saskatchewan and as a policy in Quebec, these being all of the jurisdictions with insider reporting requirements. The Companion Policy has been, or is expected to be, adopted as a policy in each of these jurisdictions.

The National Instrument and the other material required by the Act to be delivered to the Minister of Finance were delivered on July 16, 2001. Accordingly, subject to certain transitional provisions described below, the Instruments will become effective on October 29, 2001, the effective date contained in the National Instrument, unless the Minister rejects the National Instrument or the Forms or returns them to the Commission for further consideration before September 15, 2001.

The CSA published drafts of the National Instrument (the "Draft Instrument"), the Forms (the "Draft Forms") and the Companion Policy (the "Draft Policy") in June 2000 (collectively the "Draft Instruments").<sup>1</sup>

The comment period on the Draft Instruments ended on September 14, 2000. The CSA received eight submissions in respect of the Draft Instruments. The comments provided in these submissions have been considered by the CSA and the final versions of the National Instrument, Forms and Companion Policy being published with this Notice reflect the decisions of the CSA in this regard. Appendix A to this Notice lists the commentators on the Draft Instruments and Appendix B to this Notice provides a summary of the public comments received and the responses of the CSA.

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<sup>1</sup> In Ontario, at (2000) 23 OSCB 44.

## **Substance and Purpose of the National Instrument**

The System for Electronic Disclosure by Insiders known as SEDI will facilitate filing and public dissemination of insider reports in electronic format through an Internet web site ([www.sedi.ca](http://www.sedi.ca)). The rules and policies governing the electronic filing of insider reports through SEDI are set forth in the Instruments.

The National Instrument defines “SEDI issuers” to mean reporting issuers, other than mutual funds, that are required to file disclosure documents in electronic format through SEDAR<sup>2</sup>, and provides that insiders of these SEDI issuers are required to file their insider reports in electronic format through SEDI. To facilitate electronic filing of insider reports, the National Instrument also provides that SEDI issuers are required to file certain information electronically through SEDI. Insiders of reporting issuers that do not file their disclosure documentation in SEDAR will continue to file insider reports in paper format.

By filing an insider report in SEDI, an insider will satisfy the requirements of the securities legislation of all CSA jurisdictions that have insider reporting requirements. Insiders are currently required to file separately by paper or facsimile in each applicable jurisdiction. As well, electronic filing of insider reports will significantly enhance public dissemination of the information disclosed in these reports.

## **Summary of National Instrument and Changes to National Instrument**

This section summarizes the National Instrument and describes the principal changes made in the National Instrument from the Draft Instrument. As the changes to the National Instrument from the Draft Instrument are not material, the National Instrument is not subject to a further comment period.

### *Insider Profiles*

Before any insider reports may be filed by or on behalf of an insider in SEDI, an insider profile containing information identifying the insider and the insider’s relationship to one or more SEDI issuers must be filed in electronic format by or on behalf of the insider<sup>3</sup>. The information required to be provided in the insider profile is prescribed by Form 55-102F1 and consists principally of the information required to be included in the existing paper form of insider report that typically would not change as a result of changes in the insider’s security holdings. Thereafter, the insider will be required to file an amended insider profile in SEDI format within 10 days if there is a change in the insider’s name or the insider’s relationship to a SEDI

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<sup>2</sup> SEDAR is the acronym for System Electronic Document Analysis and Retrieval, the computer system implemented by CSA to facilitate electronic filing of disclosure documents under Canadian securities legislation.

<sup>3</sup> In order to access SEDI to make a filing, an individual will be required to register with the system operator as a SEDI user. See “User Registration” below.

issuer, or if the insider ceases to be an insider of a SEDI issuer, as disclosed in the insider's most recently filed insider profile. In the case of a change in any other information disclosed in the insider's most recently filed insider profile, an amended insider profile will be required at the time of the insider's next SEDI filing. This represents a change from the Draft Instrument, which required an insider to file an amended insider profile in SEDI format within 10 days following *any* change in the information disclosed in the insider's profile.

### *Insider Reports*

Once an insider profile has been filed in SEDI, insider reports may be filed electronically by or on behalf of the profiled insider. The information required to be included in an insider report filed electronically is prescribed in Form 55-102F2. Insider reports filed in SEDI format will contain information substantially similar to that contained in the existing paper form of insider report, except for the addition of a separate section for third party derivatives to facilitate insider reporting of trades in exchange-traded or over-the-counter options or other derivatives.

Since the reports will be filed as data, and prepared within the system, SEDI will be able to pre-populate certain form information (e.g. opening balances of securities held), automatically perform certain calculations (e.g. closing securities balances) and perform various edit checks (e.g. ensure all required fields have been completed with valid data) prior to allowing transmission of the completed online report through SEDI. It is expected that this function will significantly reduce the number of deficient insider reports filed.

Securities legislation in several CSA jurisdictions currently requires insiders to report their trades within 10 days after the date of the trade. Securities legislation in other jurisdictions, such as British Columbia, requires insiders to report their trades within 10 days after the end of the month in which the trade occurs. Upon implementation of the National Instrument, the securities legislation in British Columbia will require insider reports to be filed within 10 days after a trade is made.

### *Issuer Profile Supplements*

All SEDI issuers will be required to file a supplement to their SEDAR issuer profiles through SEDI. This filing, which is referred to as an issuer profile supplement, will require information about the SEDI issuer's outstanding securities as well as the name and contact information for an individual who will serve as an insider affairs contact for the SEDI issuer. The requirement to provide information for an insider affairs contact, which will be kept confidential by the securities regulatory authorities, represents a change from the Draft Instruments. This information is required to support notification to a SEDI issuer whenever an insider discloses a relationship to the SEDI issuer. This will assist each SEDI issuer in identifying any incorrect or inappropriate SEDI filings made in respect of the issuer.

The information required to be included in an issuer profile supplement is prescribed in Form 55-102F3. This Form, which was not included in the Draft Instruments, provides more detailed

directions with respect to the information required to be included in an issuer profile supplement, including the insider affairs contact information discussed above. The information disclosed publicly in the issuer profile supplement will be used by insiders to help them complete insider reports using the online system. In particular, the issuer profile supplement will disclose the appropriate designation of each outstanding security or class or series of outstanding securities issued by the SEDI issuer. Insiders will select from these designations when filing insider reports, thereby ensuring accuracy and consistency in the reported information.

Upon implementation of SEDI on October 29, 2001, an existing SEDI issuer will be required to file an issuer profile supplement within five business days rather than the standard three day requirement which will be mandated for issuers that become SEDI issuers after October 29, 2001. If a SEDI issuer distributes a security or class or series of securities that is not already disclosed in its issuer profile supplement, or if there is any change in the designation of any security or class of securities of the SEDI issuer disclosed in its issuer profile supplement, or if any such security or class of securities has ceased to be outstanding and is not subject to issuance at a future date, or if there is any other change in the information disclosed or required to be disclosed in the issuer profile supplement, including any change in a SEDI issuer's insider affairs contact, the SEDI issuer must file an amended issuer profile supplement in SEDI format immediately.

### *Issuer Event Reports*

Every SEDI issuer must also file an issuer event report no later than one business day following the occurrence of an "issuer event", which includes a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of the SEDI issuer in the same manner. Issuer event reports must include the information prescribed by Form 55-102F4. Issuer event reports will be displayed for the issuer's insiders in SEDI, thereby assisting these insiders to report changes in their security holdings resulting from issuer events.

The Commission Notice that accompanied National Instrument 55-101 Exemption From Certain Insider Reporting Requirements ("NI 55-101")<sup>4</sup> stated that the Commission would be revoking subsection 172(1) of the Regulation made under the Act upon implementation of NI 55-101. With the implementation of NI 55-101 on May 15, 2001, this provision was replaced by the new exemption that is available to insiders under NI 55-101. Subsection 172(1) exempted insiders of a reporting issuer from the insider reporting requirements under the Act if an officer of the reporting issuer filed written notice of a corporate event affecting all holdings of a class of securities in the same manner within 10 days of the occurrence of such event. Under the new exemption in NI 55-101, insiders are exempt from the obligation to report a change in direct or indirect ownership of, or control or direction over, securities of a reporting issuer resulting from an "issuer event" provided that these changes are reported by the insider

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<sup>4</sup> In Ontario, at (2001) 24 OSCB 3025.



within the time prescribed by securities legislation for reporting any other subsequent change in direct or indirect ownership of, or control or direction over, securities of the reporting issuer.

### *Implementation Date*

In the comments received on the Draft Instrument, various commentators expressed the view that the implementation timetable was too aggressive. For various reasons, implementation of electronic filing of insider reports in SEDI has taken longer than initially anticipated. The National Instrument now provides that insiders of SEDI issuers will be required to file insider reports electronically using SEDI commencing on November 13, 2001. This will provide SEDI issuers and their insiders with approximately four months to prepare for the transition to electronic filing.

Under this implementation schedule, any insider report filed on or after November 13, 2001 by or for any insider of a SEDI issuer must be filed in SEDI despite the date on which the trade took place. However, as discussed below, the provisions requiring each SEDI issuer to prepare and file an issuer profile supplement within five business days will become effective on October 29, 2001. The CSA believes that this implementation schedule will allow SEDI issuers and insiders to make any necessary preparations for the transition to electronic filing.

### *Transition to Electronic Filing*

In order to facilitate the transition to electronic filing, the requirement to file insider profiles, insider reports and issuer event reports electronically in accordance with the National Instrument will not arise until November 13, 2001, a period of two weeks from the effective date of the National Instrument. During this two week period, all insider reporting will continue in paper format and SEDI users will be encouraged to complete the user registration process described below. However, SEDI issuers will be subject to the issuer profile supplement filing requirements commencing October 29, 2001. Under the transitional provisions, existing SEDI issuers will have five business days from October 29, 2001 within which to register a representative as a SEDI user, if necessary, and to file their issuer profile supplements. This provides existing SEDI issuers with a longer timeframe than the three business day requirement applicable to issuers that become SEDI issuers after implementation of the National Instrument.

### *Operation of SEDI*

CDS INC. ("CDS"), the subsidiary of The Canadian Depository for Securities Limited currently operating SEDAR, has been appointed by the CSA to operate SEDI upon its implementation.

SEDI will be available to receive filings 24 hours a day, seven days a week, subject to service interruptions for maintenance and other technical requirements.

### *User Registration*

Currently, individuals in a variety of capacities are involved in filing insider reports in paper format with the securities regulatory authorities. Individual insiders, representatives of company insiders and lawyers or other agents are typically participants in the insider reporting process. In SEDI, any individual wishing to access the system to make a filing will be required to register with CDS in its capacity as system operator. Individuals will be able to register for this purpose by going to the SEDI web site and completing an online user registration form. The information required to be provided for user registration purposes is set out in Form 55-102F5. For security purposes, in order to complete the registration process, the individual user will also be required to sign a paper copy of the registration form and deliver the signed copy to CDS by prepaid mail, personal delivery or facsimile for verification. Under the National Instrument (and as indicated in the Companion Policy), the individual user must complete the registration process before that individual's filings will be considered valid.

### *Security Access Keys*

In order to permit insiders and issuers that are required to file information in SEDI to control information filed by others on their behalf, it is proposed that SEDI will issue alpha-numeric access keys to insiders and issuers when their insider profiles or issuer profile supplements, respectively, are first created in SEDI. Thereafter, any filing of information in SEDI on behalf of an insider or issuer will require the use of the access key assigned to that insider or issuer. Insiders and issuers will be able to provide their access key to authorized representatives and filing agents from time to time to facilitate filing on their behalf but will be able to obtain a new access key at any time, thereby retaining ultimate control over those who are permitted to file information in SEDI on their behalf.

### *Certification Requirements*

The National Instrument does not require signatures on SEDI filings. However, the insider or any agent acting on the insider's behalf will be required to certify by electronic means that the information filed electronically in an insider profile or insider report is true and complete in every respect. In the case of a filing agent, the certification is based on the agent's best knowledge, information and belief.

### *Temporary Hardship Exemption*

The National Instrument contains a temporary hardship exemption that will permit an insider of a SEDI issuer to comply with the insider reporting requirement by making a filing in paper format rather than in SEDI format if unanticipated technical difficulties arise in filing an insider report in SEDI format or if the SEDI issuer fails to file its issuer profile supplement on a timely basis. This exemption will require the insider to file initially in paper format within a prescribed timeframe and will also require the insider to make a SEDI filing once the technical difficulties have been resolved or the insider has become aware that the SEDI issuer has filed its issuer profile supplement. An insider report filed in paper format under the temporary hardship

exemption must be prepared in accordance with Form 55-102F6 and may be submitted by facsimile.

### *SEDI Service Charges*

Insiders will not be required to pay service charges to the SEDI operator for filing in SEDI. Rather, CDS will fund the start-up costs for SEDI and will recover these costs, as well as its operating costs, by means of an annual service charge applied by CDS to SEDI issuers that file documents through SEDAR. The annual service charge will vary, depending on the type of SEDI issuer. Single jurisdiction issuers will be charged \$250, multi-jurisdiction issuers will be charged \$750 and short form prospectus issuers will be charged \$2,500.

### **Paper Filing Regime**

The National Instrument provides that insiders of non-SEDI issuers must continue to file insider reports in paper format. The existing form of insider report used in the CSA jurisdictions with insider reporting requirements has been adopted for this purpose and designated as Form 55-102F6. Minor changes have been made to the existing form to update it but no material changes have been made.

The National Instrument also deals with reports that are required to be filed under section 108 of the Act and similar provisions in the legislation of certain other jurisdictions in Canada. These reports, which are not covered by the definition of “insider reporting requirement” in National Instrument 14-101 Definitions, are required to be filed if an insider of a reporting issuer transfers securities of that issuer into the name of an agent, nominee or custodian. The National Instrument provides that this type of report, defined in the National Instrument as a “transfer report”, must be filed in paper format on Form 55-102F6.

The National Instrument provides that insider reports and transfer reports filed in paper format may be sent to the Commission by prepaid mail, personal delivery or facsimile.

Section 109 of the Act, which requires that an insider report be filed where voting securities are registered in the name of a person or company, other than the beneficial owner, who is known to be an insider (except where there was a transfer for the purpose of giving collateral for a genuine debt), is not affected by the Instruments and, consequently, any reports required to be filed under this section will continue to be filed in paper format.

Subsection 117(1) of the Act, which requires a management company to file a report where there are certain transactions (e.g. a purchase, sale or loan) between a mutual fund and any related person or company, is not affected by the Instruments and, consequently, any reports required to be filed under this section will continue to be filed in paper format.

## **SEC Filers**

It is noted that the National Instrument does not affect the operation of Part 17 of National Instrument 71-101 *The Multijurisdictional Disclosure System* ("NI 71-101"). Part 17 of NI 71-101 provides that Canadian insider reporting requirements do not apply to an insider of a "U.S. issuer", as defined in NI 71-101, that has a class of securities registered under section 12 of the United States Securities Act of 1934, as amended (the "1934 Act"), if the insider complies with the requirements of United States federal securities law regarding insider reporting and the insider files with the Securities and Exchange Commission of the United States ("SEC"), any insider report required to be filed under section 16(a) of the 1934 Act and any rules and regulations thereunder.

It is also noted that insiders of non-SEDI issuers that file forms prescribed by the SEC under existing securities commission rules, blanket orders or policies permitting the filing of these forms in lieu of the Canadian form of insider report may continue to file the SEC forms. However, in Ontario, the Commission will be amending existing OSC Policy 7.1 and the related blanket order, as amended (currently being reformulated as OSC Rule 72-502), which permits insiders of reporting issuers that are incorporated or organized under laws outside of Canada and that are subject to U.S. reporting requirements, to file insider reports using SEC forms. Under the amended policy and amended blanket order (prior to its reformulation as a rule), insiders of SEDI issuers will not be permitted to rely upon the exemption because the Commission has determined that all insiders of SEDI issuers should file insider reports in electronic format.

## **Federal Insider Reporting Requirements**

It is noted that SEDI only supports filing under provincial securities legislation. Consequently, insider reports filed in SEDI may not satisfy insider reporting requirements under federal legislation if any such requirements are in force at the time SEDI is implemented.

## **Early Warning Reports/Alternative Monthly Reports**

Early Warning Reports and Alternative Monthly Reports disclosing ownership of 10% or more of a class of equity securities of a SEDAR reporting issuer are currently required to be filed as documents in SEDAR and this will continue to be the case after SEDI is implemented. A link will be available in SEDI that will allow filers and the public to access Early Warning Reports and Alternative Monthly Reports displayed on the SEDAR web site. This is being provided because there is an exemption from the insider reporting requirements if an insider files an Early Warning Report or Alternative Monthly Report in respect of a particular transaction.

## **Public Access to Filings**

The public will be able to access the following information from SEDI filings on the SEDI web site, except for certain confidential personal and other information as set out in the Companion Policy:

- (1) insider profiles;
- (2) summary reports of insider information, consisting of (a) insider profiles and (b) insider reports; and
- (3) information relating to SEDI issuers, consisting of (a) issuer profiles and supplements, and (b) issuer event reports.

## **Summary of Companion Policy and Changes to Companion Policy**

The Companion Policy provides notice of the decision of the applicable securities regulatory authorities and regulators to refrain from disclosing certain personal or other information filed in SEDI by or on behalf of an insider. Information that will not be made publicly available includes the insider's address (including postal code but excluding municipality, province, territory, state and/or country), telephone number, facsimile number, e-mail address and any election to receive correspondence in French or English. The Companion Policy has been revised following publication of the Draft Policy to include reference to the primary purposes for the collection, use and disclosure of personal information in the context of insider reporting. This is intended to assist those using publicly available information filed under the National Instrument to determine whether the use of personal information included in such filings is permitted under the Personal Information Protection and Electronic Documents Act (Canada) and, in Québec, under the Act Respecting the Protection of Personal Information in the Private Sector, R.S.Q., c. P-39.1. In Québec, any questions with respect to the protection of personal information of individuals may also be addressed to the Commission d'accès à l'information du Québec (1-888-528-7741, web site: [www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)).

The Companion Policy also provides notice of the determination of the applicable securities regulatory authorities and regulators that SEDI information to be made available to the public will be disseminated through the SEDI web site and that a requirement to produce an originally certified copy of information filed in SEDI will be satisfied through the production of a printed copy or other output certified by the regulator.

The Companion Policy has been revised following publication of the Draft Policy to include reference to the Commission's views as to jurisdiction and date of filing, which had previously formed part of the Draft Instrument. The Companion Policy provides that, upon the filing of an insider report in SEDI, such report will be considered to have been filed in each jurisdiction where the particular insider is required to satisfy an insider reporting requirement under applicable securities legislation. In addition, the information filed will be considered filed, for purposes of securities legislation, on the day that the submission of information in SEDI is

completed.

The Companion Policy has also been revised to provide that any insider profiles or insider reports submitted through SEDI prior to completion of the user registration process will not be valid filings or made publicly accessible until the SEDI operator verifies that the paper copy of the individual user's registration form has been completed, signed and delivered as required. A provision to this effect had originally been included in the Draft Instrument.

A further change has been made to the Companion Policy to reflect the Commission's view as to the official record of SEDI filings. Specifically, the official record of any information filed in SEDI format by a SEDI filer is the electronic information stored in SEDI. A provision to this effect had originally been included in the Draft Instrument.

### **Regulations Amended - Ontario**

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend certain provisions of the Regulation under the Act, which are in conflict with the provisions of the National Instrument, as follows:

- (1) section 161, which provides that documents required to be signed or certified be manually signed, will be amended by adding a reference to the National Instrument so that the words appearing before clause (a) will read as follows:

“Except as otherwise provided in the Act, section 11, section 174 or section 181 of this Regulation, the Rule entitled “In the Matter of Certain Reporting Issuers”, [1980], OSCB 166, Ontario Securities Commission Rule 55-502 Facsimile Filing or Delivery of Section 109 Reports, or National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI),”;

- (2) section 173, which enables a person or company required to file a report in accordance with Form 36 (replaced by Form 55-501F1) to be deemed to have complied with such requirement if a report prepared in accordance with Form 36 (replaced by Form 55-501F1) is filed in a Canadian jurisdiction other than Ontario with a securities commission or agent designated by the Commission for the purpose of accepting such filings, will be amended to change the form reference and to make this provision inapplicable to insiders that are required to make SEDI filings; and
- (3) section 174, which enables a report filed in accordance with Form 36 (replaced by Form 55-501F1) to contain a facsimile signature if an originally signed copy is filed concurrently with a securities commission in Canada designated by the Commission for the purpose of accepting such filings, will be amended to change the form reference and to make this provision inapplicable to insiders that are required to make SEDI filings.

### **Revocation of Existing Commission Rule 55-501**

Upon implementation of the applicable provisions of the National Instrument, the Commission will revoke existing Rule 55-501 Insider Report. The National Instrument provides that insiders filing in paper format shall use Form 55-102F6.

### **Amendment of Existing Commission Rule 55-502**

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend existing Rule 55-502 Facsimile Filing or Delivery of Insider Reports to remove references to reports filed under sections 107 and 108 and to change the name of the Rule to Facsimile Filing or Delivery of Section 109 Reports. The National Instrument provides for facsimile filing or delivery of reports filed under sections 107 and 108. Therefore, reference to these sections is no longer required

### **Amendment to OSC Policy 7.1 and Related Instrument<sup>5</sup>**

Upon implementation of the applicable provisions of the National Instrument, the Commission will amend existing OSC Policy 7.1 and subparagraph 12(ii) of the Related Instrument which permit insiders of certain Canadian reporting issuers that are subject to U.S. reporting requirements to file SEC insider reports in lieu of the Ontario form of insider report. The effect of the amendment will be to provide that insiders of SEDI issuers will not be permitted to rely upon this exemptive relief. The following paragraph will be added to Section G, Part XXI- Reporting by Insiders of OSC Policy 7.1:

“4. The exemption afforded to insiders in this section does not apply to insiders that are required to file insider reports in electronic format under National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI).”

Similar language will be incorporated in the Related Instrument.

### **Amendment to OSC Policy 13-601**

The Companion Policy will provide for confidential treatment of certain information filed by insiders in SEDI. Therefore, upon implementation of the applicable provisions of the National Instrument, OSC Policy 13-601, part C, paragraph (k), which provides for the public availability of reports filed under section 107 of the Act, will be amended to make this provision inapplicable to reports filed under section 107 in SEDI format. The text of the amendment is as follows:

“(k) Initial and subsequent insider reports and amended reports under section 107 except for information contained in reports filed in SEDI format that the Commission has determined to hold in confidence under Companion Policy 55-102CP to National

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<sup>5</sup> *In the Matter of Certain Reporting Issuers* (1997) 20 OSCB 1219 (March 1, 1997), as amended (the “Related Instrument”)

Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI); insider reports of change of registered holder under section 108; reports by nominee holders under section 109; reports by mutual fund management companies under section 117(1), or comparable reports from other jurisdictions under section 121.”

### **CSA Notice 55-301 Filing Insider Reports by Facsimile and Exemption Where Minimal Connection to Jurisdiction**

Upon the implementation of the applicable provisions of the National Instrument, CSA Notice 55-301, which documents the acceptance of insider reports filed by facsimile by certain CSA jurisdictions and which sets out the minimal connection exemptions of certain insiders in Manitoba, Saskatchewan and Nova Scotia, will be revoked. The subject matter of this CSA Notice has been substantially superseded by the provisions of the National Instrument and the related Forms. As such, it is no longer considered necessary.

Questions may be referred to any of:

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### **National Instrument, Forms and Companion Policy**

The texts of the National Instrument, Forms and Companion Policy follow.

**DATED: July 20, 2001.**

**APPENDIX A  
TO  
NOTICE**

**NATIONAL INSTRUMENT 55-102,  
FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4,  
55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)**

**LIST OF COMMENTATORS**

The CSA received comments on the Instruments from the following commentators:

1. Tupper, Jonsson & Yeadon by letter dated July 12, 2000
2. International Northair Mines Ltd. by letter dated July 17, 2000
3. The Toronto-Dominion Bank by letter dated August 30, 2000
4. Security Transfer Association of Canada by letter dated September 8, 2000
5. Nortel Networks Corporation by letter dated September 13, 2000
6. Bridgeway Software Canada Inc. by letter dated September 14, 2000
7. Osler, Hoskin & Harcourt LLP by letter dated September 18, 2000
8. Canadian Bankers Association by letter dated September 19, 2000

**APPENDIX B  
TO  
NOTICE**

**NATIONAL INSTRUMENT 55-102,  
FORMS 55-102F1, 55-102F2, 55-102F3, 55-102F4,  
55-102F5 AND 55-102F6, COMPANION POLICY 55-102CP  
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)  
SUMMARY OF PUBLIC COMMENTS AND CSA RESPONSES**

The CSA received comment letters on the Draft Instruments published in June 2000 from the eight commentators identified in Appendix A. The CSA thank all of them for their valuable comments. Their comments, and the CSA's responses, are summarized below.

**1. General Comments**

Several of the commentators expressed their support for the action taken by the CSA to implement electronic filing and dissemination of insider reports. Additional efficiencies and a more streamlined process for reporting insiders, improved access to disclosure for investors and harmonization of Canadian securities law requirements were among the reasons given by those expressing their support.

**2. Mandatory Electronic Filing**

Several of the commentators objected to the proposal to make electronic filing of insider reports through SEDI compulsory. Concern was expressed that insiders would not have computers or Internet access and, therefore, would be forced to have their insider reports filed electronically through their SEDI issuers. Concern was also expressed that mandatory electronic filing of insider reports will create additional burdens for directors of public companies, making it more difficult to attract qualified individuals.

The CSA believes that the full benefits associated with the implementation of an electronic filing system would only be achieved if substantially all insiders are required to file their insider reports electronically using the system. The CSA also notes that Internet access among Canadian adults in Canada is already at a very high level per capita and is growing rapidly. As well, Canadian reporting issuers have been filing under mandatory electronic filing requirements for several years and should be well positioned to assist insiders or to direct them to agents. Insiders who do not have access to the Internet can retain a lawyer or other agent to provide assistance.

The CSA also believes that SEDI will provide real benefits for directors and other insiders who become subject to mandatory electronic filing. Specifically, by filing an insider report in SEDI, an insider will satisfy the requirements of the securities legislation of all CSA jurisdictions that have insider reporting requirements. In addition, SEDI is able to provide automated processes that were previously manual (such as editing and validation checks) and produce exception reports (such as reports of late filings).

One commentator noted that the Electronic Commerce Act, 2000, (Ontario), which came into force on October 16, 2000, may support a legal argument that a person may not be mandated to use electronic technologies without that person's consent.

The CSA understands that the Electronic Commerce Act, 2000 (Ontario) has not been enacted for the purpose of preventing legislative bodies from mandating the use of electronic technologies where they are otherwise authorized to do so.

### **3. Costs Borne By Reporting Issuers**

Several of the commentators expressed concerns about the additional costs to be borne by SEDAR reporting issuers to facilitate recovery of the costs of developing and maintaining SEDI. Some of these commentators expressed the view that the costs to be incurred would outweigh the anticipated benefits as outlined by the CSA in its Notice of the draft National Instrument.

The CSA believes that the benefits associated with electronic filing and dissemination of insider trading information will be significant, particularly in terms of the greater confidence in Canada's capital markets that will be instilled in the investing public through more timely and accurate dissemination of this information. In comparison to other jurisdictions such as the United States, there are fewer restrictions on the ability of insiders to trade securities of Canadian public companies. As such, the CSA believes that effective disclosure of insider trading activities in Canada is of paramount importance to the integrity of Canada's capital markets.

The CSA also notes that there have been reductions over the past year or so in the costs associated with filings under the securities laws in certain provinces and further reductions are contemplated. Costs are being rationalized as a result of the uniformity and harmonization that electronic filing systems have facilitated.

Concern was also expressed as to whether CDS would be reaping significant profits through increases in the amounts charged to SEDAR reporting issuers. The CSA has reviewed the proposed changes to the charges levied on SEDAR reporting issuers and believes that the amounts to be charged by CDS are appropriate to facilitate recovery of the costs of developing and operating the system.

### **4. Implementation Date**

Several commentators expressed concern that the implementation date proposed in the Draft Instruments would not provide SEDI issuers and their insiders with sufficient time to prepare for the transition from paper filing to electronic filing.

For various reasons, implementation of electronic filing of insider reports in SEDI has taken longer than initially anticipated. The National Instrument now provides that insiders of SEDI issuers will be required to file insider reports electronically using SEDI commencing on November 13, 2001. This will provide SEDI issuers and their insiders with approximately four months to prepare for the transition to electronic filing.

Under this implementation schedule, any insider report filed on or after November 13, 2001 by or for any insider of a SEDI issuer must be filed in SEDI despite the date on which the trade took place. However, as discussed below, the provisions requiring each SEDI issuer to prepare and file an issuer profile supplement within five business days will become effective on October 29, 2001. The CSA believes that this implementation schedule will allow SEDI issuers and insiders to make any necessary preparations for the transition to electronic filing.

## **5. Communication Program**

A few commentators suggested that the CSA should undertake a detailed communication program and provide training for SEDI issuers and their insiders.

The CSA is developing a communication program to assist insiders, issuers and agents in preparing for the implementation of SEDI. This will include securities commission bulletins and press releases which will be located on various securities commission web sites, as available. In addition, a detailed information package will be sent to SEDI issuers, prior to implementation, outlining what is required of each insider, issuer or agent when SEDI is implemented. This information package will contain information for distribution by SEDI issuers to their insiders.

## **6. User Registration Procedures**

One commentator expressed concerns about the user registration process. One of these concerns related to the timeframe within which CDS, as system operator, would process the manually signed registration form delivered in paper format by facsimile or courier, particularly in circumstances where an insider report is being filed immediately following user registration.

The CSA recognizes the need to ensure that signed user registration forms delivered to CDS are processed as quickly as possible to facilitate acceptance of insider reports filed contemporaneously. The CSA has received assurances from CDS that procedures will be implemented to ensure that clearance of these signed registration forms will occur on a timely basis following receipt by CDS. The CSA believes that SEDI issuers and their insiders will have ample opportunity to meet their electronic filing requirements in circumstances where user registration is required.

## **7. User Registration Form**

Two commentators noted that the SEDI User Registration Form 55-102F5 pertained only to individuals and suggested that this form be amended to accommodate the registration of corporations as users.

The CSA considered this possibility prior to initial publication of the draft National Instrument and rejected this approach for security related reasons. The CSA concluded that access to the SEDI system for filing purposes should be assigned on an individual by individual basis to ensure accountability. Form 55-102F5 does provide for a corporate name where an individual is acting in a representative capacity. However, the CSA does not want access codes being granted to corporations or other organizations for general use by its

representatives as this could lead to significant accountability problems.

## **8. Updating Insider Profiles**

Several commentators expressed concern that insiders of SEDI issuers would be required to amend their insider profiles within 10 days following any change in the information contained in the profile. It was noted that this was not required in the existing paper regime and that the requirement to update personal information did not seem to have the same import as reporting of trading activity. It was suggested that insiders should only be required to update their insider profiles at the time of filing an insider report. It was also suggested that insiders should only be required to amend their profile to update required information as opposed to optional information.

In order to address the concerns raised by commentators, the CSA has amended the requirement to file an amended insider profile within 10 days of any change in an insider's information. The new requirement is such that an insider will be required to file an amended insider profile in SEDI format within 10 days only upon a change in the insider's name or the insider's relationship with a SEDI issuer, or upon the insider ceasing to be an insider of a SEDI issuer, as disclosed in its most recently filed insider profile. In the case of a change in any other information in the insider profile, an insider will only be required to file an amended insider profile at the time the insider next files an insider profile or insider report in SEDI format.

## **9. Multiple Insider Profiles**

One commentator asked whether SEDI would permit the creation of multiple profiles for an insider reflecting the insider's involvement with more than one SEDI issuer and/or more than one filing agent.

The CSA notes that the system has been designed to deter duplication of insider profiles and the attendant confusion and other adverse consequences associated with duplication of system information. As well, insiders or agents creating insider profiles will be assigned a security access key which may be provided to one or more authorized representatives or filing agents from time to time to facilitate filings made on behalf of the insider. This will permit insiders to appoint representatives from different SEDI issuers to manage filings on an issuer by issuer basis while at the same time permitting the insider to control access to the insider's profile. To clarify the matter, an express prohibition on the creation of more than one insider profile has been added to the National Instrument.

## **10. Date and Time of Filing**

One commentator asked about the nature of the evidence to be provided to SEDI insiders that their electronic filings had been successfully completed. The commentator noted that, in the existing paper regime, an insider can maintain a copy of a faxed transmission record as evidence that a fax has been received at a securities commission office.

The CSA notes that the SEDI system will automatically record the date and time (in the Eastern time zone) that an insider report filed in SEDI has been received by SEDI. As stated

in the final form of the Companion Policy, with the exception of the conditional filings discussed below, insider reports and other information filed and submitted through SEDI will be considered filed with the securities regulatory authorities at the time and on the day in the relevant jurisdiction that the information is received by the SEDI server. Following receipt by SEDI of information filed electronically, SEDI will provide the filer with the ability to print a copy of the filed information showing the date and time of receipt by SEDI.

The CSA notes that insider reports filed by an individual who has not completed the SEDI user registration process will be considered conditional filings. So long as these filings remain conditional they will not be considered valid filings for purposes of securities legislation and until such time as the individual completes the registration process, will not be made accessible to the public.

One commentator questioned whether there would be confirmation of effectiveness of a conditional filing provided to a filer once a signed user registration form was delivered and verified by the SEDI operator.

The CSA notes that there will not be any specific notification provided to a filer regarding the effectiveness of a filing in these circumstances. However, the filer will be able to determine whether a conditional filing has become effective by monitoring the registration status of the individual using the online functionality available to registering users or by confirming that the filings made on a conditional basis have subsequently become accessible to the public on the SEDI website.

## **11. Explanatory Notes**

One commentator expressed concern that the electronic form of insider report would not allow for submission of explanatory notes as schedules to insider reports. This commentator noted that detailed explanatory notes are required in certain circumstances to facilitate a better understanding of reported activities.

The CSA notes that the electronic form of insider report does provide a field within which additional information must be provided if necessary to facilitate accurate reporting of the position or trade that is the subject of the report. The CSA believes that adequate space is available for additional comments of the type appropriate in insider reports. The CSA intends to monitor the use of the applicable field in SEDI to ensure that there is adequate space for reporting purposes.

## **12. Online Help**

One commentator indicated that it would be desirable to have a user friendly system that provides online help to filers. The commentator also recommended publication of a user guide which provides detailed instructions on the procedure for using the SEDI system.

The web site will have an online help feature that will assist filers to create, file and amend the various profiles and reports. Online screen text will assist the public to search and obtain information from SEDI.

### **13. Temporary Hardship Exemption**

Two commentators suggested that the scope of the temporary hardship exemption should be expanded as there may be circumstances other than technical difficulties in which an insider may need recourse to a temporary hardship exemption from electronic filing, including illness, physical disability or lack of access to a personal computer or the Internet.

The CSA believes that the electronic filing system will place insiders in a better position to satisfy their reporting obligations than is currently the case under the paper-based reporting system. Most examples of the types of “hardships” given by the commentators could be impediments to filing under any system. The fact that an insider will be able to report wherever a computer with Internet access is available greatly increases the insider’s ability to satisfy the requirements even in difficult circumstances. If an insider is unable to access a computer or the Internet for the types of reasons noted by the commentators, the required information could be communicated to someone with such access who could act on the insider’s behalf.

The final form of the National Instrument does contain an additional situation, namely, where the reporting issuer has failed to file its issuer profile supplement on a timely basis.

### **14. Direct Electronic Filing**

One commentator that is a producer of software which automates the insider reporting process expressed concern that currently there are no plans to allow for direct electronic filing input with the SEDI system as output from a software program in a standardized format. This commentator suggested that the proposed system, which requires individual filing, will prove cumbersome to corporate administrators who may currently process filings on behalf of their companies’ insiders using software designed for this purpose.

The CSA did consider the need to develop a system on a basis that would facilitate direct filings from a software program providing output in a standardized format. The CSA concluded that it would be much more costly to introduce this additional functionality into the system and that the additional cost would significantly outweigh the additional benefit given the relatively limited extent to which the CSA believes this additional functionality would be used. The CSA will assess feedback received on the use of the new system with a view to ensuring that it is generally meeting the needs of filers.

### **15. Issuer Event Reporting**

One commentator expressed concern with the provision in the draft National Instrument that will require SEDI issuers to file notice of an issuer event. This commentator noted that this was a new requirement for reporting issuers. Currently, issuers need only file information concerning an issuer event as a means of relieving insiders from their filing obligations in respect of these events. The commentator enquired whether there would be penalties if a SEDI issuer failed to make these filings.

The CSA acknowledges that the issuer event report is a new requirement for SEDI issuers but notes that, prior to implementation of National Instrument 55-101 *Exemption from Certain*



*Insider Requirements*, many issuers were filing information about issuer events to relieve their insiders from the reporting requirements. The CSA believes that issuer event reporting is an appropriate responsibility to place on issuers in view of the fact that their action is precipitating a change in the insider's holdings and they have the information required by insiders to fulfil their reporting obligations. If a SEDI issuer fails to comply with the issuer event reporting requirements following implementation of the National Instrument, it will be subject to penalties under securities legislation in certain jurisdictions for contravention of the National Instrument.

## **16. Public Availability of Issuer Event Reports**

One commentator expressed concern about potential confusion resulting from issuer event reporting, to the extent that insiders would still need to report the changes resulting from the issuer event. This commentator noted that a change in security holdings resulting from an issuer event is currently not reportable until the next time that the insider is required to file a report. The commentator queried whether the new requirements would lead to a duplication of reporting information as well as an acceleration of the reporting requirement in the circumstances.

The CSA is satisfied that the new requirements will not lead to confusion by the public as to the consequences of issuer event reporting coupled with insider reporting. Although issuer event reports will be accessible by the public, this information will be disseminated in a manner that will permit those viewing an insider's holdings to determine whether they have been adjusted for a particular issuer event. The CSA notes that National Instrument 55-101 now permits insiders to report changes resulting from certain issuer events at the time of their next required insider report. Accordingly, the issuer event reporting requirements do not require insiders to report any earlier than is the case under the current paper-based reporting system.

## **17. System Capacity**

One commentator enquired whether the CSA or CDS have estimated the potential capacity of the system to handle the load that could potentially result if the system is accessible by all of the insiders of Canadian public companies. The commentator enquired whether there is an alternative "service provider" model in place if the system is unable to cope with the volume of transactions that may be experienced.

The ability of SEDI to manage the anticipated volume of transactions has been addressed in a number of ways. The system's capacity requirements are based on the total volume of insider reports filed in 1999 with the CSA, as well as information relating to the use of the existing SEDAR system, including use of the SEDAR web site used to disseminate SEDAR filings to the public. The SEDAR information used to determine capacity requirements covers both filing and public access patterns. Capacity requirements based on this information were increased to allow for both anticipated and unanticipated growth.

CDS and the CSA have also made every effort to ensure that the SEDI system infrastructure is scaleable so that the capacity can easily be increased when required without the need to redesign the application. CDS and the CSA will validate the system capacity requirements through performance testing prior to implementation.

## **18. Federal Filings**

One commentator noted that it is unfortunate that the proposed new system will not facilitate the filing of insider reports required under federal legislation, such as the *Canada Business Corporations Act* (“CBCA”). This commentator noted that an insider of an issuer subject to federal insider reporting requirements would still have to file reports in paper format in addition to electronic format.

The CSA notes that amendments to the CBCA have been proposed that will eliminate this duplication for insiders of CBCA companies. However, there is no assurance that the amendments will become effective prior to the implementation of SEDI. The CSA believes that it is not in the public interest to delay implementation of SEDI in the circumstances.

## **19. Third Party Derivatives**

Two commentators expressed concern about the provisions of Form 55-102F2 dealing with third party derivatives. One of the commentators expressed the view that reporting of transactions in third party derivatives is not required of insiders under the *Securities Act* (Ontario) (the “Ontario Act”) on the basis that such derivatives are not “securities of the reporting issuer” within the meaning of subsections 107(1) and 107(2) of the Ontario Act.

The CSA notes that subsection 106(2) of the Ontario Act deems the acquisition or disposition by an insider of a put, call or other transferable option with respect to a security to be a change in the beneficial ownership of the security to which it relates. The securities legislation in other jurisdictions contains similar provisions and in some cases the provisions are broader. For example, subsection 87(6) of the *Securities Act* (British Columbia) provides that a put, call option or other right or obligation to purchase or sell securities of a reporting issuer must be reported by insiders of the reporting issuer. These statutory provisions do not limit insider reporting of transactions in derivatives to circumstances where the derivatives have been issued by the reporting issuer itself. The CSA is of the view that derivatives issued by third parties, including both exchange-traded and over-the-counter derivatives, are subject to insider reporting requirements in the circumstances contemplated by the applicable statutory provisions. The CSA further notes that the National Instrument and Form 55-102F2 do not create insider reporting requirements but rather prescribe the content of the reports and the manner in which they are required to be filed if there is a filing obligation.

The same commentator also noted that the term “derivative security” is not defined in the National Instrument or Form 55-102F2.

After considering this comment, the CSA has decided to include definitions of “issuer derivative” and “third party derivative” in Form 55-102F2 and to substitute these defined terms in place of the term “derivative security”. The new definitions are as follows:

“issuer derivative” means a derivative issued by the reporting issuer to which the insider reporting requirement relates;

“third party derivative” means a derivative issued by a person or company other than the reporting issuer to which the insider reporting requirement relates;

The CSA does not propose to define “derivative” for purposes of Form 55-102F2 as the term is already defined generally for purposes of the securities legislation in certain jurisdictions.

Finally, two commentators expressed concern with respect to paragraph 19 (now paragraph 25) of Form 55-102F2 which requires disclosure of the expiration date of a derivative, if applicable. The commentators expressed the concern that one of the counterparties to a reported derivatives transaction would frequently be looking to unwind a hedge at an efficient price at or about the maturity date of the derivative. As a result, requiring disclosure of the maturity date would provide participants in the marketplace with information enabling them to interfere with the ability of a counterparty to unwind its hedge efficiently. One of the commentators noted that, while insider reporting requirements in the United States require disclosure of the expiration date of a derivative, the markets for public company securities in the United States are more liquid than markets for securities of Canadian reporting issuers with the result that the potential for interference with a counterparty unwinding a hedge is much greater in the Canadian markets.

The CSA do not believe that this is a reason to suppress information relating to insider dealings that affect the insider’s holdings of the securities of the issuer of which they are an insider. Moreover, the fact that this type of information may be material to investors and other participants in the marketplace is reason for requiring disclosure of the information in insider reports. Accordingly, the CSA believes that a change to the disclosure required by Form 55-102F2 is unwarranted.