

6.1.4 OSC Rule 51-801, Implementing National Instrument 51-102 Continuous Disclosure Obligations

ONTARIO SECURITIES COMMISSION RULE 51-801

IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS

PART 1 – DEFINITIONS

1.1 DEFINITIONS

- (1) In this Rule, "NI 51-102" means "National Instrument 51-102 *Continuous Disclosure Obligations*".
- (2) Each term used in this Rule that is defined or interpreted in Part 1 of NI 51-102 has the meaning ascribed to it in that Part.

PART 2 – APPLICATION

2.1 APPLICATION

This Rule does not apply to investment funds.

PART 3 – INTERRELATIONSHIP WITH LEGISLATION

3.1 ANNUAL FINANCIAL STATEMENTS - CONTENT

- (1) The financial statements required under section 78 of the Act must include the statements, balance sheet and notes described in subsection 4.1(1) of NI 51-102.
- (2) Sections 4.2, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 apply to financial statements and auditor's reports required under section 78 of the Act as if any reference to section 4.1 in sections 4.2, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 is a reference to section 78 of the Act.
- (3) This section applies for financial years beginning on or after ●, 2004¹.

3.2 INTERIM FINANCIAL STATEMENTS - CONTENT

- (1) The financial statements required under subsection 77(1) of the Act must include the statements, balance sheet and notes described in section 4.3 of NI 51-102.
- (2) Sections 4.4, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 apply to financial statements required under subsection 77(1) of the Act as if any reference to section 4.3 in sections 4.4, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 is a reference to subsection 77(1) of the Act.
- (3) This section applies for interim periods in financial years beginning on or after ●, 2004¹.

3.3 FILING ANNUAL FINANCIAL STATEMENTS – EXEMPTION

Section 78 of the Act does not apply to a reporting issuer that complies with sections 4.1, 4.2, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 for financial years beginning on or after ● 2004¹.

3.4 FILING INTERIM FINANCIAL STATEMENTS – EXEMPTION

Subsection 77(1) of the Act does not apply to a reporting issuer that complies with sections 4.3, 4.4, 4.5, 4.7, 4.8 and 4.10 of NI 51-102 for interim periods in financial years beginning on or after ●, 2004¹.

3.5 DELIVERING FINANCIAL STATEMENTS - EXEMPTION

Section 79 of the Act does not apply to a reporting issuer that complies with section 4.6 of NI 51-102 in the case of (a) annual financial statements for financial years beginning on or after ●, 2004¹, and (b) interim financial statements for interim periods in financial years beginning on or after ●, 2004¹.

¹ To be made consistent with section 14.2 of NI 51-102.

3.6 MATERIAL CHANGE REPORTS - FORM

Except as otherwise provided in National Instrument 71-101 *The Multijurisdictional Disclosure System* and in National Instrument 71-102 *Continuous Disclosure and other Exemptions Relating to Foreign Issuers*, every report required under subsection 75(2) of the Act must be a completed Form 51-102F3 except that the reference in Item 3 of Form 51-102F3 to subsection 7.1(1) of NI 51-102 shall be read as referring to subsection 75(1) of the Act and references in Items 6 and 7 of Form 51-102F3 to subsections 7.1(3), 7.1(5) or 7.1(6) of NI 51-102 shall be read as referring to subsections 75(3), 75(4) or 75(5), respectively, of the Act.

3.7 ISSUANCE OF MATERIAL CHANGE NEWS RELEASE – EXEMPTION

Subsection 75(1) of the Act does not apply to a reporting issuer that complies with subsection 7.1(1) of NI 51-102, from and after ● 2004¹.

3.8 FILING MATERIAL CHANGE REPORT – EXEMPTION

Subsection 75(2) of the Act does not apply to a reporting issuer that complies with subsection 7.1(2) of NI 51-102, from and after ● 2004¹.

3.9 ANNUAL FILING - EXEMPTION

Reporting issuers other than investment funds are exempt from subsection 81(2) of the Act from and after ● 2004¹.

3.10 INFORMATION CIRCULARS - FORM

Except as otherwise provided in National Instrument 71-101 *The Multijurisdictional Disclosure System* and in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, an information circular referred to in clause (a) or (b) of subsection 86(1) of the Act must be a completed Form 51-102F5.

3.11 FILING INFORMATION CIRCULAR – EXEMPTION

Subsection 81(1) of the Act does not apply to a reporting issuer that complies with section 9.3 of NI 51-102, from and after ● 2004¹.

3.12 SOLICITATION OF PROXIES – EXEMPTION

Section 85 of the Act does not apply to a reporting issuer that complies with subsection 9.1(1) of NI 51-102, from and after ● 2004¹.

3.13 SENDING INFORMATION CIRCULAR – EXEMPTION

Section 86 of the Act does not apply to a reporting issuer that complies with subsection 9.1(3) of NI 51-102, from and after ● 2004¹.

PART 4 – REVOCATIONS AND AMENDMENTS OF RULES

4.1 REVOCATION OF RULES

- (1) Ontario Securities Commission Rule 51-501 *AIF & MD&A* is revoked.
- (2) Ontario Securities Commission Rule 52-501 *Financial Statements* is revoked.
- (3) Ontario Securities Commission Rule 54-501 *Prospectus Disclosure in Information Circulars* is revoked.
- (4) Ontario Securities Commission Rule 62-102 *Disclosure of Outstanding Share Data* is revoked.

4.2 AMENDMENTS TO RULES

(1) Amendments to Rule 56-501

Ontario Securities Commission Rule 56-501 *Restricted Shares* is amended as follows:

- (a) by deleting subsection 1.2(2);

¹ To be made consistent with section 14.2 of NI 51-102.

- (b) by deleting section 2.1; and
- (c) by deleting the words “and an information circular concerning a proposed reorganization” in subsection 2.3(1).

(2) **Amendments to Item 8.5 of Form 41-501F1 *Information Required in a Prospectus***

Item 8.5 of Form 41-501F1 is amended by:

- (a) in subsection(1), deleting the words “Form 44-101F2” and substituting “Form 51-102F2 and;
- (b) deleting subsection (5) and substituting the following:

“(5) Include MD&A for the interim financial statements of the issuer included in the prospectus, prepared in accordance with Form 51-102F2.”

PART 5 – EFFECTIVE DATE

5.1 EFFECTIVE DATE

This Rule comes into force on •.

COMPANION POLICY 51-801CP - TO ONTARIO SECURITIES COMMISSION RULE 51-801 IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS

- 1.1 Introduction** - The purpose of this Companion Policy is to provide information relating to the manner in which the Ontario Securities Commission (the "Commission") interprets or applies certain provisions of Commission Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations* (the "Implementing Rule") and National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102").
- 1.2 Interrelationship between NI 51-102 and the Securities Act Ontario (the "Act")** – NI 51-102 is intended to provide a single source of harmonized continuous disclosure obligations for reporting issuers other than investment funds. As a result, NI 51-102 sometimes repeats (without any substantive change) certain requirements that are also dealt with in the Act under Parts XVIII *Continuous Disclosure* and Part XIX *Proxies and Proxy Solicitation*¹. In addition NI 51-102, through the Implementing Rule, varies or adds to some of the requirements contained in Parts XVIII and XIX of the Act. The cumulative effect of NI 51-102 and the Implementing Rule is that NI 51-102 supersedes the requirements applicable to reporting issuers (other than investment funds) found in Parts XVIII and XIX (other than sections 76 and 87 of the Act, the subject matter of which are not dealt with in NI51-102). Reporting issuers can and should therefore refer to NI 51-102 in place of the requirements contained in Parts XVIII and XIX of the Act (other than sections 76 and 87).

¹ For example, section 75 of Part XVIII of the Act is essentially repeated in NI 51-102.