

NOTICE OF REQUEST FOR COMMENTS

PROPOSED NATIONAL INSTRUMENT 71-102 AND COMPANION POLICY 71-102CP CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS PROPOSED ONTARIO SECURITIES COMMISSION RULE 71-802 IMPLEMENTING NATIONAL INSTRUMENT 71-102

The Commission is publishing for comment in today's Bulletin:

- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102);
- Companion Policy 71-102CP to NI 71-102 (the Policy);
- Notice and Request for Comment regarding NI 71-102, the Policy and related amendments and revocations; and
- Commission Rule 71-802 *Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and its Notice and Request for Comment.

The Notice relating to NI 71-102 also requests comment on the proposed rescission of the following:

1. OSC Policy 7.1 *Application of Requirements of the Securities Act to Certain Reporting Issuers*;
2. Ontario Securities Commission Order In the Matter of Parts XVII and XX of the *Securities Act* and In the Matter of Certain Reporting Issuers (1980), OSCB 54, as amended;
3. Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1218, as amended by (1999), 22 OSCB 151, (2000), OSCB 289 and (2000), 23 OSCB 8244, that incorporates by reference the deemed rule (1980), OSCB 166, as amended;
4. Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1219, as amended by (1999), OSCB 151, (2000), OSCB 289 and (2000), that incorporates by reference the deemed rule (1984), 7 OSCB 1913, as amended; and
5. Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1219, as amended by (1999), OSCB 151, (2000), OSCB 289 and (2000), OSCB 8244, that incorporates by reference the deemed rule (1984), 7 OSCB 3247 as amended.

The documents are published in Chapter 6 of the Bulletin.

6.1.5 Notice and Request for Comment - Proposed National Instrument 71-102, Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, Companion Policy 71-102CP, Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

NOTICE AND REQUEST FOR COMMENT

**PROPOSED NATIONAL INSTRUMENT 71-102
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS**

**COMPANION POLICY 71-102CP
CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS**

We (the members of the Canadian Securities Administrators (CSA)) have developed a nationally harmonized set of continuous disclosure (CD) requirements for reporting issuers, other than investment funds. The Notice and Request for Comment on Proposed National Instrument 51-102 *Continuous Disclosure Obligations* provides information about the proposed rule (the CD Rule).

Concurrently, we have developed a nationally harmonized set of exemptions from CD and other requirements for eligible foreign issuers. An eligible foreign issuer is a reporting issuer, other than an investment fund, that is incorporated outside of Canada, unless it has more than 50 percent of its shares held in Canada and one or more of the following is also true: the majority of its directors and officers are Canadian residents, more than 50 percent of its assets are in Canada, or the business is principally administered in Canada. These exemptions will ease compliance for foreign issuers and increase their access to Canadian capital markets.

The exemptions are contained in a proposed rule, National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Eligible Foreign Issuers* (the Rule). Companion Policy 71-102 to National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (the Companion Policy) provides guidance on interpreting the Rule.

Scope and Purpose

The Rule provides eligible foreign issuers with various options relating to the accounting principles used to prepare their financial statements and the auditing standards used to audit their annual financial statements.

The Rule provides broader relief from the requirements of the CD Rule for two sub-categories of eligible foreign issuers - SEC foreign issuers and designated foreign issuers (defined below) - on the condition that they comply with the CD requirements of the SEC or a designated foreign jurisdiction. It also exempts SEC foreign issuers and designated foreign issuers from certain other requirements of Canadian securities legislation, including insider reporting and early warning, that are not contained in the CD Rule.

US-incorporated issuers will be able to rely on either the Rule or the exemptions already available to them under National Instrument 71-101 *The Multijurisdictional Disclosure System* (MJDS), or both. The Companion Policy identifies the significant differences between the exemptions in the Rule and in MJDS.

Eligible foreign issuers that have obtained discretionary exemptive relief from CD requirements will need to examine it in light of the grandfathering provisions in the CD Rule and consider whether they need new or additional relief. The exemptions in the Rule are in addition to any discretionary relief that foreign issuers may continue to rely on.

The Rule does not relieve foreign issuers that electronically file under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR), or their insiders, from the insider reporting requirements included in National Instrument 55-102 *System for Electronic Disclosure by Insiders* (SEDI).

The Rule does not relieve foreign issuers from the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) or proposed National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101).

We are developing a separate national instrument that will cover the CD obligations of investment funds, including foreign investment funds. We expect this rule to be adopted at approximately the same time as, the CD Rule and the Rule.

Background

Many provisions of the Rule reflect discretionary relief from CD and other requirements that we have granted to foreign issuers in the past.

The Rule is similar in concept and structure to draft OSC Rule 72-502 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, published for comment on October 12, 2001. In developing the Rule, we considered comments received on draft OSC Rule 72-502.

The proposed requirements in the Rule concerning generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS) are based on the outcomes from CSA Request for Comment 52-401 *Discussion Paper: Financial Reporting in Canada's Capital Markets*, published on March 16, 2001.

We also considered MJDS, which provides relief from CD requirements only to US-incorporated issuers.

It is proposed that CSA staff will no longer recommend that relief be granted to foreign issuers on a case-by-case basis on the terms set out in the continuous disclosure and proxy solicitation section of CSA Notice 95/04 *Proposed Foreign Issuer Prospectus and Continuous Disclosure System*. The relief contemplated by that notice is encompassed in the Rule.

Exemptions from Prospectus Requirements

The Rule does not provide exemptions from prospectus disclosure requirements. CSA staff is currently developing a harmonized long form prospectus regime. As part of this project, CSA staff will consider the prospectus regime specifically as it relates to foreign issuers. This consideration includes a review of IOSCO's "International Disclosure Standards for Cross-Border Offerings and Initial Listings By Foreign Issuers" that were issued in 1998 to determine what modifications to or relief from the CSA's harmonized prospectus regime is appropriate for foreign issuers.

Summary of the Rule and Important Changes

Broad CD Relief for SEC Foreign Issuers and Designated Foreign Issuers

The Rule provides that SEC foreign issuers and designated foreign issuers may satisfy the requirements of Canadian securities legislation by complying with the requirements of the SEC or designated foreign jurisdictions, as applicable, and concurrently filing and sending in Canada the documents that were filed and sent under SEC or designated foreign jurisdiction requirements.

An SEC foreign issuer is an eligible foreign issuer that has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act.

A designated foreign issuer is an eligible foreign issuer that is not an SEC foreign issuer, is subject to the disclosure requirements of one of 15 designated foreign jurisdictions, and does not have more than 10 percent of its equity securities held by Canadian residents. The designated foreign jurisdictions are Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, The Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland.

The relief for SEC foreign issuers and designated foreign issuers extends to material change reports, annual information forms, management discussion and analysis, information circulars, proxies and proxy solicitation, restricted share disclosure requirements, business acquisition reports, change of auditor requirements, insider reports and reports of share acquisitions under early warning requirements.

The relief for information circulars, proxies and proxy solicitation is available to any person that solicits proxies in respect of the eligible foreign issuer, not just the issuer.

The relief for insider reports is not available to an eligible foreign issuer, or the insiders of the issuer, that is an electronic filer under SEDAR.

Foreign issuers are exempt from the requirements relating to communications with beneficial owners of their securities, if they comply with comparable foreign requirements and with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* regarding fees payable to intermediaries for any depositary or intermediary located in Canada.

Foreign issuers are also exempt from valuation and minority approval requirements relating to going private transactions and related party transactions, provided that, in the case of an SEC foreign issuer, less than 20% of the issuer's equity securities are held in Canada.

Accounting Principles and Auditing Standards Relief

The Rule permits SEC foreign issuers to file financial statements prepared in accordance with US GAAP without reconciliation to Canadian GAAP. The Rule also permits eligible foreign issuers to file financial statements prepared in accordance with

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International Accounting Standards, again without reconciliation to Canadian GAAP. Auditing standards permitted by the Rule include US GAAS and International Standards of Auditing.

Designated foreign issuers are permitted to file financial statements prepared in accordance with the accounting principles accepted in the designated foreign jurisdiction without reconciliation and audited in accordance with the auditing standards accepted in the designated foreign jurisdiction.

An issuer that is a “foreign private issuer” for SEC purposes and has less than 10 percent of its equity securities held by Canadian residents, may file financial statements prepared in accordance with the accounting principles that meet disclosure requirements for SEC filings provided that the financial statements include any reconciliation to US GAAP required by the SEC.

Finally, the Rule permits eligible foreign issuers to file financial statements prepared in accordance with foreign accounting principles that cover substantially the same core subject matter as Canadian GAAP, reconciled to Canadian GAAP for both annual and interim financial statements. Similarly, the Rule permits audit reports prepared in accordance with foreign auditing standards that are substantially equivalent to Canadian GAAS accompanied by an explanation of material differences compared to Canadian GAAS.

Language of documents

A foreign issuer must file any required document in French or English. If the document is translated from English to French or French to English, and the translation is sent to securityholders, the foreign issuer must also file the translation.

If the document filed is translated from a language other than English or French, the foreign issuer must also file the document on which the translation is based and a certificate of translation.

Purpose and Summary of the Companion Policy

The purpose of the Companion Policy is to state the manner in which certain provisions of the Rule will be interpreted or applied by the Canadian securities regulatory authorities. It contains discussions, explanations and examples primarily relating to:

- the interrelationship between the Rule and MJDS;
- the manner of calculating the number of voting securities owned by residents of Canada for the purposes of the definition of “eligible foreign issuer”;
- the availability of exemptions from insider reporting requirements;
- the availability of exemptions from restricted share minority approval requirements;
- the applicability of NI 43-101 and NI 51-101; and
- accounting principles and auditing standards for eligible foreign issuers.

Anticipated Costs and Benefits

The benefits provided by the Rule are the reduction of duplicative regulation and the consequent increased access to Canadian capital markets by foreign issuers.

The Rule imposes no material costs on foreign issuers, but rather seeks to reduce costs and duplicative regulation.

Possible Amendments to the Rule

We are considering placing all GAAP and GAAS requirements relating to CD and prospectus obligations of reporting issuers in a separate national instrument.

Related Amendments

National

We plan to repeal CSA Staff Notice 42-301 and CSA Notice 52-302 *Dual Reporting of Financial Information*.

Local

Appendix A to this Notice and Request for Comment proposes the rescission of OSC Policy 7.1, the related rules and order. It also outlines proposed related amendments to three provisions of Ontario Regulation 1015 of R.R.O. 1990. Finally, Appendix A contains other information required to be published under Ontario securities legislation.

The Ontario Securities Commission is separately publishing for comment proposed Rule 71-802 which is the local rule implementing the Rule in Ontario.

Unpublished Materials

In proposing the Rule, we have not relied on any significant unpublished study, report, or other written materials other than the self-assessments prepared by IOSCO members of compliance with the *Objectives and Principles of Securities Regulation* published by IOSCO in September 1998.

Request for Comment

We request your comments on the Rule and Companion Policy. In addition to any general comments you may have, we also invite comments on the following specific questions:

1. What is your assessment of the costs and benefits of the Rule?
2. Have we included the appropriate countries in the definition of "designated foreign jurisdiction"? If not, please explain in detail why any countries should be added or removed, with reference to the laws of that country.
3. Should we use the threshold of having not more than 10 percent equity security ownership in Canada for determining which foreign issuers may file financial statements prepared in accordance with the accounting principles accepted in the designated foreign jurisdiction, without a reconciliation to Canadian GAAP? If not, what threshold would be appropriate?
4. Should we use the threshold of having not more than 10 percent equity security ownership in Canada for determining which foreign issuers may satisfy Canadian CD requirements by complying with the requirements of a designated foreign jurisdiction? If not, what threshold would be appropriate?
5. Do you agree that foreign issuers should not be exempt from the disclosure requirements of NI 43-101 and NI 51-101? Why or why not?

Please submit your comments in writing on or before September 19, 2002.

Please address your submission to all of the CSA member commissions, as follows:

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Administration Branch
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut
Ontario Securities Commission
Prince Edward Island Office of the Attorney General
Commission des valeurs mobilières du Québec
Saskatchewan Securities Commission
Registrar of Securities, Government of Yukon

You do not need to deliver your comments to all of the CSA member commissions. Please deliver your comments to the two addresses that follow, and they will be distributed to all other jurisdictions by CSA staff.

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

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Please refer your questions to any of:

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June 21, 2002.

Additional Information

This Notice and Request for Comment refers to securities legislation administered by the CSA member commissions listed above and certain other documents. Additional information concerning the legislation can be found at the following public websites:

Alberta Securities Commission: www.albertasecurities.com
British Columbia Securities Commission: www.bcsc.bc.ca
Manitoba Securities Commission: www.msc.gov.mb.ca
New Brunswick Securities Administration Branch: www.gov.nb.ca
Securities Commission of Newfoundland and Labrador: www.gov.nf.ca/gsl/cca/s/
Nova Scotia Securities Commission: www.gov.ns.ca/nssc/
Ontario Securities Commission: www.osc.gov.on.ca
Prince Edward Office of the Attorney General: www.gov.pe.ca
Commission des valeurs mobilières du Québec: www.cvmq.com
Saskatchewan Securities Commission: www.ssc.gov.sk.ca

APPENDIX A

**BACKGROUND AND STATUS OF ONTARIO SECURITIES COMMISSION (“OSC”) PROPOSED
RULE 72-502 AND COMPANION POLICY 72-502CP,
ADDITIONAL INFORMATION REQUIRED IN ONTARIO,
NOTICE OF PROPOSED RESCISSION OF OSC POLICY 7.1,
THE RELATED ORDER AND RULES AND REQUEST FOR COMMENT AND
RELATED AMENDMENTS TO ONTARIO SECURITIES REGULATION**

Background and Status of OSC Proposed Rule 72-502 and Companion Policy 72-502CP

As indicated in the Notice and Request for Comment which this Appendix accompanies, the Rule is similar in concept and structure to OSC Proposed Rule 72-502 *Continuous Disclosure and other Exemptions Relating to Foreign Issuers*, published for comment on October 12, 2001. OSC Proposed Rule 72-502 will not be finalized. It is beneficial for issuers to have one national instrument to consider. Therefore OSC staff have worked with the CSA to develop the Rule and the Companion Policy rather than finalizing OSC Proposed Rule 72-502 which would have been a local rule in Ontario.

The notice published in the OSC Bulletin on October 12, 2001 at (2001), 24 OSCB 6053 entitled, *Notice of Proposed Rule 72-502 and Companion Policy 72-502CP Continuous Disclosure and other Exemptions Relating to Foreign Issuers and Proposed Rescission of OSC Policy 7.1, the Related Order and Rules*, provides background information regarding OSC Policy 7.1, the Related Order and Rules (as defined below). It may be helpful to refer to this notice as this background information has not been reproduced here. Schedule A to the notice provided a description of the SEC’s foreign issuer continuous disclosure regime. Schedule B provided a table of concordance between OSC Policy 7.1 and Proposed Rule 72-502. The information found in these schedules has not been reproduced here.

The OSC received two submissions on OSC Proposed Rule 72-502 and Companion Policy 72- 502CP. The CSA considered the submissions in drafting the Rule and Companion Policy and thank the commenters for their comments.

1. Comment: One commenter recommended the inclusion of a definition of “Canadian resident” in OSC Proposed Rule 72-502. The commenter recommended a definition based either on a tax law definition or on the registered address, subject to information suggesting otherwise.

Response: The term “Canadian resident” is replaced with “residents of Canada” in the Rule. The CSA is not aware of difficulties resulting from the use of this phrase in other rules and do not propose to define “residents of Canada”. The tax definition is unnecessarily complex for the purposes of the Rule.

2. Comment: One commenter suggested that Canadian issuers who are also SEC registrants and 10-K filers should be given an exemption from the requirements of contemporaneously filing and sending financial statements to security holders. This would be necessary to give these Canadian issuers similar treatment to foreign issuers.

Response: The Rule relates only to foreign issuers. Comments regarding Canadian issuers may be made in connection with the Notice and Request for Comment on Proposed National Instrument 51-102 *Continuous Disclosure Obligations*. As noted there, it is proposed that the sending requirements for financial statements will be eliminated unless security holders request the financial statements.

We have made some changes from OSC Proposed Rule 72-502. The following are some of the changes. First, the Rule does not contemplate the designation of additional foreign jurisdictions. It simply indicates the jurisdictions that we propose to be designated foreign jurisdictions. Second, we have added proxy relief for SEC foreign private issuers that are required to file reports under section 15(d) of the 1934 Act. This was not proposed in OSC Proposed Rule 72-502. Third, the Rule does not provide relief from OSC Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* for issuer bids and insider bids as OSC Proposed Rule 72-502 would have. Relief in these areas will be provided in a future instrument. Finally, an accounting section has been added to the Rule.

Authority for the Rule

Paragraph 143(1)36 of the *Securities Act* (Ontario) (the “Act”) which authorizes the Ontario Securities Commission (the “Commission”) to make rules varying the Act for foreign issuers to facilitate, among other things, compliance with requirements applicable or relating to reporting issuers and the making of going private transactions and related party transactions where the foreign issuers are subject to requirements of the laws of other jurisdictions that the Commission considers are adequate in light of the purposes and principles of the Act provides the Commission with the authority to make the Rule.

The following provisions of the Act also provide the Commission with authority to make the 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)23 authorizes the Commission to make rules exempting reporting issuers from any requirement of Part XVIII of the Act. Paragraph 143(1)25 authorizes the Commission to make rules prescribing requirements in respect of financial accounting, reporting and auditing for purposes of the Act, the regulations and the rules. Paragraph 143(1)26 authorizes the Commission to make rules prescribing requirements for the validity and solicitation of proxies. Paragraph 143(1)27 authorizes the Commission to make rules providing for the application of Part XVIII (Continuous Disclosure) and Part XIX (Proxies and Proxy Solicitation) in respect of registered holders or beneficial owners of voting securities or equity securities of reporting issuers or other persons or companies on behalf of whom the securities are held, including requirements for reporting issuers, recognized clearing agencies, registered holders, registrants and other persons or companies who hold securities on behalf of persons or companies but who are not the registered holders. Paragraph 143(1)28 authorizes the Commission to make rules regulating take-over bids, issuer bids, insider bids, going private transactions and related party transactions, including early warning provisions. Paragraph 143(1)30 authorizes the Commission to make rules providing for exemptions from any requirement of Part XXI (Insider Trading and Self-Dealing) of 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, including financial statements, proxies and information circulars. Paragraph 143(1)49 authorizes the Commission to make rules varying the Act to permit or require methods of filing or delivery, to or by issuers, security holders or others, of documents, information, reports or other communications required under or governed by Ontario securities law. Paragraph 143(1)56 authorizes the Commission to make rules providing for exemptions from or varying any or all of the time periods in the Act.

Alternatives Considered

The Commission considered whether to rescind OSC Policy 7.1, the Order and the Rules (each as defined below) and rely upon the continuous disclosure regime created by National Instrument 71-101 *The Multijurisdictional Disclosure System* and that contemplated by CSA Notice 95/04 outlining the proposed Foreign Issuer Prospectus and Continuous Disclosure System or amend the Act or make a rule to create a separate foreign issuer continuous disclosure regime. The Commission determined to reformulate OSC Policy 7.1, the Order and the Rules as a rule in a substantially simplified form. Initially, proposed Rule 72-502 was published for comment on October 12, 2001. However, as noted above, it was determined that it would be preferable to publish the Rule for comment on a national basis rather than proceeding with a local rule in Ontario.

The continuous disclosure and other relief granted by the Rule is substantially broader than that granted by NI 71-101 or contemplated by the proposed Foreign Issuer Prospectus and Continuous Disclosure System in that it permits eligible foreign issuers that are not SEC registrants to file disclosure documents filed with foreign regulatory authorities in lieu of documents in the form filed by domestic issuers.

Notice of Proposed Rescission of OSC Policy 7.1, the Related Order and Rules

In Ontario, the Rule would replace Ontario Securities Commission Policy 7.1 Application of Requirements of the Securities Act to Certain Reporting Issuers ("OSC Policy 7.1"), and the Order *In the Matter of Certain Reporting Issuers* (1980) OSCB 54, as amended (the "Order"). The Order was amended by the Rules *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1218, as amended by (1998), 21 OSCB 6436, (1999), 22 OSCB 6304, (2000), 23 OSCB 289, (2000), 23 OSCB 8244 and (2002), 25 OSCB 1924, which in turn incorporated the deemed rule of the same name, (1980) OSCB 166 (the "First Rule"), *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 6436, (1999), 22 OSCB 151, (2000), 23 OSCB 289 and (2000), 23 OSCB 8244, which in turn incorporated the deemed rule of the same name, (1984), 7 OSCB 1913 and *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1219, as amended by (1998), 21 OSCB 6435, (1999), 22 OSCB 151, (2000), 23 OSCB 289 and (2000), 23 OSCB 8244, which in turn incorporated the deemed rule of the same name, (1984), 7 OSCB 3247 (defined collectively as the "Rules"). *In the Matter of Certain Reporting Issuers* (1997), 20 OSCB 1219, which in turn incorporated the deemed rule of the same name (1985), 8 OSCB 2915, which related to prompt offering qualifying system eligible issuers expired on December 31, 2000.

OSC Policy 7.1 and the Order created seven categories of reporting issuers, granted exemptions from certain continuous disclosure and other requirements and set out the Commission's interpretation with respect to the exemptions provided under Part XVIII, Part XIX and Part XXI of the Act. The scope of OSC Policy 7.1 and the Order was both domestic and foreign issuers.

The scope of the Rule is limited to foreign issuers. The exemptions granted to Canadian domestic issuers by Policy 7.1, the Order and the Rules are no longer necessary given the harmonization of disclosure requirements and regulations among jurisdictions and in light of the publication for comment of the CD Rule.

Regulation Sections to be Amended

The Commission proposes to amend subsection 1(4) of Regulation 1015 of R.R.O. 1990 (the "Regulation") to refer to the Rule rather than the First Rule.

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The Commission proposes to amend section 161 of the Regulation to refer to the Rule rather than the First Rule.

The Commission also proposes to amend subsection 203.2(1) of the Regulation to refer to the Rule in order to create an exemption to the requirement contained in that provision.

Request for Comments on the Proposed Rescission of OSC Policy 7.1, the Related Order and Rules

Interested parties are invited to make written submissions with respect to the proposed rescission of OSC Policy 7.1, the related Order and Rules. Submissions received by September 19, 2002 will be considered. Submissions should be addressed to:

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Fax: (416) 593-2318
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If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

We cannot keep submissions confidential because securities legislation requires that a summary of the written comments received during the comment period be published.

Proposed Rescission of OSC Policy 7.1, the Order and the Rules

OSC Policy 7.1 will be rescinded on the date that the Rule comes into force. The text of the proposed rescission of the Order and the Rules follows.

RESCISSION OF ONTARIO SECURITIES COMMISSION ORDER
IN THE MATTER OF PARTS XVII AND XX OF THE *SECURITIES ACT*

AND

IN THE MATTER OF CERTAIN REPORTING ISSUERS

AND

ONTARIO SECURITIES COMMISSION RULES
IN THE MATTER OF CERTAIN REPORTING ISSUERS

PART 1 RESCISSION**1.1 Rescission - The following instruments**

- (a) Ontario Securities Commission Order In the Matter of Parts XVII and XX of the *Securities Act* and In the Matter of Certain Reporting Issuers (1980), OSCB 54, as amended,
- (b) Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1218, as amended by (1999), 22 OSCB 151, (2000), OSCB 289 and (2000), 23 OSCB 8244, that incorporates by reference the deemed rule (1980), OSCB 166, as amended,
- (c) Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1219, as amended by (1999), OSCB 151, (2000), OSCB 289 and (2000), that incorporates by reference the deemed rule (1984), 7 OSCB 1913, as amended; and
- (d) Ontario Securities Commission Rule In the Matter of Certain Reporting Issuers (1997), 20 OSCB 1219, as amended by (1999), OSCB 151, (2000), OSCB 289 and (2000), OSCB 8244, that incorporates by reference the deemed rule (1984), 7 OSCB 3247 as amended, are rescinded.

PART 2 EFFECTIVE DATE

2.1 Effective Date - This rescission comes into force on the date that National Instrument 71-102 comes into force.