

**NOTICE  
OF PROPOSED RULE 51-503 AND  
COMPANION POLICY 51-503CP  
SUPPLEMENTARY SEC FILINGS**

**AND**

**PROPOSED RESCISSION OF OSC POLICY 51-603 RECIPROCAL FILINGS**

This notice is accompanied by the text of proposed Rule 51-503 Supplementary SEC Filings (the "Proposed Rule"), Companion Policy 51-503CP (the "Proposed Policy") and the proposed rescission of OSC Policy 51-603 Reciprocal Filings, all of which are being published for comment.

**Substance and Purpose of Proposed Rule**

The substance of the Proposed Rule is to require domestic reporting issuers to file with the Commission a document that is filed or furnished by the issuer to the SEC under the 1933 Act or 1934 Act, if the document contains information that has not been included in disclosure filed by the issuer under another requirement of securities legislation. A domestic issuer that is a SEC registrant may make disclosure under U.S. federal securities law that is not required to be made under Ontario securities legislation. For example, Item 7A of Form 10-K requires an issuer to make quantitative and qualitative disclosure about market risk. Market risk disclosure is not required by Form 44-101F1, the form of AIF prescribed by National Instrument 44-101 Short Form Prospectus Distributions and Rule 51-501 AIF and MD&A ("Rule 51-501"). The purpose of the Proposed Rule is to ensure that Ontario investors have ready access on SEDAR on a timely basis to continuous disclosure and other information that reporting issuers make publicly available in the United States. It is proposed that the Proposed Rule would replace most of section 6 of the Regulation and replace OSC Policy 51-603 Reciprocal Filings.

**Summary of Proposed Rule**

Section 1.1 sets out the definitions used in the Proposed Rule. A "document" means a form, schedule or other disclosure document filed or furnished to the SEC under the 1933 Act or 1934 Act. A "supplementary issuer" is a reporting issuer that (a) is not a foreign issuer, (b) is not a mutual fund, and (c) has a class of securities registered under section 12 of the 1934 Act or is required to file reports with the SEC under subsection 15(d) of the 1934 Act.

Section 2.1 requires a supplementary issuer to file with the Commission a document filed or furnished by the issuer to the SEC if the document contains information that has not been included in disclosure filed by the issuer under another requirement of Ontario securities legislation.

Part 3 is a general provision setting out the timing of filing of documents under the Proposed Rule and the requirement to file on SEDAR.

Section 4.1 enables the Director to grant an exemption to the Proposed Rule.

Section 5.1 provides that Proposed Rule comes into force on July 1, 2002.

**Summary of Proposed Policy**

Section 1.1 of Proposed Policy states that a supplementary issuer must file with the Commission a document filed with the SEC under the 1933 Act or 1934 Act if the document contains information that has not been included in disclosure filed by the issuer under another requirement of securities legislation and gives examples of documents to be filed.

Section 1.2 explains the interrelationship between the Proposed Rule and subsection 75(2) of the Act and between the Proposed Rule and Rule 51-501.

**Authority for Proposed Rule**

The following provisions of the Act provide the Commission with authority to make the Proposed Rule. Paragraph 143(1)22 authorizes the Commission to make rules prescribing requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to requirements under the Act. Paragraph 143(1) 39 authorizes the Commission to make rules requiring or respecting

the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents, including financial statements, proxies and information circulars.

### **Alternatives Considered**

In proposing the Proposed Rule, the Commission considered whether to revoke section 6 of the Regulation and determined to delete all of section 6 of the Regulation other than paragraph 6(1)(a), rescind OSC Policy 51-603 Reciprocal Filings and make the Proposed Rule.

### **Unpublished Materials**

In proposing the Proposed Rule, the Commission has not relied on any significant study, report or other written materials.

### **Anticipated Costs and Benefits**

The benefit provided by the Proposed Rule is that Ontario investors will have access to information regarding domestic reporting issuers made publicly available in the U.S. that is ancillary or supplementary to information made publicly available in Ontario under other provisions of securities legislation. The Proposed Rule would impose no material costs on reporting issuers.

### **Regulation to be Amended**

The Commission proposes to amend section 6 of the Regulation to delete all of the section other than paragraph 6(1)(a) and, with respect to domestic issuers, substitute the Proposed Rule regarding the filing of documents filed or furnished to the SEC.

### **Comments**

Interested parties are invited to make written submissions with respect to the Proposed Rule and Proposed Policy. Submissions received no later than January 11, 2002 will be considered. Given that the date of expiry of the rules implementing Policy 7.1 is July 1, 2002, submissions received after January 11, 2002 cannot be considered.

Submissions should be made in duplicate to:

c/o John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 800, Box 55  
Toronto, Ontario M5H 3S8

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. Comment letters submitted in response to requests for comment are placed on the public file and form part of the public record, unless confidentiality is requested. Although comment letters requesting confidentiality will not be placed on the public file, freedom of information legislation may require the Commission to make some letters available. Persons submitting comment letters should therefore be aware that the press and members of the public may be able to obtain access to any comment letters.

Questions may be referred to:

Kathy Soden or John Hughes  
Ontario Securities Commission  
(416) 593-8149/(416) 593-3695  
ksoden@osc.gov.on.ca  
jhughes@osc.gov.on.ca

### **Text of Proposed Rule, Proposed Policy and Proposed Rescission**

The text of the Proposed Rule, Proposed Policy and proposed rescission of OSC Policy 51-603 Reciprocal Filings follow.

DATED: October 12, 2001.

**ONTARIO SECURITIES COMMISSION RULE 51-503  
SUPPLEMENTARY SEC FILINGS**

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**ONTARIO SECURITIES COMMISSION  
RULE 51-503 SUPPLEMENTARY SEC FILINGS**

**PART 1 DEFINITIONS**

**1.1 Definitions - In this Rule**

"document" means a form, schedule or other disclosure document filed or furnished to the SEC under the 1933 Act or 1934 Act;

"foreign issuer" has the meaning ascribed to that term in Rule 72-502 Continuous Disclosure and Other Exemptions relating to Foreign Issuers;

"Rule 51-501" means Rule 51-501 AIF and MD&A;

"SEDAR" has the meaning ascribed to that term in National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR); and

"supplementary issuer" means a reporting issuer that

- (a) is not a foreign issuer,
- (b) is not a mutual fund, and
- (c) has a class of securities registered under section 12 of the 1934 Act or is required to file reports with the SEC under subsection 15(d) of the 1934 Act.

**PART 2 SUPPLEMENTARY SEC FILINGS**

**2.1 Supplementary SEC Filings -** A supplementary issuer shall file a document that is filed or furnished by the issuer to the SEC if the document contains information that has not been included in disclosure filed by the issuer under another requirement of securities legislation.

**PART 3 GENERAL**

**3.1 Timing of Filing**

- (1) A supplementary issuer shall file a document under this Rule contemporaneously with or as soon as practicable after the filing or furnishing of the document to the SEC.

- (2) Despite subsection (1), a supplementary issuer that files an AIF under subsection 2.1(3) of Rule 51-501 in the form of a Form 10-K or Form 20-F under the 1934 Act shall file the Form 10-K or Form 20-F in accordance with subsection 2.1(4) of Rule 51-501.

**3.2 SEDAR** - A supplementary issuer filing a document under this Rule shall file the document on SEDAR.

#### **PART 4 EXEMPTION**

**4.1 Exemption** - The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

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

**5.1 Effective Date** - This Rule comes into force on July 1, 2002.

### **ONTARIO SECURITIES COMMISSION COMPANION POLICY 51-503CP**

#### **SUPPLEMENTARY SEC FILINGS**

#### **PART 1 GENERAL**

##### **1.1 Application and Purpose**

- (1) Rule 51-503 Supplementary SEC Filings (the "Rule") provides that a reporting issuer that is not a foreign issuer, is not a mutual fund and has a class of securities registered under section 12 of the 1934 Act or is required to file reports with the SEC under subsection 15(d) of the 1934 Act is required to file with the Commission a disclosure document filed or furnished to the SEC under the 1933 Act or 1934 Act if the document contains information that has not been included in disclosure filed by the issuer under another requirement of securities legislation. The entire document filed or furnished to the SEC, including exhibits, must be filed with the Commission. Examples of disclosure documents required to be filed include a registration statement on Form S-3 filed with the SEC under the 1933 Act, Form 10-K for Annual and Transition Reports pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934, Form 8-K Current Report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 and Schedule TO Tender Offer Statement under section 14(d) or 13(e)(1) of the Securities Exchange Act of 1934.
- (2) A Canadian issuer that is a SEC registrant may make disclosure under U.S. federal securities law that is not required to be made at the same time or at all under Ontario securities legislation. This may result in Ontario investors having unequal access to information. The purpose of the Rule is to ensure that Ontario investors have ready access on SEDAR on a timely basis to continuous disclosure and other information available to U.S. investors.

##### **1.2 Interrelationship with Other Requirements of Securities Legislation**

- (1) The Rule requires a document to be filed with the Commission only if it contains information that has not been included in disclosure filed by the supplementary issuer with the Commission. For example, if an issuer has filed a material change report under subsection 75(2) of the Act and the Form 6-K filed by the issuer with the SEC discloses the same information, whether in the same or a different format, there is no requirement to file the Form 6-K with the Commission under the Rule.
- (2) The Rule relates only to supplementary filings. For example, a Form 8-K cannot be filed under subsection 75(2) of the Act in lieu of the form required under that section unless permitted by securities legislation.
- (3) A supplementary issuer that files an AIF under National Instrument 44-101 Short Form Prospectus Distributions ("NI 44-101") in the form of a Form 10-K contemporaneously with the filing of the Form 10-K with the SEC satisfies the requirement to file an AIF under NI 44-101 and Rule 51-501 AIF and MD&A ("Rule 51-501"). There is no additional requirement to file the Form 10-K under the Rule.
- (4) A supplementary issuer that files an AIF under Rule 51-501 in the form of a Form 20-F must file the AIF within 140 days after its financial year end as required by subsection 2.1(4) of Rule 51-501.

**RESCISSION  
OF ONTARIO SECURITIES COMMISSION  
POLICY 51-603  
RECIPROCAL FILINGS**

**PART 1 RESCISSION**

**1.1 Rescission** - OSC Policy 51-603 Reciprocal Filings is rescinded.

**PART 2 EFFECTIVE DATE**

**2.1 Effective Date** - This rescission comes into force on July 1, 2002.