

5.1.2 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 subsection 78(1) of the Act must include the statements, balance sheet and notes described in subsection 4.1(1) of NI 51-102.
- (2) Subsections 4.5(1), 4.8(4) and 4.8(6) and sections 4.2, 4.7, 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 January 1, 2004.

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 subsections 4.3(1) and 4.3(2) of NI 51-102.
- (2) Subsections 4.3(3), 4.3(4), 4.5(2), 4.8(4), 4.8(5), 4.8(7) and 4.8(8) and sections 4.4, 4.7 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 January 1, 2004.

3.3 FILING ANNUAL FINANCIAL STATEMENTS – EXEMPTION

Section 78 of the Act does not apply to a reporting issuer that complies with subsections 4.5(1), 4.7(1), 4.7(2), 4.8(4) and 4.8(6) and sections 4.1, 4.2 and 4.10 of NI 51-102 for financial years beginning on or after January 1, 2004.

3.4 FILING INTERIM FINANCIAL STATEMENTS – EXEMPTION

Subsection 77(1) of the Act does not apply to a reporting issuer that complies with subsections 4.5(2), 4.7(1), 4.7(3), 4.7(4), 4.8(4), 4.8(5), 4.8(7) and 4.8(8) and sections 4.3, 4.4, and 4.10 of NI 51-102 for interim periods in financial years beginning on or after January 1, 2004.

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 January 1, 2004; and
- (b) interim financial statements for interim periods in financial years beginning on or after January 1, 2004.

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 section 7.1 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(2), 7.1(5) or 7.1(7) 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 paragraph 7.1(1)(a) of NI 51-102.

3.8 FILING MATERIAL CHANGE REPORT – EXEMPTION

Subsection 75(2) of the Act does not apply to a reporting issuer that complies with paragraph 7.1(1)(b) of NI 51-102.

3.9 ANNUAL FILING – EXEMPTION

Reporting issuers are exempt from subsection 81(2) of the Act.

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, from and after June 1, 2004.

3.11 FILING INFORMATION CIRCULAR – EXEMPTION

Subsection 81(1) of the Act does not apply to a reporting issuer that complies with the requirement in section 9.3 of NI 51-102 to file an information circular, from and after June 1, 2004.

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 June 1, 2004.

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 June 1, 2004.

PART 4 – REVOCATIONS AND AMENDMENTS OF RULES

4.1 ONTARIO SECURITIES COMMISSION RULE 51-501 AIF & MD&A (Rule 51-501).

(1) Rule 51-501 is amended by:

(a) adding subsection 1.2(3):

(3) “This Rule does not apply to financial years beginning on or after January 1, 2004 nor to interim periods in financial years beginning on or after January 1, 2004.”

(b) in subsection 2.1(1) inserting “or Form 51-102F2” after “Form 44-101F1”.

(2) Rule 51-501 is revoked effective May 19, 2005.

4.2 ONTARIO SECURITIES COMMISSION RULE 52-501 FINANCIAL STATEMENTS (Rule 52-501)

(1) Rule 52-501 is amended by adding the following as new subsection 1.2(3):

(3) “This Rule does not apply to:

- a) annual financial statements for financial years of the issuer beginning on or after January 1, 2004;
- b) interim financial statements for interim periods in financial years of the issuer beginning on or after January 1, 2004.

(2) Rule 52-501 is revoked effective May 19, 2005.

4.3 ONTARIO SECURITIES COMMISSION RULE 54-501 PROSPECTUS DISCLOSURE IN INFORMATION CIRCULARS (Rule 54-501)

Rule 54-501 is revoked effective June 1, 2004.

4.4 ONTARIO SECURITIES COMMISSION RULE 56-501 RESTRICTED SHARES (Rule 56-501):

(1) Rule 56-501 is amended by:

- (a) deleting subsection 1.2(2);
- (b) deleting section 2.1; and
- (c) deleting the words "and an information circular concerning a proposed reorganization" in subsection 2.3(1).

(2) This section applies from and after May 19, 2005.

4.5 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 the following:
 - "(1) Form 51-102F1; or
 - (2) Form 51-102F1 or Form 44-102F2, if the financial statements relate to financial years beginning before January 1, 2004."
- (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:
 - (1) Form 51-102F1; or
 - (2) Form 51-102F1 or Rule 51-501 *AIF and MD&A*, if the financial statements relate to an interim period in a financial year beginning on or after January 1, 2004."

PART 5 – EFFECTIVE DATE AND TRANSITION

5.1 EFFECTIVE DATE

This Rule comes into force on March 30, 2004.

5.2 TRANSITION

- (1) Despite section 5.1, sections 3.1, 3.3 and paragraph 3.5(a) apply for financial years beginning on or after January 1, 2004.
- (2) Despite section 5.1, sections 3.2, 3.4 and paragraph 3.5(b) apply for interim periods in financial years beginning on or after January 1, 2004.
- (3) Despite section 5.1, sections 3.10, 3.11, 3.12 and 3.13 apply from and after June 1, 2004.
- (4) Despite section 5.1, subsections 4.1(2) and 4.2(2) are effective on May 19, 2005.

Rules and Policies

- (5) Despite section 5.1, section 4.3 is effective on June 1, 2004.
- (6) Despite section 5.1, section 4.4 applies from and after May 19, 2005.

**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 Part XVIII *Continuous Disclosure* and Part XIX *Proxies and Proxy Solicitation*. 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).