

Chapter 6

Request for Comments

6.1.1 Proposed Multilateral Instrument 11-101 *Principal Regulator System*

OSC NOTICE AND REQUEST FOR COMMENT

PROPOSED MULTILATERAL INSTRUMENT 11-101 *PRINCIPAL REGULATOR SYSTEM*, FORM 11-101F1 *PRINCIPAL REGULATOR NOTICE UNDER NATIONAL INSTRUMENT 11-101*, AND COMPANION POLICY 11-101CP *PRINCIPAL REGULATOR SYSTEM*

PROPOSED AMENDMENTS TO NATIONAL POLICY 43-201 *MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES AND ANNUAL INFORMATION FORMS*, PROPOSED NATIONAL POLICY 31-201 *NATIONAL REGISTRATION SYSTEM*, AND

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-101 *STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES*, AND MULTILATERAL INSTRUMENT 81-104 *COMMODITY POOLS*

Certain members of Canadian Securities Administrators (CSA) are publishing for comment the following draft documents to implement a “single window of access” for market participants contemplated by the September 30, 2004 Memorandum of Understanding Regarding Securities Regulation (MOU) signed by the Ministers in certain provinces and territories that have responsibility for securities regulation:

- Multilateral Instrument 11-101 *Principal Regulator System*;
- Form 11-101F1 *Notice of Principal Regulator under Multilateral Instrument 11-101*; and
- Companion Policy 11-101CP *Principal Regulator System*;

(collectively, the Proposed Instrument).

The Ontario Securities Commission (“we” or the “Commission”) is not publishing the Proposed Instrument for several reasons.

1. *Undermines Harmonization by Endorsing Different Regulatory Standards*

Although the Government of Ontario is not a signatory to the MOU, the Commission participated in the process to develop the Proposed Instrument with the understanding that it would apply in areas that are highly harmonized and would ensure consistency in regulatory standards for all market participants across Canada. We are concerned that the Proposed Instrument falls short of this objective. In particular, the Proposed Instrument permits issuers to follow different regulatory standards in our capital markets on the basis of where their head office is located. For example, the Proposed Instrument would permit a public company based in British Columbia that is a reporting issuer in another CSA jurisdiction to comply with different audit committee requirements. If this public company was listed on the TSX, the result would be that its audit committee members would be held to a different standard than directors of other TSX-listed companies simply because the issuer’s head office is located in British Columbia. This raises investor protection concerns and will create confusion for investors in the market place. Furthermore, it is inconsistent with the goal of moving towards greater harmonization and convergence in regulatory standards in Canada. Differences in regulatory standards create inefficiency and competitive disadvantages for market participants.

2. *Raises Enforcement and Investor Protection Concerns*

The Proposed Instrument introduces a number of enforcement-related concerns that, in our view, outweigh the marginal benefits that may be derived from the proposed exemptions. These exemptions are based on the expectation that the issuer will comply with virtually identical requirements in the jurisdiction of its principal regulator, and will file, deliver or disseminate the same disclosure in both the principal regulator’s and the non-principal regulator’s jurisdiction. In a situation where a filing, for example, fails to comply with substantive disclosure requirements, it is unclear what authority the Commission as a non-principal regulator will have to intervene to protect Ontario investors and capital markets under the Proposed Instrument. Given that in some cases the substantial harm arising from a breach can occur outside the principal jurisdiction, in our view it is imperative that a non-principal regulator’s ability to take appropriate action be clearly preserved under the Proposed Instrument.

3. *Insufficient Rule-Making Authority*

We also have concerns regarding the Commission's authority to adopt some of the exempting provisions in the Proposed Instrument. We have obtained independent legal advice indicating that, in Ontario, certain exemptions in the Proposed Instrument exceed our rule-making authority. As a result of differences in each jurisdiction's rule-making authority, however, other jurisdictions do not have similar issues with adopting the Proposed Instrument.

4. *Unable to Sub-Delegate Decision-Making Power to another Commission*

The Proposed Instrument uses exemptions to permit a market participant to access the capital markets in each jurisdiction by, in effect, complying with the laws of the jurisdiction of its principal regulator, as modified by any exemptive relief granted solely by the principal regulator. The exemption approach was adopted as a result of the lack of authority for most CSA jurisdictions to statutorily delegate powers and duties to one another. The independent legal advice we obtained indicates that, in Ontario, these exemptions may constitute an abdication of the Commission's responsibility to regulate continuous disclosure and prospectus requirements contained in the *Securities Act* (Ontario).

Interaction between MRRS and NRS Policies and the Proposed Instrument

The Proposed Instrument uses the same test as the existing mutual reliance review systems (MRRS) for determining the principal regulator. For an issuer (or an investment fund manager), the principal regulator is based on the location of its head office or a most significant connection test. For a firm registrant, the principal regulator is based on the location of its head office and for an individual registrant, based on the location of the individual's working office.

1. *How will the Proposed Instrument affect issuers and registrants with a head office in Ontario?*

The Proposed Instrument will have no impact on the status quo. The Commission will continue to act as the principal regulator for all Ontario-based issuers or registrants through the MRRS and the mutual reliance process under NRS. Any reporting issuer or registrant that has Ontario as its principal regulator will continue to file discretionary relief applications, prospectuses or registration materials, as the case may be, under the existing MRRS or NRS policies with the Commission, as well as with any other applicable non-principal regulator.

2. *How will the Proposed Instrument impact foreign issuers?*

Foreign issuers for which the Commission acts as the principal regulator under MRRS could choose to rely on the exemptions in the Proposed Instrument. If so, they would only have to file applications and pay application fees in Ontario and in one other jurisdiction (that is, the principal regulator under the Proposed Instrument) when requesting discretionary relief from continuous disclosure requirements and certain prospectus-related disclosure requirements. The other jurisdiction would be the "participating principal jurisdiction" (as defined in the Proposed Instrument) with which the issuer has the next most significant connection. As a result of the exemptions in Parts 3 and 4 of the Proposed Instrument, any relief granted by that regulator will automatically apply in all other non-principal regulator jurisdictions. The Commission would still act as the principal regulator under MRRS with respect to the application. The other regulator would be the only non-principal regulator for the MRRS filing.

3. *What about issuers and registrants based outside Ontario?*

Issuers and registrants that have a principal regulator other than the Commission will continue to have to comply with Ontario securities law to the extent they participate in Ontario's capital markets, and will continue, when necessary, to file any relief applications, prospectuses or registration materials, as the case may be, with the Commission as a non-principal regulator under existing MRRS or NRS policies.

4. *How will those issuers based in Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") and for which Ontario acts as the principal regulator in connection with prospectus filings be affected?*

Issuers based in the Jurisdictions will continue to rely on the Commission as their principal regulator for MRRS purposes. In addition, the prospectus-related exemptions in the Proposed Instrument will also be available to these issuers. Any prospectus-related disclosure relief granted by the Commission and any one of these Jurisdictions will automatically apply in all other non-principal regulator jurisdictions as a result of the exemption in Part 4 of the Proposed Instrument.

Issuers for whom the Commission acts as a principal regulator are treated differently under the Proposed Instrument on the basis of whether or not they have a head office located in Ontario. Issuers that have a head office in Ontario will have to file applications for discretionary relief and pay application fees in each jurisdiction where relief is required. However, foreign based issuers or those issuers in one of the Jurisdictions (in the case of prospectus-related relief) will have to file applications and pay fees in only two jurisdictions – Ontario and the regulator in the participating principal jurisdiction with which it has the next most

significant connection. The CSA jurisdictions publishing the Proposed Instrument for comment believe this distinction is warranted for reasons of reciprocity. That is, to the extent that the Commission does not participate in the Proposed Instrument, Ontario-based issuers should not be entitled to rely on exemptions in the Proposed Instrument.

Do you agree that Ontario-based issuers should be treated differently than foreign-based issuers in this regard?

CSA Initiatives to Streamline Existing Regulatory System

Although we are not publishing the Proposed Instrument, we support the work of the CSA to introduce greater efficiencies in the Canadian regulatory system for market participants. We also support, in principle, the mobility registration exemption contemplated by the Proposed Instrument. This exemption will permit registrants to continue to work with their existing clients who relocate to another jurisdiction. Depending upon comments received, we may consider adopting a registration exemption in Ontario for situations where a client of a person or company that is registered in another CSA jurisdiction moves to Ontario. If we were to proceed with such an exemption, section 5.1 of the Proposed Instrument (which provides that the exemption does not apply to a registered firm with a head office located in Ontario or to registered individual with a working office in Ontario) would have to be repealed.

In addition, we continue to support initiatives that will further streamline our current administrative and review processes, as well as lead to greater harmonization in our regulatory requirements. Accordingly, we are proposing to amend, along with the rest of the CSA, the following policies and instruments:

- National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* (the Prospectus MRRS);
- National Policy 31-201 *National Registration System* (the NRS Policy);
- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101); and
- Multilateral Instrument 81-104 *Commodity Pools* (MI 81-104).

Proposed Amendments to the Prospectus MRRS

To facilitate the review and clearance of prospectus filings, we propose to streamline the Prospectus MRRS by reducing the time it takes to review a prospectus by ensuring the non-principal regulators do their review at the same time (instead of after) the principal regulator does its review. We estimate this would shorten the prospectus review process for long form prospectuses by five business days and for short form prospectuses by one to two business days. This would reduce the review period from 15 to 10 business days for long form prospectuses and from five to three business days for short form prospectuses. The result should be quicker access to the capital markets for market participants.

In addition, the CSA are considering extending the list of jurisdictions that can act as principal regulator. New Brunswick does not currently act as principal regulator under the Prospectus MRRS but is included as a principal regulator in the proposed amendments to the Prospectus MRRS.

We also propose making other changes to virtually eliminate the need for issuers to deal with non-principal regulators on any comments. One of these changes would require the principal regulator to forward potential opt-out issues raised by a non-principal regulator to the filer and attempt to resolve those issues with the non-principal regulator and the filer (i.e., the filer would no longer be required to deal directly with a non-principal regulator). Another would require the principal regulator to attempt to resolve differences of opinion on proposed dispositions of novel and substantive pre-filings directly with the non-principal regulator that disagrees with the proposed disposition, rather than requiring the filer to resolve the issue directly with that non-principal regulator.

To implement these changes, we propose amendments to the Prospectus MRRS and changing our administrative practices. A blacklined version of the Prospectus MRRS is attached showing those amendments. We made the amendments to the version of Prospectus MRRS published for comment on January 7, 2005 in connection with the CSA proposal to repeal and replace National Instrument 44-101 *Short Form Prospectus Distributions*.

We would also make adjustments to current administrative practices to ensure that non-principal regulators have an opportunity to provide input on prospectuses for novel investment products or offerings without, to the extent possible, jeopardizing the compressed time periods.

Proposed Amendments to the NRS Policy

The CSA implemented National Instrument 31-101 *National Registration System* (the NRS Rule) and the NRS Policy on April 4, 2005. The NRS Rule exempts an applicant from the "fit and proper" registration requirements of each non-principal jurisdiction if it meets the fit and proper requirements of its principal regulator. The NRS Policy sets out the MRRS process for registration.

Request for Comments

To facilitate the review and clearance of registration applications, we propose to change the NRS Policy by reducing the opt-in period in the NRS Policy from five business days to two business days. The CSA will monitor the new registration system to determine whether this amendment is feasible and, if so, will adopt the proposed amendment.

We note that currently, under the NRS Rule, a firm's principal regulator is determined by using a "most significant connection" test, with head office as an indicator. The CSA also plan to amend, at a later date, the definition of "principal regulator" in the NRS Rule such that a firm's principal regulator is determined by the location of its head office. In the meantime, the CSA will monitor the situation to ensure that the difference in the test does not result in a firm having a different principal regulator under the NRS Rule and the Proposed Instrument.

Proposed Amendments to NI 51-101

Together with the other CSA, we support the amendments to NI 51-101 to eliminate the carve-outs for British Columbia in section 2.1.3 (which provides that the requirement to file a report of management and directors does not apply in British Columbia) and section 3.6 (which provides that certain provisions dealing with responsibilities of boards of directors do not apply in British Columbia) of NI 51-101. These amendments would only be made if the British Columbia Securities Commission adopted the Proposed Instrument following the public comment process.

Proposed Amendments to MI 81-104

We support the amendment to MI 81-104 to eliminate the carve-out for British Columbia in section 8.6 (which provides that certain provisions respecting continuous disclosure and financial statements do not apply in British Columbia). This amendment would only be made if the British Columbia Securities Commission adopted the Proposed Instrument following the public comment process.

REQUEST FOR COMMENT

We request your comments on the proposed amendments to National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* and National Policy 31-201 *National Registration System*.

We also invite comments on the Commission's position not to participate in the Proposed Instrument on the basis that it permits differences in regulatory standards to be exported among CSA jurisdictions.

See the CSA Request for Comment on Proposed Multilateral Instrument 11-101 *Principal Regulator System* for more detailed information on the Proposed Instrument.

HOW TO PROVIDE YOUR COMMENTS

Please submit your comments in writing on or before July 27, 2005. If you are not sending your comments by e-mail, a diskette or CD containing your submission (in Windows format, Word) should also be forwarded.

Address your submission to:

John Stevenson
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8
Fax: (416) 593-2318
e-mail: jstevenson@osc.gov.on.ca

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:

Jean-Paul Bureaud
Senior Legal Counsel
General Counsel's Office
Ontario Securities Commission
(416) 593-8131
jbureaud@osc.gov.on.ca

The text for Proposed Multilateral Instrument 11-101 *Principal Regulator System* and related materials can be found on the following CSA member websites:

www.albertasecurities.com
www.bcsc.bc.ca
www.lautorite.qc.ca

The text of the Proposed Amendments to National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms*; National Policy 31-201 *National Registration System*; National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*; and Multilateral Instrument 81-104 *Commodity Pools* follow.

May 27, 2005

APPENDIX A

AMENDMENT TO
NATIONAL POLICY 31-201 *NATIONAL REGISTRATION SYSTEM*

PART 1 AMENDMENT TO NATIONAL POLICY 31-201

- 1.1 **Amendment** – National Policy 31-201 *National Registration System* is amended in subsection 6.3(1) by striking the phrase “five business days” and replacing it with “two business days”.

PART 2 EFFECTIVE DATE

- 2.1 **Effective Date** - This amendment is effective •.

NATIONAL POLICY 43- 201
MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES

TABLE OF CONTENTS

<u>PART</u>	<u>TITLE</u>
Part 1	OVERVIEW AND APPLICATION
1.1	Scope
1.2	Objective
1.3	Application of Local Requirements
Part 2	DEFINITIONS AND INTERPRETATION
2.1	Definitions
2.2	Interpretation
Part 3	PRINCIPAL REGULATOR
3.1	Participating Principal Regulators
3.2	Determination of Principal Regulator
3.3	Automatic Change of Principal Regulator
3.4	Discretionary Change of Principal Regulator Applied for by Filer
3.5	Discretionary Change of Principal Regulator Proposed by the Participating Principal Regulators
3.6	Notification to CSA Committee of Discretionary Change of Principal Regulator
3.7	Effect of Change of Principal Regulator
3.8	Identification of New Principal Regulator
Part 4	FILING MATERIALS UNDER THE MRRS
4.1	Election of MRRS and Identifying Principal Regulator
4.2	Filing
4.3	Black-lined Document
4.4	Seasoned Prospectuses
Part 5	REVIEW OF MATERIALS
5.1	Review by Principal Regulator
5.2	Review Period for Long Form Prospectuses and Renewal Shelf Prospectuses
5.3	Review Period for Short Form Prospectuses
5.4	Novel Structure or Issue
5.5	Form of Response
Part 6	OPTING OUT
6.1	Opting Out
6.2	Opting Back In
Part 7	MRRS DECISION DOCUMENT
7.1	Effect of MRRS Decision Document
7.2	Conditions to Issuance of Preliminary MRRS Decision Document
7.3	Form of Preliminary MRRS Decision Document - The preliminary MRRS decision document for a preliminary prospectus will contain the following legend:
7.4	Conditions to Issuance of Final MRRS Decision Document for Long Form Prospectus and Renewal Shelf prospectus
7.5	Conditions to Issuance of Final MRRS Decision Document for Short Form Prospectus
7.6	Form of Final MRRS Decision Document
7.7	Local Decision Document
7.8	Holidays
7.9	Material Issues Raised Late
7.10	Refusal by Principal Regulator to Issue a Receipt
7.11	Right to be Heard Following a Refusal
Part 8	APPLICATIONS
8.1	Applications
Part 9	PRE-FILINGS AND WAIVER APPLICATIONS
9.1	General
9.2	Procedure for Routine Pre-Filings and Waiver Applications
9.3	Procedure for Novel and Substantive Pre-Filings and Waiver Applications
9.4	Filing of Related Materials
9.5	Effect of Related MRRS Decision Document

Part 10 AMENDMENTS

- 10.1 Filing of Amendments
- 10.2 Conditions to Issuance of MRRS Decision Document for Preliminary Prospectus Amendments
- 10.3 Form of MRRS Decision Document for Preliminary Prospectus Amendments
- 10.4 Review Period for Preliminary Prospectus Amendments
- 10.5 Review Period for Prospectus Amendments
- 10.6 Conditions to Issuance of Prospectus Amendment MRRS Decision Document
- 10.7 Form of Prospectus Amendment MRRS Decision Document
- 10.8 Local Decision Document
- 10.9 Other Requirements

APPENDIX A Materials Required to be Filed under National Policy 43-201

APPENDIX B Examples of Applications Dealt With under National Policy 43-201

NATIONAL POLICY 43- 201
MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES¹

PART 1 OVERVIEW AND APPLICATION

- 1.1 Scope** - This Policy describes the practical application of mutual reliance concepts set out in the MRRS MOU relating to the filing and review of prospectuses, including mutual investment fund and shelf prospectuses, amendments to prospectuses and related materials.
- 1.2 Objective** - Under the MRRS, a designated securities regulatory authority or regulator, as applicable, acts as the principal regulator for all materials relating to a filer. This will enable participating principal regulators to develop greater familiarity with their respective filers, which will enhance the efficiency and quality of their review of materials filed under the MRRS.
- 1.3 Application of Local Requirements** - Although the filer will generally deal only with its principal regulator in connection with materials filed under the MRRS, the local securities legislation and local securities directions in each jurisdiction in which the materials are filed are applicable to the materials-, except to the extent that MI 11-101 provides relief from those local requirements.

PART 2 DEFINITIONS AND INTERPRETATION

2.1 Definitions - In this Policy,

“amendment” means an amendment to a preliminary prospectus or prospectus;

“application” means a request for discretionary relief from or approval under securities legislation or securities directions, but does not include a waiver application or pre-filing;

“applications policy” means National Policy 12-201, *Mutual Reliance Review System for Exemptive Relief Applications*;

“CSA committee” means the Mutual Reliance Review System Committee of the Canadian Securities Administrators;

“local securities directions” means, for the local jurisdiction, the instruments listed in Appendix A of National Instrument 14-101, *Definitions* opposite the name of the local jurisdiction;

“local securities legislation” means, for the local jurisdiction, the statute and other instruments listed in Appendix B of National Instrument 14-101, *Definitions* opposite the name of the local jurisdiction;

“local securities regulatory authority” means, for the local jurisdiction, the securities commission or similar regulatory authority listed in Appendix C of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction;

“long form prospectus” includes a simplified prospectus and annual information form for a mutual fund;

“materials” means the documents and fees referred to in Appendix “A” to this Policy, as amended from time to time, for each category of filing;

“MRRS MOU” means the Memorandum of Understanding relating to the Mutual Reliance Review System signed as of October 14, 1999;

“MI 11-101” means Multilateral Instrument 11-101, *Principal Regulator System*;

“NI 44-101” means National Instrument 44-101, *Short Form Prospectus Distributions*;

“NI 81-101” means National Instrument 81-101, *Mutual Fund Prospectus Disclosure*;

“OSC 41-501” means Ontario Securities Commission Rule 41-501, *General Prospectus Requirements*;

¹ This document has been blacklined to show changes from the version of NP 43-201 published for comment January 7, 2005 in connection with proposed changes to National Instrument 44-101 *Short Form Prospectus Distributions*.

“pre-filing” means a consultation with one or more of the securities regulatory authorities regarding the interpretation or application of securities legislation or securities directions to a particular transaction or proposed transaction that is the subject of, or is referred to in, materials, if the consultation is initiated before the filing of those materials;

“preliminary prospectus amendment” means an amendment to a preliminary prospectus;

“preliminary prospectus amendment MRRS decision document” means a MRRS decision document issued for a preliminary prospectus amendment;

“prospectus amendment” means an amendment to a prospectus;

“prospectus amendment MRRS decision document” means a MRRS decision document issued for a prospectus amendment;

“Q-28” means Policy Statement No. Q-28, *General Prospectus Requirements* of the Autorité des marchés financiers;

“renewal shelf prospectus” means a short form prospectus that is prepared and filed in accordance with the shelf prospectus system to replace a short form prospectus previously filed by the issuer under the shelf prospectus system for which a final receipt or final MRRS decision document was issued;

“requested regulator” means a participating principal regulator, other than the principal regulator determined in accordance with section 3.2, which a filer requests under subsection 3.4 to act as its principal regulator;

“seasoned prospectus” means a pro forma or preliminary prospectus of an issuer, if it is filed within two years of the date that a final MRRS decision document, or receipt, was issued to the issuer for a prospectus;

“securities directions” means the instruments listed in Appendix A of National Instrument 14-101, *Definitions*;

“securities legislation” means the statutes and other instruments listed in Appendix B of National Instrument 14-101, *Definitions*;

“securities regulatory authorities” means the securities commissions and similar regulatory authorities listed in Appendix C of National Instrument 14-101, *Definitions*;

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

“shelf prospectus system” means the system for the distribution of securities using a shelf prospectus as contemplated in National Instrument 44-102, *Shelf Distributions*;

“short form prospectus system” means the system for the distribution of securities as contemplated in NI 44-101; and

“waiver application” means a request for discretionary relief from securities legislation or securities directions, if the relief, if granted, would be evidenced by the issuance of a MRRS decision document under this Policy.

2.2 Interpretation - Unless otherwise defined herein, terms used in this Policy that are defined or interpreted in the MRRS MOU should be read in accordance with the MRRS MOU.

PART 3 PRINCIPAL REGULATOR

3.1 Participating Principal Regulators - As of the date of this Policy, the securities regulatory authorities of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia have agreed to act as principal regulator for materials filed under this Policy.

3.2 Determination of Principal Regulator

- (1) It is the responsibility of the filer to determine its principal regulator. Unless changed or redesignated under section 3.3, 3.4 or 3.5, the principal regulator for a filer is determined in accordance with the following criteria:
 - (a) For filers, other than ~~mutual investment~~ funds, whose head office is in a jurisdiction in which a participating principal regulator is located, the principal regulator is the local securities regulatory authority or regulator in the jurisdiction in which the head office is located.
 - (b) For filers, other than ~~mutual investment~~ funds, whose head office is not in a jurisdiction in which a participating principal regulator is located, the filer ~~can~~should select ~~at~~the participating principal regulator ~~as its principal regulator, if with which~~ the next most significant connection with the jurisdiction in which the selected to act as the principal regulator is located. The

next most significant connection should be determined by reference to the factors listed in subsection 3.4(1).

- (c) For filers that are ~~mutual investment~~ funds whose manager's head office is in a jurisdiction in which a participating principal regulator is located, the principal regulator is the local securities regulatory authority or regulator in the jurisdiction in which the manager's head office is located.
 - (d) For filers that are ~~mutual investment~~ funds whose manager's head office is not in a jurisdiction in which a participating principal regulator is located, the filer ~~can~~should select ~~at~~the participating principal regulator ~~as its principal regulator, if with which the filer has a reasonable~~the next most significant connection ~~with the jurisdiction in which the selected to act as the~~ principal regulator ~~is located. The next most significant connection should be determined by reference to the factors listed in subsection 3.4(1).~~
- (2) For a particular filing of materials, if the filer has incorrectly identified a non-principal regulator as the principal regulator, that non-principal regulator will decline to act as principal regulator and will notify the filer.
 - (3) The principal regulator determined in accordance with section 3.2 is the principal regulator for all materials filed under this Policy unless the principal regulator has been changed under section 3.3, 3.4 or 3.5.

3.3 Automatic Change of Principal Regulator - If the location of the head office of the filer or in the case of a ~~mutual~~an ~~investment~~ fund, the manager, is changed after the determination of the principal regulator in accordance with section 3.2, the principal regulator will change automatically to the local securities regulatory authority or regulator in the jurisdiction to which the head office has been moved if the new head office is in a jurisdiction in which a participating principal regulator is located. In all other circumstances the principal regulator can only be changed in accordance with section 3.4 or 3.5.

3.4 Discretionary Change of Principal Regulator Applied for by Filer

- (1) A filer may apply for a change of principal regulator if it believes that its principal regulator is not the appropriate principal regulator. However, a change of a filer's principal regulator based on factors other than the head office criteria set out in section 3.2 will generally not be permitted unless exceptional circumstances justify the change. The factors that may be considered in assessing an application for a change of a filer's principal regulator include:
 - (a) location of management;
 - (b) location of assets and operations; and
 - (c) location of filer's trading market or quotation system in Canada, or, if the filer's securities are not traded or quoted on a trading market or quotation system in Canada, location of filer's securityholders.
- (2) If a filer applies for a change of its principal regulator, the application should be submitted in paper form to the principal regulator and the requested regulator at least thirty days in advance of any filing of materials under this Policy to permit adequate time for staff of the relevant securities regulatory authorities to consider and resolve the application. If the application is not resolved before the date of any filing of materials, the principal regulator will continue to act as principal regulator for that filing, and the change requested, if granted, will relate to materials filed after the issuance of the final MRRS decision document.
- (3) The application should address the basis for the designation of the filer's principal regulator in accordance with section 3.2, and should set forth the reasons for the requested regulator to act as principal regulator with regard to the factors specified in subsection (1) and any other relevant factors. The filer will be given an opportunity to respond to concerns or comments raised by the relevant securities regulatory authorities.
- (4) If an application is denied, the principal regulator will provide written reasons for the denial to the filer.

3.5 Discretionary Change of Principal Regulator Proposed by the Participating Principal Regulators

- (1) The participating principal regulators may determine that it would be preferable for a participating principal regulator other than the securities regulatory authority acting as principal regulator to act as a filer's principal regulator. This determination will generally only be made if changing the principal regulator of a filer would result in greater administrative and regulatory efficiencies with regard to the factors specified in subsection 3.4(1) and other relevant factors. The participating principal regulators will not redesignate a filer's principal

regulator after materials have been filed and before a final MRRS decision document has been issued for the materials.

- (2) If the participating principal regulators propose to change a filer's principal regulator, the principal regulator will notify the filer in writing of the proposed change, and will identify the reasons for the proposed change. The redesignated principal regulator will become the filer's principal regulator thirty days after the date of the notice unless the filer objects in writing to the proposed change. The filer, the principal regulator and the proposed principal regulator will attempt to resolve any objections raised by the filer to the proposed change.

3.6 Notification to CSA Committee of Discretionary Change of Principal Regulator - The participating principal regulators involved in an application or proposal to change a filer's principal regulator will advise the CSA committee of all decisions rendered under sections 3.4 or 3.5 and the reasons for the decisions.

3.7 Effect of Change of Principal Regulator

- (1) A change of principal regulator under section 3.3, 3.4 or 3.5 applies for all materials filed under this Policy after the change.
- (2) If the circumstances relevant to the determination of the principal regulator change after the date of any filing of materials and before a final MRRS decision document is issued relating to those materials, the principal regulator will act as principal regulator for that filing, and the change of principal regulator will relate to materials filed after the issuance of the final MRRS decision document.

3.8 Identification of New Principal Regulator - At the time of the first filing following a change of principal regulator, the filer should identify the new principal regulator in the cover page information for the SEDAR filing and indicate that this is a change from the previous filing. The filer should also update its SEDAR filer profile to identify the new principal regulator and include the basis for the change of principal regulator.

PART 4 FILING MATERIALS UNDER THE MRRS

4.1 Election of MRRS and Identifying Principal Regulator - The filer should indicate in the cover page information for the SEDAR filing its principal regulator and that it is electing to file materials under the MRRS. The filer should also identify its principal regulator and the basis for the determination in its SEDAR filer profile. If a filer's principal regulator is determined in accordance with paragraph 3.2(1)(b) or 3.2(1)(d), the filer should provide a description of the factors connecting the filer to the jurisdiction of the principal regulator it has selected. If applicable, the filer should provide the date of the change in circumstances resulting in an automatic change of principal regulator under section 3.3 or of a decision under section 3.4 or 3.5 changing the principal regulator.

4.2 Filing - If a filer proposes to distribute its securities by prospectus only to purchasers in jurisdictions other than the jurisdiction in which its principal regulator is located, the materials, including the required fees, should also be filed with the principal regulator, and will be reviewed by the principal regulator. This will enable participating principal regulators to maintain familiarity with their respective filers.

4.3 Black-lined Document - Except in the case of short form prospectuses, it is strongly recommended that a filer file through SEDAR a draft prospectus (the French language version, in Québec), black lined to show changes, as far as possible in advance of filing final materials. This black lined version is in addition to the black lined version of the final prospectus to be filed with the final materials.

4.4 Seasoned Prospectuses

- (1) If appropriate, a filer may identify a prospectus being filed as a seasoned prospectus. When a seasoned prospectus is filed it should be accompanied by a copy of the seasoned prospectus black lined against the preceding prospectus of the filer to show all changes made. The prospectus should be accompanied by a certificate of the filer. The certificate should certify that the black lined prospectus indicates all differences between the content of the seasoned prospectus and that of the previous prospectus of the filer.
- (2) If a filing is made under this section, the principal regulator will advise the non-principal regulators when the comment letter is issued that the prospectus is being reviewed as a seasoned prospectus. The non-principal regulators will then assume that the principal regulator has conducted only a limited review of the prospectus unless the contrary is specifically stated.
- (3) The procedures set out in this section do not apply to filings made under NI 81-101.

PART 5 REVIEW OF MATERIALS

5.1 Review by Principal Regulator - The principal regulator is responsible for reviewing all materials in accordance with the local securities legislation and local securities directions of the jurisdiction in which the principal regulator is located,

and in accordance with its review procedures, analysis and precedents. The principal regulator will be responsible for issuing and resolving comments on materials and issuing the MRRS decision document once the relevant conditions have been satisfied. While the non-principal regulators may review the materials and will advise the principal regulator of any material concerns relating to the materials that, if left unresolved, would cause the non-principal regulators to opt out of the MRRS, the filer will generally deal solely with the principal regulator.

5.2 Review Period for Long Form Prospectuses and Renewal Shelf Prospectuses

- (1) ~~A principal regulator that has implemented a system of selective review will, within three working days of the date of the preliminary MRRS decision document or receipt of the pro forma materials, notify the non-principal regulators if the designated level of review to be given to the materials is a basic review.~~
- (2) ~~If a principal regulator that has implemented a system of selective review selects materials for either full review or issue oriented review, or a principal regulator does not have a system of selective review, the~~
The principal regulator will use its best efforts to review the materials and issue a comment letter within 10 working days of the date of the preliminary MRRS decision document or receipt of the pro forma materials.
- (3) ~~Each non-principal regulator will, within five working days of the date of the preliminary MRRS decision document or receipt of the comment letter of the principal regulator, pro forma materials, use its best efforts to:~~
- (a) advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS; or
 - (b) indicate in the SEDAR "Filing Status" screen that it is clear to receive final materials, if there are no outstanding applications or waiver applications that have been filed with the non-principal regulators.
- (4) ~~For materials that have been selected for basic review, the non-principal regulators will, within 6 working days of being notified that the materials have been selected for basic review, use their best efforts to comply with paragraphs (3)(a) or (3)(b), as appropriate.~~

5.3 Review Period for Short Form Prospectuses

- (1) The principal regulator will use its best efforts to review materials relating to a preliminary short form prospectus and issue a comment letter within three working days of the date of the preliminary MRRS decision document. Each non-principal regulator will, ~~by 12:00 noon, Eastern time, on the working day following the date of issuance of the comment letter of the principal regulator~~within three working days of the preliminary MRRS decision document, use its best efforts to:
- (a) advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS; or
 - (b) indicate in the SEDAR "Filing Status" screen that it is clear to receive final materials, if there are no outstanding applications that have been filed with the non-principal regulators.
- (2) Despite the foregoing, if, in the opinion of the principal regulator, a proposed distribution by way of short form prospectus is too complex to be reviewed adequately within the prescribed time periods, the principal regulator may determine that the time periods applicable to long form prospectuses should apply, and the principal regulator will, within one working day of the filing of the preliminary short form prospectus, so notify the filer and the non-principal regulators. The filer is encouraged to submit a pre-filing to resolve any issues that may cause a delay in the prescribed time periods.

5.4 Novel Structure or Issue - If a prospectus is filed for an offering that involves a novel structure or novel issue and the issues were not resolved in a pre-filing with the relevant regulators, the principal regulator may establish a cooperative review process actively involving the non-principal regulators in formulating and resolving the comments. The principles of mutual reliance, in all other respects, will continue to apply. The complexity of the structure or the issue may affect the prescribed review periods.

5.5 Form of Response - The filer should provide to the principal regulator written responses to the comment letter issued by the principal regulator.

PART 6 OPTING OUT

6.1 Opting Out - A non-principal regulator can opt out of the MRRS for a filing at any time before the principal regulator issues a final MRRS decision document for the materials. The non-principal regulator will provide notice of its decision to opt out to the filer, the principal regulator and the other non-principal regulators by indicating "MRRS - Opt Out" in the

SEDAR "Filing Status" screen. The non-principal regulator will at that time provide written reasons for its decision to opt out of the MRRS to the filer via SEDAR. ~~The non-principal regulator that has opted out will also advise the principal regulator and the other non-principal regulators of its reasons for opting out. The filer will. The principal regulator will forward the reasons for opting out to the filer and will use its best efforts to resolve opt out issues with the filer on behalf of the non-principal regulator that has opted out. If the principal regulator is able to resolve these issues with the non-principal regulator that has opted out, the non-principal regulator that has opted out may opt back in. Reasons for opting out will be forwarded to the CSA committee. In the event that the principal regulator is unable to resolve the opt out issues with the non-principal regulator, the principal regulator will issue a final MRRS decision document on behalf of the non-principal regulators that have not opted out. The filer will then deal directly with the non-principal regulator that has opted out to resolve any outstanding issues. Reasons for opting out will be forwarded to the CSA committee.~~

6.2 Opting Back In - ~~If the filer and the non-principal regulator are able to resolve their outstanding issues before the principal regulator issues the final MRRS decision document, the non-principal regulator may opt back in to the MRRS by notifying the principal regulator, all other non-principal regulators and the filer by indicating "MRRS Opt Back In Clear for Final" in the SEDAR "Filing Status" screen, outside the MRRS.~~

PART 7 MRRS DECISION DOCUMENT

7.1 Effect of MRRS Decision Document - The MRRS decision document evidences that a determination on materials has been made by the principal regulator and the non-principal regulators that have not opted out of the MRRS for the materials.

7.2 Conditions to Issuance of Preliminary MRRS Decision Document - The principal regulator will issue a preliminary MRRS decision document if:

1. the principal regulator has determined that acceptable materials have been filed; and
2. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
 - (a) materials, including all required translations, have been filed with all non-principal regulators that have not opted out of the MRRS for the materials;
 - (b) in respect of each jurisdiction in which the materials are filed, the filer has filed or delivered all documents required to be filed or delivered under the local securities legislation and is not subject to a cease trade order issued by a local securities regulatory authority;
 - (c) in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered, or has filed an application for registration or an application for exemptive relief from the requirement to be registered. If none of the underwriters that has signed the certificate are registered in a jurisdiction in which the distribution is being made but one of the underwriters has filed an application for registration or an application for exemptive relief from the requirement to be registered, that underwriter will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration or exemption has been obtained; and
 - (d) in the case of distributions to be effected by the filer, the filer is registered in each jurisdiction in which the securities will be offered to purchasers, or has filed an application for registration. If the filer has filed an application for registration in a jurisdiction, the filer will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration is obtained.

7.3 Form of Preliminary MRRS Decision Document - The preliminary MRRS decision document for a preliminary prospectus will contain the following legend:

This preliminary mutual reliance review system decision document evidences that preliminary receipts of the regulators in each of (name of each jurisdiction in which materials have been filed and where the regulator has not opted out of the MRRS for the materials) have been issued.

7.4 Conditions to Issuance of Final MRRS Decision Document for Long Form Prospectus and Renewal Shelf Prospectus - The principal regulator will issue a final MRRS decision document for a long-form prospectus or a renewal shelf prospectus if:

1. the statutory waiting period between the issuance of a MRRS decision document for preliminary materials and final materials, if applicable, has expired;
2. all non-principal regulators, other than the regulators in ~~New Brunswick~~, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut, have indicated in the SEDAR "Filing Status" screen that they

are "Clear for Final" or have opted out of the MRRS for the filing by indicating "MRRS - Opt Out" in the SEDAR "Filing Status" screen;

3. the principal regulator has determined that acceptable materials have been filed; and
4. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
 - (a) materials, including all required translations, have been filed with all non-principal regulators that have not opted out of the MRRS for the materials;
 - (b) in respect of each jurisdiction in which the materials are filed, the filer has filed or delivered all documents required to be filed or delivered under the local securities legislation and is not subject to a cease trade order issued by a local securities regulatory authority;
 - (c) in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered or has been exempted from the requirement to be registered;
 - (d) in the case of distributions to be effected by the filer, the filer is registered in each jurisdiction in which the securities will be offered to purchasers; and
 - (e) all necessary relief from applicable securities legislation or securities directions has been applied for and granted by the principal regulator and non-principal regulators.

7.5 Conditions to Issuance of Final MRRS Decision Document for Short Form Prospectus - The principal regulator will issue a final MRRS decision document for a short form prospectus if the conditions specified in section 7.4, other than subsection 7.4(1), have been met and at least two working days have elapsed from the date of the preliminary MRRS decision document.

7.6 Form of Final MRRS Decision Document - The final MRRS decision document for a prospectus will contain the following legend:

This final mutual reliance review system decision document evidences that final receipts of the regulators in each of (name of each jurisdiction in which materials have been filed and where the regulator has not opted out of the MRRS for the materials) have been issued.

7.7 Local Decision Document - Despite the issuance of the MRRS decision document, certain non-principal regulators will issue concurrently their own decision documents for materials. In the case of materials filed for a proposed distribution of securities, it is not necessary for a filer to obtain a copy of the local decision document before commencing the distribution of its securities.

7.8 Holidays - The principal regulator will issue a MRRS decision document evidencing the receipt of non-principal regulators that are open on the date of the MRRS decision document. The principal regulator will issue a MRRS decision document evidencing the receipt of the remaining non-principal regulators on the next day that the non-principal regulators are open.

7.9 ~~Material Issues Raised Late~~

~~(1) "Material issue" means a potential receipt refusal issue raised by the principal regulator as a result of its review of the materials or raised by the filer as a result of changes made by the filer after a non-principal regulator is clear for final.~~

~~(2) If a material issue is raised after a non-principal regulator has indicated that it is clear for final, the principal regulator may determine that it is not prepared to issue a final MRRS decision document unless such non-principal regulator provides reconfirmation that it is clear for final materials. The principal regulator will submit through SEDAR under "Memo to Regulators - Reconfirmation Requested" a letter identifying the new material issue. The filer should encourage the non-principal regulators to respond to the correspondence of the principal regulator. A non-principal regulator, other than the regulators in New Brunswick, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut, that does not provide reconfirmation within five days is considered to have opted out of MRRS.~~

7.9 7.10 Refusal by Principal Regulator to Issue a Receipt

- (1) If the principal regulator refuses to issue a receipt for materials and therefore refuses to issue a MRRS decision document, it will notify the filer and the non-principal regulators by sending a refusal letter through SEDAR, and the MRRS will no longer apply to the filing. In these circumstances, the filer will deal separately with the local securities regulatory authority in each jurisdiction in which the materials were filed, including the principal regulator, to determine if the local securities regulatory authority or regulator in those jurisdictions will issue a local decision document. Filers are cautioned that, once the MRRS is no longer applicable to the materials, each non-principal regulator may conduct its own comprehensive review of the materials.
- (2) To the extent the issues that gave rise to the refusal to issue a MRRS decision document are resolved to the satisfaction of all parties, the filer may request that the MRRS apply once again to the materials.

7.10 **7.14-Right to be Heard Following a Refusal** - If a filer requests a hearing for a refusal by the principal regulator to issue a receipt, the principal regulator will promptly advise the non-principal regulators of the request. The principal regulator will generally hold the hearing, either solely or together with other interested non-principal regulators. The non-principal regulators may make whatever arrangements they consider appropriate, including conducting hearings.

PART 8 APPLICATIONS

8.1 Applications - In many instances, certain exemptive relief is required by a filer to enable a filing of materials or to facilitate a distribution of securities under materials filed. The following guidelines may assist a filer in ensuring that the review of materials is not unduly delayed if there is a concurrent application that is not subject to Part 9:

1. The principles of mutual reliance are available to govern the review and disposition of applications that are made in multiple jurisdictions. If the application is to be filed under the MRRS, it should be filed under the applications policy.
2. If the relief requested in the application is a condition to the issuance of a MRRS decision document and if the application is not filed in a timely manner, the issuance of the MRRS decision document may be delayed. In this regard, if an application is filed under the MRRS, filers are referred to the time periods for processing applications as contained in the applications policy.
3. If an application is filed, the filer should indicate in the SEDAR cover page information for the related filing of materials under the field "Application for Exemption Order in", those jurisdictions in which the application is being made. The filer should also indicate in a cover letter accompanying the application that there is a related filing of materials that has either been filed or will be filed.

PART 9 PRE-FILINGS AND WAIVER APPLICATIONS

9.1 General

- (1) The principles of mutual reliance are available to govern the review of pre-filings and waiver applications that are made in more than one jurisdiction. There may be pre-filings and waiver applications where a formal order is required in some jurisdictions while the issuance of a receipt will evidence the required relief in other jurisdictions. This difference among the jurisdictions may create ambiguity about whether a particular pre-filing or waiver application should be made under this policy or the applications policy. In order to free the process of ambiguity, Appendix B contains examples of applications that are dealt with under this Policy.
- (2) If the filer does not require exemptive relief in the jurisdiction of its principal regulator, the filer should select the participating principal regulator in the jurisdiction with which the filer has the next most significant connection to act as the principal regulator for the purposes of the pre-filing or waiver application.
- (3) In a letter accompanying materials filed, the filer should describe the subject matter of any pre-filings or waiver applications made to the non-principal regulators and the disposition thereof by the non-principal regulators.
- (4) If the resolution of a pre-filing or waiver application is a condition precedent to the issuance of either a preliminary or final MRRS decision document, filers are reminded to file the pre-filing or waiver application sufficiently in advance of the filing of the related materials to avoid any delay in the issuance of the MRRS decision document.
- (5) Different review procedures apply to those pre-filings and waiver applications filed under the MRRS that are routine and those that raise novel and substantive issues.
- (6) If a pre-filing or waiver application has been filed, the filer should indicate in the SEDAR cover page information for the related filing of materials under the field "Pre-filing or Waiver Application", those jurisdictions in which the pre-filing or waiver application has been made. The filer should also indicate in a

cover letter accompanying the pre-filing or waiver application that there is a related filing of materials that has either been filed or will be filed.

9.2 Procedure for Routine Pre-Filings and Waiver Applications - Except as provided in section 9.3, a pre-filing or waiver application made under the MRRS should be submitted to the principal regulator in the form required by the principal regulator, and the filer will deal directly with the principal regulator to resolve the pre-filing or waiver application.

9.3 Procedure for Novel and Substantive Pre-Filings and Waiver Applications

- (1) If the principal regulator determines that a pre-filing or waiver application filed, or to be filed, under the MRRS involves a novel and substantive issue or raises a novel public policy concern:
 - (a) the principal regulator will direct the filer to submit the pre-filing or waiver application in written form to the principal regulator and the non-principal regulators;
 - (b) each non-principal regulator will be given five working days from the date of its receipt of the pre-filing or waiver application to forward to the principal regulator and the other non-principal regulators substantive issues that may, if left unresolved, cause the non-principal regulator to opt out of the disposition of the pre-filing or waiver application; and
 - (c) the principal regulator will notify all non-principal regulators of its proposed disposition of the pre-filing or waiver application and will give each non-principal regulator a reasonable period of time to advise the principal regulator of its disagreement with the proposed disposition of the pre-filing or waiver application before notifying the filer of the disposition. The principal regulator will advise the filer that the disposition of the pre-filing or waiver application represents the disposition by all non-principal regulators other than those that advised the principal regulator of their disagreement with the disposition within the specified period of time. If a non-principal regulator disagrees with the disposition, the filer should deal directly with that principal regulator will use its best efforts to resolve the outstanding issues with the non-principal regulator to resolve that disagrees with the proposed disposition of the pre-filing or waiver application.
- (2) In circumstances where it is apparent to the filer that a proposed pre-filing or waiver application contains a novel public policy issue, the filer is encouraged, for the purpose of accelerating the resolution of the pre-filing or waiver application, to send the pre-filing or waiver application in written form to the non-principal regulators contemporaneously with submitting it to the principal regulator.

9.4 Filing of Related Materials - For any materials filed under the MRRS to which a pre-filing or waiver application relates, the filer should include in the cover letter accompanying the materials a description of the subject matter of the pre-filing or waiver application, including the relevant provisions of the securities legislation and securities directions of the principal regulator and ~~each non-principal regulator and~~ the proposed disposition of the pre-filing or waiver application by the principal regulator and, if applicable, any non-principal regulator that disagreed with the disposition by the principal regulator and had an alternative disposition of the pre-filing or waiver application. In the case of a waiver application, the filer should identify the other non-principal regulators from which the requested relief is also needed.

9.5 Effect of Related MRRS Decision Document - In the case of a waiver application, the filer should include in the cover letter referred to in section 9.4 a request that the non-principal regulators grant the discretionary relief requested from the principal regulator. The final MRRS decision document will evidence that the principal regulator and the non-principal regulators that have not opted out have granted the discretionary relief requested in the waiver application. The securities regulatory authorities of certain jurisdictions will also issue their own local decision documents.

PART 10 AMENDMENTS

10.1 Filing of Amendments

- (1) Amendment materials should be filed with the principal regulator and the non-principal regulators in accordance with Part 4 of this Policy.
- (2) The Securities Act (Québec) provides that the Autorité des marchés financiers must decide to issue or to refuse to issue a receipt for a prospectus amendment, other than a prospectus relating to a continuous distribution, within two working days of filing of the prospectus amendment. If a filer wishes to apply the MRRS to a prospectus amendment, other than a prospectus amendment relating to a continuous distribution that is also filed in the province of Québec, it should include in the cover letter accompanying the prospectus amendment materials statements that:

- (a) it acknowledges that the Autorité des marchés financiers may be unable to issue a receipt within two working days of the date of receipt of the prospectus amendment and specifically waives any rights it may have to have a receipt issued by the Autorité des marchés financiers within that time frame; and
 - (b) it undertakes to the Autorité des marchés financiers that it will cease the distribution of its securities in Québec until the prospectus amendment MRRS decision document is issued.
- (3) If the filer does not include the statements referred to in subsection (2) in the cover letter accompanying the prospectus amendment materials, the MRRS will not apply to that filing.
- (4) Filers are reminded that local securities legislation in other jurisdictions contain restrictions on distributing securities until the prospectus amendment MRRS decision document is issued, as discussed in section 10.9.

10.2 Conditions to Issuance of MRRS Decision Document for Preliminary Prospectus Amendments - The principal regulator will issue a preliminary prospectus amendment MRRS decision document if:

- 1. the principal regulator has determined that acceptable materials have been filed; and
- 2. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
 - (a) materials, including all required translations, have been filed with all relevant non-principal regulators that have not opted out of the MRRS for the materials;
 - (b) in respect of each jurisdiction in which the materials are filed, the filer has filed or delivered all documents required to be filed or delivered under the local securities legislation and is not subject to a cease trade order issued by a local securities regulatory authority; and
 - (c) if the amendment reflects the removal of an underwriter, the filer has confirmed to the principal regulator that in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered, or has filed an application for registration or an application for exemptive relief from the requirement to be registered. If none of the underwriters that has signed the certificate are registered in a jurisdiction in which the distribution is being made but one of the underwriters has filed an application for registration or an application for exemptive relief from the requirement to be registered, that underwriter will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration or exemption has been obtained.

10.3 Form of MRRS Decision Document for Preliminary Prospectus Amendments

- (1) The securities legislation and securities directions in force in certain jurisdictions require that a receipt be issued for a preliminary prospectus amendment. The securities legislation and securities directions in force in other jurisdictions do not require that a receipt be issued, and it has been the administrative practice to issue a notice of acceptance of filing for the preliminary prospectus amendment. For the purposes of this Policy, a preliminary prospectus amendment MRRS decision document will evidence that, if applicable, the required receipts or notices of acceptance of filing have been issued by the principal regulator and the non-principal regulators.
- (2) The preliminary prospectus amendment MRRS decision document will contain the following legend:

This mutual reliance review system decision document evidences that receipts or notices of acceptance of filing of the regulators in each of (name of each jurisdiction in which materials have been filed and where the regulator has not opted out of the MRRS for the materials) have been issued.

10.4 Review Period for Preliminary Prospectus Amendments

- (1) If a preliminary prospectus amendment is filed before the principal regulator issues its comment letter relating to the preliminary prospectus materials, the principal regulator may be unable to complete its review of the preliminary materials and issue its comment letter within the time periods indicated in sections 5.2 and 5.3, as applicable. In this case, the principal regulator will use its best efforts to issue its comment letter on the later of the date that is five working days after the filing of the amendment and the original due date for the comment letter. Similarly, if a preliminary prospectus amendment is filed before the non-principal regulator completes its review described in section 5.2(2) and 5.3(1), the non-principal regulator may be unable to complete its review within the relevant time periods. In this case, the non-principal regulator will use its best

efforts to complete its review on the later of the date that is three working days after the filing of the amendment and the original due date for completing the review.

- (2) If a preliminary prospectus amendment for a preliminary long form prospectus is filed after the principal regulator has issued its comment letter:
- (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within three working days of the date of the preliminary prospectus amendment MRRS decision document; and
 - (b) the non-principal regulators will use their best efforts to advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS within ~~the later of: three working days of the date of the preliminary prospectus amendment MRRS decision document~~
 - (i) ~~two working days of the date of receipt of the comment letter of the principal regulator relating to the amendment; and~~
 - (ii) ~~the expiry of the time period indicated in section 5.2 for review by the non-principal regulator of the preliminary materials.~~
- (3) If a preliminary prospectus amendment for a preliminary short form prospectus is filed after the principal regulator has issued its comment letter:
- (a) the principal regulator will use its best efforts to review the materials and issue a comment letter within two working days of the date of the preliminary prospectus amendment MRRS decision document; and
 - (b) the non-principal regulators will use their best efforts to advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS ~~by the later of: within two working days of the date of the preliminary prospectus amendment MRRS decision document:~~
 - (i) ~~12:00 noon, Eastern time, on the working day following the date of issuance of the comment letter of the principal regulator relating to the prospectus amendment; and~~
 - (ii) ~~the expiry of the time period indicated in section 5.3 for review by the non-principal regulator of the preliminary materials.~~
- (4) The time periods in subsections (2) and (3) may not apply in certain circumstances if it would be more appropriate for the principal regulator and the non-principal regulators to review the amendment materials at a different stage of the review process. For example, the principal regulator and the non-principal regulators may wish to defer review of the amendment materials until after receiving and reviewing the filer's responses to comments already issued in respect of the preliminary materials.

10.5 Review Period for Prospectus Amendments

- (1) If a prospectus amendment to a long form prospectus, including a prospectus for a ~~mutual investment~~ fund, is filed, the principal regulator will use its best efforts to review the materials and to issue a comment letter within three working days of the date of the receipt of the prospectus amendment, and the non-principal regulators will use their best efforts to advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS within ~~two~~three working days of the date of the ~~issuance~~receipt of the ~~comment letter of the principal regulator~~prospectus amendment.
- (2) If a prospectus amendment to a short form prospectus is filed, the principal regulator will use its best efforts to review the materials and to issue a comment letter within two working days of the date of the receipt of the prospectus amendment, and the non-principal regulators will use their best efforts to advise the principal regulator of any material concerns with the materials that, if left unresolved, would cause the non-principal regulator to opt out of the MRRS ~~by 12:00 noon, Eastern time, on the~~within two working ~~day following~~days of the date of ~~issuance of the comment letter of the principal regulator~~the receipt of the prospectus amendment.

10.6 Conditions to Issuance of Prospectus Amendment MRRS Decision Document - The principal regulator will issue a prospectus amendment MRRS decision document if:

1. all comments raised have been resolved to the satisfaction of the principal regulator and, if applicable, any non-principal regulator that has not opted out of the MRRS for the materials;
2. the principal regulator has determined that acceptable materials have been filed;
3. all non-principal regulators, other than the regulators in ~~New Brunswick~~, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut, have indicated in the SEDAR "Filing Status" screen that they are "Clear for First Amendment to Final" (or "Clear for Second Amendment to Final" or "Clear for Third Amendment to Final" as applicable) or have opted out of the MRRS for the filing by indicating "MRRS - Opt Out" in the SEDAR "Filing Status" screen; and
4. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
 - (a) materials, including all required translations, have been filed with all non-principal regulators that have not opted out of the MRRS for the materials;
 - (b) in respect of each jurisdiction in which the materials are filed, the filer has filed or delivered all documents required to be filed or delivered under the local securities legislation and is not subject to a cease trade order issued by a local securities regulatory authority;
 - (c) if the amendment reflects the removal of an underwriter, the filer has confirmed to the principal regulator that in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered or has been exempted from the requirement to be registered; and
 - (d) all necessary relief from applicable securities legislation or securities directions has been applied for and granted by the principal regulator and non-principal regulators.

10.7 Form of Prospectus Amendment MRRS Decision Document

- (1) The securities legislation and securities directions in force in different jurisdictions impose different requirements on receipting or accepting amendments. The securities legislation and securities directions in force in certain jurisdictions require that a receipt be issued for any prospectus amendment, whereas the securities legislation and securities directions in force in other jurisdictions do not require that a receipt be issued, and it has been the administrative practice to issue a notice of acceptance of filing for the prospectus amendment. The securities legislation and securities directions in other jurisdictions require that a receipt be issued for a prospectus amendment only where the prospectus amendment is filed for the purpose of distributing securities in addition to the securities previously disclosed in the related prospectus. For the purposes of this Policy, a prospectus amendment MRRS decision document will constitute confirmation that, if applicable, the required receipts or notices of acceptance of filing have been issued by the principal regulator and the non-principal regulators.

- (2) The prospectus amendment MRRS decision document will contain the following legend:

This mutual reliance review system decision document evidences that receipts or notices of acceptance of filing of the regulators in each of (name of each jurisdiction in which materials have been filed and where the regulator has not opted out of the MRRS for the materials) have been issued.

10.8 Local Decision Document - Despite the issuance of the MRRS decision document, certain non-principal regulators will issue concurrently their own decision documents for amendments. In the case of prospectus amendments, it is not necessary for a filer to obtain a copy of the local decision document before recommencing the distribution of its securities.

10.9 Other Requirements

- (1) Filers are reminded that the securities legislation and securities directions in force in certain jurisdictions require that where an amendment has been filed for the purposes of distributing securities in addition to the securities previously disclosed in the prospectus, the additional distribution will not be proceeded with for a specified period of time.

- (2) Filers are also reminded that the securities legislation and securities directions of certain jurisdictions provide that, except in certain circumstances with the written permission of a designated person, a distribution or additional distribution must not proceed until a receipt for a prospectus amendment is issued.

APPENDIX A

MATERIALS REQUIRED TO BE FILED UNDER NATIONAL POLICY 43-201

The attached lists of documents, as varied in accordance with the following guidance, are those required to be filed or delivered under each category of filing to which the Policy applies.

The following guidance applies to all filings of materials under the MRRS:

1. Where a filing is to be made in the province of Québec, a French language version of the following documents must also be filed:
 - (a) the preliminary prospectus and the prospectus; and
 - (b) any amendment to a preliminary prospectus and any amendment to a prospectus.

The French language versions of all documents incorporated by reference, if not previously filed, must be filed at the time of filing of a preliminary short form prospectus.

2. The attached lists do not refer to the applicable filing and distribution fees required by the securities regulatory authorities. The filer should consult the fee schedules of the relevant securities legislation for the applicable fees.

For filers that are permitted to file materials in paper form under National Instrument 13-101, *System for Electronic Document Analysis and Retrieval (SEDAR)*, the payment of fees should be made by cheque payable as follows:

British Columbia - British Columbia Securities Commission
Alberta - Alberta Securities Commission
Saskatchewan - Minister of Finance
Manitoba - Minister of Finance
Ontario - Ontario Securities Commission
Québec - Autorité des marchés financiers
New Brunswick - ~~Minister of Finance~~ New Brunswick Securities Commission
Nova Scotia - Minister of Finance
Prince Edward Island - Provincial Secretary
Newfoundland and Labrador - Newfoundland and Labrador Exchequer Account
Northwest Territories - Government of the Northwest Territories
Yukon Territory - Government of Yukon
Nunavut - Nunavut Securities Registry

In all other cases, payment of filing fees should be transmitted electronically through SEDAR.

3. Additional filing requirements apply to certain types of offerings such as offerings using the shelf offering procedures (National Instrument 44-102), the post-receipt pricing procedures (National Instrument 44-103) or the multijurisdictional disclosure system (National Instrument 71-101). Reference should be made to the applicable provisions of national or local rules or policies for any additional filing requirements or procedures.

~~4. [Further filing requirements for British Columbia are contained in BC Policy 41-604.]~~

~~5. Further filing requirements for Alberta, for filings not filed in compliance with OSC 41-501 or NI 44-101, are contained in ASC Policy 4.7.~~

~~6. Further filing requirements for Québec are contained in local securities legislation and local securities directions.~~

Where the attached requirements refer to personal information regarding directors, executive officers and promoters of the filer, the filer should provide, for each director and executive officer of the filer and for each promoter of the filer (or in the case where the promoter is not an individual, for each director and executive officer of the promoter) the following information for security check purposes:

- (i) full name (including any previous name(s) if any);
- (ii) position with or relationship to the issuer;
- (iii) employer's name and address, if other than the issuer;

Request for Comments

- (iv) full residential address;
- (v) date and place of birth; and
- (vi) citizenship.

For any of the above noted individuals with a residential address outside of Canada, the filer should provide the following additional information:

- (i) previous address(es) (5 year history);
- (ii) dates residing in foreign country;
- (iii) height and weight;
- (iv) eye colour;
- (v) hair colour; and
- (vi) passport nationality and number.

Where the offering is made under the provisions of NI 44-101, a completed authorization form as per Appendix A of NI 44-101, "Authorization of Indirect Collection of Personal Information" must be filed. Where the offering is made under the provisions of OSC 41-501 a completed Form 41-501F2 "Authorization of Indirect Collection of Personal Information" must be filed. Where the offering is made in Québec under the provisions of Q-28, a completed form as per Appendix A of Q-28, *Authorization of Indirect Collection of Personal Information*, must be filed.

~~Where Saskatchewan, Manitoba or Nova Scotia is principal regulator, a RCMP-GRC Securities Fraud Information Centre Request Form #2674 (89-07) must be filed. In connection with the filing of an initial public offering prospectus: (i) where Québec is principal regulator, a Form 4 under the Regulation concerning securities made under the Securities Act (Québec) must be filed; and (ii) where British Columbia is principal regulator, the filer must file the personal information form required by BC Policy 41-601.~~

PRELIMINARY OR PRO FORMA LONG FORM PROSPECTUS

An issuer that files a preliminary prospectus or a *pro forma* prospectus pursuant to OSC 41-501 or, in Québec pursuant to Q-28, shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 13.2 of OSC 41-501 or, in Québec as set out in Section 13.2 of Q-28, along with:

1. Filing fees; and
2. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy.

Issuers filing prospectuses and pro forma prospectuses outside Québec in accordance with OSC 41-501 will satisfy requirements in other jurisdictions governing the form and content of a long form prospectus and the accompanying filings and deliveries to the Commissions. Issuers should consult local rules or orders for details.

~~Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1 and #2 above.~~

FINAL LONG FORM PROSPECTUS

An issuer that files a final prospectus pursuant to OSC 41-501 or, in Québec pursuant to Q-28, shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 13.3 of OSC 41-501 or, in Québec as set out in Section 13.3 of Q-28, along with:

1. Filing fees and other applicable fees including participation fees; and
2. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy.

Issuers filing prospectuses and pro forma prospectuses outside Québec in accordance with OSC 41-501 will satisfy requirements in other jurisdictions governing the form and content of a long form prospectus and the accompanying filings and deliveries to the Commissions. Issuers should consult local rules or orders for details.

~~Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1 and #2 above.~~

PRELIMINARY SHORT FORM PROSPECTUS

An issuer that files a preliminary short form prospectus pursuant to NI 44-101 shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 4.2 of that instrument along with:

1. Filing fees; and
2. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy.

FINAL SHORT FORM PROSPECTUS

An issuer that files a final short form prospectus pursuant to NI 44-101 shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 4.3 of that Instrument along with:

1. Filing fees and other applicable fees including participation fees; and
2. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy.

**AMENDMENTS TO PRELIMINARY PROSPECTUS AND PROSPECTUS
(SHORT FORM AND LONG FORM)**

An issuer that files an amendment pursuant to OSC 41-501 or, in Québec pursuant to Q-28, or pursuant to NI 44-101, shall file and/or deliver the documents required to be filed and/or delivered as set out in section 13.7 of OSC 41-501, section 13.6 of Q-28 or section 5.3 of NI 44-101, respectively, along with:

1. Filing fees;
2. A letter prepared in accordance with section 10.1(2) of the Policy, if applicable; and
3. A letter to the principal regulator:
 - (a) for a preliminary prospectus amendment, prepared in accordance with section 10.2.2 of the Policy; or
 - (b) for a prospectus amendment, prepared in accordance with section 10.6.4 of the Policy.

~~Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, or NI 44-101 should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1, #2 and #3 above.~~

**PRELIMINARY SIMPLIFIED PROSPECTUS AND
ANNUAL INFORMATION FORM FILED UNDER NI 81-101**

1. Preliminary simplified prospectus
2. Preliminary simplified prospectus - blacklined
(where a new fund is being qualified by a separate prospectus but is to be part of an existing group of funds sold by prospectus, a blacklined version of the simplified prospectus should indicate any changes from the existing simplified prospectus for the group of funds)
3. Preliminary annual information form
4. Preliminary annual information form - blacklined
(where a new fund is being qualified by a separate prospectus but is to be part of an existing group of funds sold by prospectus, a blacklined version of the annual information form should indicate any changes from the existing annual information form for the group of funds)
5. Copy or draft of all material contracts for the new mutual funds
6. For a new mutual fund in a new mutual fund group, personal information regarding individuals acting as trustees and promoters, and directors and senior officers of the fund, trustee, manager and promoter. If the mutual fund is a member of a mutual fund family for which this type of information was previously provided, the information would be required only for those persons for whom the information was not previously provided by other members of the mutual fund family
7. Financial statements, if applicable
8. Filing fees
9. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy

**PRO FORMA SIMPLIFIED PROSPECTUS AND
ANNUAL INFORMATION FORM FILED UNDER NI 81-101**

1. Pro forma simplified prospectus
2. Pro forma simplified prospectus - blacklined to indicate all changes from previous simplified prospectus
3. Pro forma annual information form
4. Pro forma annual information form - blacklined to indicate all changes from previous annual information form
5. Copy or draft of all material contracts not previously filed
6. Personal information regarding individuals acting as trustees and promoters, and directors and senior officers of the fund, trustee, manager and promoter where this information has not previously been provided for these persons in connection with a previous filing of the mutual fund family
7. Compliance report required under Part 12 of National Instrument 81-102, *Mutual Funds*
8. Filing fees

**FINAL SIMPLIFIED PROSPECTUS AND
ANNUAL INFORMATION FORM FILED UNDER NI 81-101**

1. Final simplified prospectus
2. Final simplified prospectus - blacklined to show changes from preliminary or pro forma simplified prospectus, as the case may be
3. Final annual information form
4. Final annual information form - blacklined to show changes from preliminary or pro forma annual information form, as the case may be
5. Copy of all material contracts not previously filed
6. For new funds, audited financial statements if not previously filed
7. Auditors' consent letter re audited financial statements
8. Auditors' comfort letter re unaudited financial statements, if applicable
9. Consent of legal counsel or other experts
10. Certificate re proceeds of distribution in the jurisdiction (applicable to filings in B.C., Alberta, Ontario and Québec)
11. Filing fees
12. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy

**AMENDMENT TO A SIMPLIFIED PROSPECTUS AND
ANNUAL INFORMATION FORM FILED UNDER NI 81-101**

1. Amendment to simplified prospectus
2. Amendment to simplified prospectus - blacklined (where amendment is an amended and restated simplified prospectus)
3. Amendment to annual information form
4. Amendment to annual information form - blacklined (where amendment is an amended and restated annual information form)
5. Copy of all material contracts not previously filed
6. Auditors' consent letter, if applicable
7. Auditors' comfort letter, if applicable
8. Consent of legal counsel and other experts, if applicable
9. Filing fees
10. A letter to the principal regulator prepared in accordance with section 10.6.4 of the Policy

APPENDIX B

EXAMPLES OF APPLICATIONS DEALT WITH UNDER NATIONAL POLICY 43-201

1. relief from financial statement and other requirements in a prospectus
2. relief from escrow requirements
3. applications relating to representations as to listing - however, because of the differences in local requirements, it may be easier to deal with these applications outside of the MRRS
4. requests for confidentiality of material contracts
5. NI 81-101 waiver applications
6. requests for confidential pre-filing of a prospectus for review purposes

**AMENDMENTS TO
NATIONAL INSTRUMENT 51-101 STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES**

PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 51-101

1.1 Amendment - National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* is amended by:

- (a) in section 2.1.3, striking the phrase “except in British Columbia”: and
- (b) repealing section 3.6.

PART 2 EFFECTIVE DATE

2.1 Effective Date - This amendment is effective •.

**AMENDMENTS TO
MULTILATERAL INSTRUMENT 81-104 *COMMODITY POOLS***

PART 1 AMENDMENTS TO MULTILATERAL INSTRUMENT 81-104

1.1 Amendment - Multilateral Instrument 81-104 *Commodity Pools* is amended by repealing section 8.6.

PART 2 EFFECTIVE DATE

2.1 Effective Date - This amendment is effective •.