

## Chapter 5

# Rules and Policies

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### 5.1.1 OSC Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans, OSC Rule 45-503 Trades to Employees, Executives and Consultants and OSC Rule 72-501 Prospectus Exemption for First Trade over a Market Outside Ontario

**NOTICE OF AMENDMENTS TO  
RULE 45-502 DIVIDEND OR INTEREST  
REINVESTMENT AND STOCK DIVIDEND PLANS**

**AND TO**

**RULE 45-503 TRADES TO EMPLOYEES,  
EXECUTIVES AND CONSULTANTS**

**AND**

**THE RESCISSION OF RULE 72-501  
PROSPECTUS EXEMPTION FOR  
FIRST TRADE OVER A MARKET OUTSIDE ONTARIO**

#### Notice of Rule

The Commission has made amendments to Rule 45-502 *Dividend or Interest Reinvestment and Stock Dividend Plans* and Rule 45-503 *Trades to Employees, Executives and Consultants*, and has revoked Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario* under section 143 of the *Securities Act* (the Act) (collectively, the Amendments).

The Amendments and the material required by the Act to be delivered to the Minister of Finance were delivered on September 17, 2002. If the Minister does not reject or return the Amendments to the Commission for further consideration, the Amendments will come into force on December 1, 2002.

On September 14, 2001, we published the Amendments for comments. We received submissions from three commentators. None of the revisions to the Amendments, as a result of the comments received, are material. Accordingly, the Amendments are not subject to a further comment period. For a summary of these comments and our response to them, please see Appendix A to this Notice.

#### Substance and Purpose of the Amendments

The Amendments are being made to reflect the new resale regime in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) and to eliminate certain frequently-occurring discretionary relief applications. As such, the Amendments address narrow and specific issues with the various rules and do not result from an overall reassessment of the instruments themselves. A number of Canadian securities regulatory authorities, including Ontario, are currently working on a harmonized employee, executive and consultant instrument, which should be published for comment later this year and which will address the broader issues.

To ensure that the amendments necessary for MI45-102 are implemented in a timely manner and to assist stakeholders by eliminating frequently-occurring applications, we have decided to forward the Amendments for approval at this time.

#### Summary of Changes to the Amendments

There were no substantive changes to the Amendments from the version published on the September 14, 2001. We have made minor changes based on comments received and upon further deliberations, including the following:

- changing the definitions of "listed issuer" and "foreign-listed issuer" in Rule 45-503,
- adding legal representatives and beneficiaries to the group of individuals that are exempted from the registration requirements in sections 2.4 and 3.5 of Rule 45-503,

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- updating the reference in section 7.1 of Rule 45-503 to refer to the closely-held issuer exemption rather than the private company exemption,
- including an exemption from the prospectus requirements for first trades if the trade is a trade referred to in sections 6.1 or 8.1 of Rule 45-503, and
- deleting the requirement under Part 5 of Rule 45-502 and Part 10 of Rule 45-503 to make disclosure of the initial exempt trade by the issuer.

For details on these changes, please see Appendix A to this Notice.

### Authority for the Amendments

The following sections of the Act provide the Commission with authority to make the Amendments. Paragraph 143(1)8 of the Act authorizes us to make rules that, among other things, provide for exemptions from the registration requirement of the Act. Paragraph 143(1)20 of the Act authorizes us to make rules that, among other things, provide for exemptions from the prospectus requirement of the Act. Paragraph 143(1)28 authorizes us to make rules that, among other things, regulate issuer bids. Paragraph 143(1)48 authorizes us to make rules that specify the conditions under which any particular type of trade that would not otherwise be a distribution shall be a distribution.

### Text of Amendments

The text of the Amendments follows.

September 17, 2002.

## APPENDIX A

### Summary of Comments Received on Amendments to Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans and to Rule 45-503 Trades to Employees, Executives and Consultants, and the Revocation of Rule 72-501 Prospectus Exemption for First Trade over a Market Outside Ontario under section 143 of the Securities Act (the Act)

#### A. Introduction

On September 14, 2001, the Commission published proposed amendments to Rule 45-502 *Dividend or Interest Reinvestment and Stock Dividend Plans* (Rule 45-502) and Rule 45-503 *Trades to Employees, Executives and Consultants* (Rule 45-503), and the proposed revocation of Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario* (Rule 45-501) (the proposed amendments to Rule 45-502 and Rule 45-503, as well as the proposed rescission of Rule 72-501 are collectively referred to as the Proposed Amendments). The comment period ended December 13, 2001.

We received submissions from three commentators (listed in Schedule A). The Commission has considered all submissions received and would like to take this opportunity to thank each of the commentators for their views on the Proposed Amendments.

As noted in the September 14, 2001 publication, the Proposed Amendments are being made to reflect the new resale regime in Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102) and to eliminate certain frequently-occurring discretionary relief applications. As such, the amendments address narrow and specific issues with the various rules and do not result from an overall reassessment of the instruments themselves. Some of the comments raised go beyond the scope of the amendments and question more fundamental concepts of Rule 45-503. A number of Canadian securities regulatory authorities, including Ontario, are currently working on a harmonized employee, executive and consultant instrument, which should be published for comment later this year and which will address the broader issues. Therefore, while we have provided responses to all comments raised, those comments which deal with the more fundamental issues will be considered further in the context of the harmonized instrument.

#### B. General Comments

The commentators are generally supportive of the Proposed Amendments.

None of the commentators raised any comments on the proposed amendments to Rule 45-502 or the proposed rescission of Rule 72-501.

All commentators expressed their support for the Commission's decision to make amendments to Rule 45-503 that would enhance the regulatory framework by reducing the need for applications in many circumstances.

#### C. Specific Comments on the Proposed Amendments to Rule 45-503

Comment (i): One commentator noted that the issuer bid exemption in new section 10.1 would address many of the problems associated with the requirements of determining "fair market value" as prescribed under Ontario securities law. The commentator suggested, however, that the issuer bid exemption should be expanded to allow the repurchase, in the event of a change of control of the issuer, of options issued under a stock incentive plan without triggering the issuer bid requirements.

*Response*: We agree that the new issuer bid exemption will reduce the number of applications for discretionary relief. However, we do not agree that the exemption should be expanded to include change of control situations. If an option plan contains provisions permitting an issuer to automatically re-acquire options in exchange for the difference between the offering price and exercise price, then one of the exemptions under clauses 93(3)(a), (b) or (c) of the Securities Act should be available. If the repurchase of options is not contemplated in the plan, we do not believe that we should address change of control situations in the rule because it could result in option holders being treated differently.

Comment (ii): Two of the commentators suggested that Rule 45-503 should be amended to provide relief from the registration requirements where the first trade is being effected by the legal personal representative or the beneficiaries of the estate of a deceased employee or executive.

*Response*: Sections 2.4 and 3.5 have been modified to incorporate these suggestions.

Comment (iii): One commentator noted that there is no exemption from the registration requirement where an employee acquires an option while he or she was employed by the issuer, exercises the option after leaving the employment and then trades the underlying security.

*Response:* Sections 2.4 and 3.5 have been modified to provide registration relief for a former employee, consultant or executive trading underlying securities acquired on exercise of options acquired during his/her period of employment.

Comment (iv): One commentator suggested that Rule 45-503 should be broadened to provide exemptions where there is no direct employee relationship between the issuer of the securities and the employees; for example where a third party, such as a government-mandated fund or an employee trust, issues securities to the company's employees.

*Response:* Many third party funds and trusts are highly complex and leveraged vehicles that may not be appropriate or suitable for some employees. Accordingly, we are not prepared to extend the rule to those situations and believe that they are more appropriately dealt with on a case-by-case basis.

Comment (v): One commentator is of the view that the interpretation of *de minimis* in the new subsection 1.2(7) is too restrictive and a higher threshold for Canada would be preferable. The commentator also suggested that any beneficial ownership test should be based on knowledge since, in the commentator's opinion, it is generally difficult to determine beneficial ownership.

*Response:* The *de minimis* standard reflects the current standard adopted in MI 45-102. We note that section 1.14 of the Companion Policy to MI 45-102 provides helpful guidance on how to determine beneficial ownership.

Comment (vi): One commentator suggested that the definition of "listed issuer" should be updated to reflect recent changes to the names of certain Canadian stock exchanges.

*Response:* The definition of "listed issuer" has been modified accordingly. The definition of "foreign-listed issuer" has also been modified.

Comment (vii): One commentator expressed concern that Rule 45-503 is too complex and too constraining on non-public companies. In the commentator's view, non-public companies should not be subject to the public company-like restrictions imposed by section 3.2 of Rule 45-503 for stock-based executive compensation arrangements. Alternatively, they should not be required to incur the cost and expense associated with obtaining prior shareholder approval for these types of arrangements in order to be exempted from the registration and prospectus requirements. The commentator recommended that section 2.1 be repealed and that clause 72(1)(n) of the Securities Act (Ontario) (the Act) should be reenacted. Alternatively, the commentator suggested that section clause 72(1)(n) of the Act should be made available to non-public companies.

*Response:* We note that prior shareholder approval is only required if certain thresholds are exceeded. These thresholds are sufficiently high to reduce the number of non-listed companies that would be subject to the prior shareholder requirement. In addition, all companies, whether they are "public" or "non-public", must hold annual general meetings under corporate law and must also prepare and deliver information circulars to their shareholders in connection with the annual general meetings. Accordingly, any additional costs to non listed-issuers imposed by the conditions set out in section 3.2 would be further limited to situations where a plan is introduced or amended and securities are issued after the annual general meeting has taken place.

Comment (viii): One commentator questioned whether a trade could be done through a plan administrator where the trade originates from an employee in the context of exercising options. The commentator noted that the language in section 2.2, which exempts "...trades **by** an issuer **to** any employee...", suggests that the trade must originate with the issuer and not the employee. In context of exercising options facilitated by a plan administrator, the commentator expressed concerns that the plan administrator could not rely on Rule 45-503.

*Response:* We believe that section 8.1 is sufficiently broad to provide an exemption to the administrator in this situation.

Comment (ix): One Commentator suggested that if an issuer uses a broker or dealer registered in the U.S. as its plan administrator, the administrator would be a "market intermediary" as defined by section 2.4 of the Regulation made under the Securities Act.

*Response:* Where a U.S. registered administrator is acting solely in the capacity as an administrator on behalf of and for the benefit of employees consultants or executives in connection with a service provider plan, an incentive plan, or other plan designed to align the interests of employees, consultants or executives with other shareholders through the issuance of securities, including opening and maintaining accounts in the name of employees, consultants or executives and facilitating the executions of trades in accordance with administering a plan, the administrator is not acting as a market intermediary in Ontario.

Comment (x): One commentator suggested that the meaning of the term "voluntary" in Rule 45-503 needs to be clarified, particularly in the context of an option plan.

*Response:* We disagree and note that subsection 1.2(5) of the rule provides a sufficient interpretation of the meaning of the word "voluntary".

**Schedule A - List of Commentators**

1. Fasken Martin DuMoulin LLP by letter dated December 13, 2001
2. Baker & McKenzie by letter dated December 21, 2001\*
3. Simon Romano by letter dated January 8, 2002\*

\* These letters were received following the expiry of the comment period.

**AMENDMENTS TO  
ONTARIO SECURITIES COMMISSION RULE 45-502  
DIVIDEND OR INTEREST REINVESTMENT  
AND STOCK DIVIDEND PLANS**

**PART 1 AMENDMENTS**

**1.1 Amendments** - Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans is amended by

- (a) adding the definition ““MI 45-102” means Multilateral Instrument 45-102 Resale of Securities;”;
- (b) deleting section 1.2;
- (c) deleting clause 3.1(a)(ii) and substituting for that clause
  - “(ii) an issuer other than a reporting issuer and the class of securities is listed and posted for trading, traded, or quoted, on
    - (A) Bourse de Montréal Inc.,
    - (B) the TSX Venture Exchange Inc.,
    - (C) the New York Stock Exchange, Inc.,
    - (D) the American Stock Exchange LLC,
    - (E) Nasdaq National Market,
    - (F) Nasdaq SmallCap Market,
    - (G) the London Stock Exchange plc, or
    - (H) a successor to any of the entities listed in subclauses (A) through (G); and”;
- (d) deleting clauses 3.1(b)(ii) and (iii) and substituting for those clauses
  - “(ii) at the time of the trade, residents of Canada
    - (A) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series; and
    - (B) did not represent in number more than 10 percent of the total number of owners directly or indirectly of the class or series.”;
- (e) deleting section 4.1 and substituting for that section
  - “4.1 **Restrictions on First Trade of Securities Distributed under Section 2.1 or 3.1** - If a security was distributed under an exemption from the prospectus requirement in section 2.1 or 3.1, the first trade in that security is subject to section 2.6 of MI 45-102.”;
- (f) deleting Part 5; and
- (h) renumbering Part 6 as Part 5, section 6.1 as section 5.1, Part 7 as Part 6 and section 7.1 as section 6.1.

**PART 2 EFFECTIVE DATE**

**2.1 Effective Date** - These Amendments come into force on December 1, 2002.

**AMENDMENTS TO  
ONTARIO SECURITIES COMMISSION RULE 45-503  
TRADES TO EMPLOYEES, EXECUTIVES  
AND CONSULTANTS**

**PART 1 AMENDMENTS**

**1.1 Amendments** - Rule 45-503 Trades to Employees, Executives and Consultants is amended by

- (a) adding the definition "'convertible security' means a security of an issuer that is convertible into, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of the same issuer;";
- (b) adding the definition "'exchangeable security' means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of another issuer;";
- (c) deleting the definition "foreign-listed issuer" and substituting for that definition "'foreign-listed issuer" means an issuer any of the securities of which are listed and posted for trading, or traded, on the American Stock Exchange LLC, the New York Stock Exchange, Inc. or the London Stock Exchange plc or quoted on Nasdaq National Market or Nasdaq SmallCap Market or a successor to any of those entities;";
- (d) deleting the definition of "hold period";
- (e) deleting the definition of "listed issuer" and substituting for that definition "'listed issuer" means an issuer any of the securities of which are listed and posted for trading, or traded, on the Toronto Stock Exchange, the TSX Venture Exchange Inc., or Bourse de Montréal Inc. or a successor to any of those entities;";
- (f) adding the definition "'MI 45-102" means Multilateral Instrument 45-102 Resale of Securities;";
- (g) adding the definition "'multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a convertible security, an exchangeable security or another multiple convertible security;";
- (h) deleting the definition "underlying security" and substituting for that definition "'underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.";
- (i) deleting subsection 1.2(5) and substituting for that subsection

"(5) In this Rule, references to "current" and "former" refer to the status at the time of a trade by the individual employee, the individual executive and, in the case of a consultant, the status of the individual consultant or the consultant's company or consultant partnership.";
- (j) deleting subsection 1.2(7) and substituting for that subsection

"(7) In this Rule, an issuer is considered to have a *de minimis* Canadian market with respect to a class or series of securities of the issuer if, at the relevant time, residents of Canada

  - (a) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series; and
  - (b) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series.";
- (k) deleting section 2.4 and substituting for that section

"2.4 **De Minimis Registration Exemption for Trades by Employees, Former Employees, Consultants, Former Consultants and Administrators** - Section 25 of the Act does not apply to a trade by an employee, former employee, consultant or former consultant of an issuer (including a personal representative of, or a beneficiary under, the estate of any of these individuals), or an employee administrator of an issuer on behalf of an employee, former employee, consultant or

former consultant (including a personal representative of, or a beneficiary under, the estate of any of these individuals), in a security of the issuer's own issue, if

- (a) in the case of a trade by a former employee, former consultant or administrator on behalf of a former employee or former consultant (including a personal representative of, or a beneficiary under, the estate of any of these individuals), the security, or in the case of a trade of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former employee, former consultant or administrator of the issuer under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1;
  - (b) the issuer was not a reporting issuer at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security;
  - (c) at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security, the issuer had a *de minimis* Canadian market for the security; and
  - (d) the trade is made
    - (i) through an exchange, or a market, outside of Canada, or
    - (ii) to a person or company outside of Canada.";
- (l) deleting paragraph 3.2(a) and substituting for that paragraph
- "(a) in the case of the issue of a security as an incentive,
- (i) prior shareholder approval has been obtained for the incentive or the incentive plan under which the incentive is being issued, including any amendments thereto, if the incentive or the incentive plan, in each case together with all of the issuer's other previously established or proposed incentives or incentive plans, could result, at any time, in
    - (A) the number of shares reserved for issuance under stock options granted to related persons exceeding 10 percent of the outstanding issue,
    - (B) the issuance to related persons, within a 12 month period, of a number of shares exceeding 10 percent of the outstanding issue,
    - (C) the number of shares reserved for issuance under stock options granted to any one related person and the related person's associates exceeding five percent of the outstanding issue, or
    - (D) the issuance to any one related person and the related person's associates, within a 12 month period, of a number of shares exceeding five percent of the outstanding issue, or
  - (ii) prior shareholder approval has been obtained for the incentive or the incentive plan under which the incentive is being issued, irrespective of whether any amendments are made subsequent to shareholder approval, if
    - (A) the incentive or the incentive plan, in each case together with all of the issuer's other previously established or proposed incentives or incentive plans, could result, at any time, in
      - I. the number of shares reserved for issuance under stock options granted to related persons exceeding 10 percent of the outstanding issue,
      - II. the issuance to related persons, within a 12 month period, of a number of shares exceeding 10 percent of the outstanding issue,



- III. the number of shares reserved for issuance under stock options granted to any one related person and the related person's associates exceeding five percent of the outstanding issue, or
  - IV. the issuance to any one related person and the related person's associates, within a 12 month period, of a number of shares exceeding five percent of the outstanding issue, and
- (B) the amendments made subsequent to the shareholder approval could not result in the number of shares reserved for issuance, or issued with a 12 month period, exceeding the applicable percentage referred to in clause (A).
- (m) deleting clause 3.3 (b)(ii) and substituting for that clause
- "(ii) at the time of the trade, the issuer has a *de minimis* Canadian market for the security; and";
- (n) deleting section 3.5 and substituting
- "3.5 **De Minimis Registration Exemption for Trades by Executives, Former Executives and Administrators** - Section 25 of the Act does not apply to a trade by an executive or former executive of an issuer (including a personal representative of, or a beneficiary under, the estate of any of these individuals), or an executive administrator of an issuer on behalf of an executive or former executive (including a personal representative of, or a beneficiary under, the estate of any of these individuals), of a security of the issuer's own issue, if
- (a) in the case of a trade by a former executive or an executive administrator on behalf of a former executive (including a personal representative of, or a beneficiary under, the estate of a former executive), the security, or in the case of a trade of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former executive or executive administrator of the issuer under an exemption from the prospectus requirement in section 3.1, 3.2, 3.3, 5.1 or 8.1;
  - (b) the issuer was not a reporting issuer at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple exchangeable security;
  - (c) at the time of the acquisition of the security, or in the case of an underlying security at the time of the acquisition of the convertible security, exchangeable security or multiple convertible security, the issuer had a *de minimis* Canadian market for the security; and
  - (d) the trade is made through
    - (i) an exchange, or a market, outside of Canada, or
    - (ii) to a person or company outside of Canada.";
- (o) deleting section 7.1 and substituting for that section
- "7.1 **Removal of Certain Exemptions for Trades of Securities of Certain Companies** – The exemption contained in section 2.1 of Ontario Securities Commission Rule 45-501 Exempt Distributions is not available for a trade in a security of a subsidiary company of an employee or an executive, or a consultant company, if the company has acquired securities under an exemption contained in this Rule and at the time of the trade holds the securities, unless a trade of the securities acquired by the company to the purchaser would have been permitted under section 9.1.
- (p) deleting subsection 8.1(2);
- (q) deleting section 9.1 and substituting for that section
- "9.1 **Restrictions on First Trades of Securities Distributed under Exemptions in Rule**
- (1) If a security is distributed to a person or company, other than an associated consultant or an investor consultant of the issuer of the security, under an exemption from the prospectus

requirement in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1, the first trade in that security is subject to section 2.6 of MI 45-102.

- (2) If a security was distributed to an associated consultant or investor consultant of the issuer of the security under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1, the first trade in that security is subject to section 2.5 of MI 45-102.
- (3) If a convertible security, exchangeable security or multiple convertible security was distributed to an associated consultant or investor consultant of the issuer of the underlying security under an exemption from the prospectus requirement in section 2.2, 5.1 or 8.1, the first trade in the underlying security is subject to section 2.5 of MI 45-102.
- (4) If the trade is a trade referred to in section in section 6.1 or section 8.1, the trade is not subject to the prospectus requirement.”; and

- (r) deleting Part 10 and substituting for that Part

#### “PART 10 - ISSUER BID EXEMPTIONS

10.1 **Issuer Bid Exemptions** - Sections 95, 96, 97, 98 and 100 of the Act, section 203.1 of the Regulation and Rule 61-501 Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions do not apply to the acquisition by an issuer of securities of the issuer from an employee, former employee, executive, former executive, consultant or former consultant of the issuer, or an administrator of the issuer on behalf of an employee, former employee, executive, former executive, consultant or former consultant to fulfil withholding tax obligations in respect of the employee, former employee, executive, former executive, consultant or former consultant of the issuer, or as payment of the exercise price of a stock option by the employee, former employee, executive, former executive, consultant or former consultant of an issuer, or an administrator of the issuer on behalf of the employee, former employee, executive, former executive, consultant or former consultant if

- (a) in the case of an acquisition from a former employee, former executive, former consultant or an administrator of the issuer on behalf of a former employee, former executive or former consultant, the security, or in the case of an underlying security, the convertible security, exchangeable security or multiple exchangeable security, was distributed to the former employee, former executive, former consultant or an administrator of the issuer under an exemption from the prospectus requirement in section 2.2, 3.1, 3.2, 3.3, 5.1 or 8.1;
- (b) the acquisition is made in accordance with the terms of a service provider plan that specifies how the value of the securities acquired by the issuer shall be determined;
- (c) in the case of securities acquired as payment of the exercise price of a stock option, the date of exercise of the option is chosen by the option holder; and
- (d) the aggregate number, or, in the case of debt securities that are convertible securities, exchangeable securities or multiple exchangeable securities, the aggregate principal amount, of securities acquired by the issuer within a 12 month period under this section does not exceed five percent of the outstanding securities of the class or series at the beginning of the period.”

#### PART 2 EFFECTIVE DATE

2.1 **Effective Date** - These Amendments come into force on December 1, 2002.

**RESCISSION OF  
ONTARIO SECURITIES COMMISSION RULE 72-501  
PROSPECTUS EXEMPTION FOR FIRST TRADE OVER A MARKET  
OUTSIDE ONTARIO**

**PART 1 RESCISSION**

**1.1 Rescission** - Rule 72-501 Prospectus Exemption for First Trade Over a Market Outside Ontario is rescinded.

**PART 2 EFFECTIVE DATE**

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