

**NOTICE OF COMMISSION APPROVAL OF
MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES,
FORM 45-102F1, FORM 45-102F2, FORM 45-102F3
AND
COMPANION POLICY 45-102CP**

On April 17, 2001, the Commission made Multilateral Instrument 45-102 Resale of Securities (the "Multilateral Instrument") as a rule under the Act and adopted Companion Policy 45-102CP (the "Companion Policy") as a policy under the Act. The Multilateral Instrument contains Forms 45-102F1 *Report made under Section 2.6 of Multilateral Instrument 45-102 Resale of Securities with respect to an Issuer that has ceased to be a Private Company or Private Issuer* (AForm 45-102F1"), Form 45-102F2 *Certificate under Subsection 2.8 of Multilateral Instrument 45-102 Resale of Securities* (AForm 45-102F2"), and Form 45-102F3 *Notice of Intention to distribute securities and accompanying declaration under Section 2.10 of Multilateral Instrument 45-102 Resale of Securities* (AForm 45-102F3", and, together with Form 45-102F1 and Form 45-102F2, the "Forms"). The Multilateral Instrument, the Forms and the Companion Policy are collectively referred to as the "Instrument".

The Instrument was sent to the Minister on April 17, 2000. The Instrument is being published in Chapter 5 of the Bulletin.

**ONTARIO SECURITIES COMMISSION
NOTICE**

**MULTILATERAL INSTRUMENT 45-102
FORMS 45-102F1, 45-102F2 AND 45-102F3
AND COMPANION POLICY 45-102CP**

RESALE OF SECURITIES

A. IMPLEMENTATION OF INSTRUMENT

The Ontario Securities Commission (the "Commission") has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Multilateral Instrument 45-102 Resale of Securities (the "Multilateral Instrument") as a rule under the Act, and has adopted Companion Policy 45-102CP (the "Companion Policy") as a policy under the Act. The Multilateral Instrument contains Forms 45-102F1, 45-102F2 and 45-102F3 (collectively, the "Forms"). The Multilateral Instrument, the Forms and the Companion Policy are collectively referred to as the "Instrument".

The Instrument is an initiative of certain members of the Canadian Securities Administrators (the "CSA"). The Multilateral Instrument has been, or is expected to be, adopted as a rule in each of British Columbia, Alberta, Ontario, Manitoba, Nova Scotia and Newfoundland, as a Commission regulation in Saskatchewan, as a policy in New Brunswick, Prince Edward Island and the Yukon Territory, and as a code in the Northwest Territories and Nunavut. The Companion Policy has been, or is expected to be, implemented as a Policy in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut. The Multilateral Instrument, Forms and Companion Policy will not be adopted in Quebec.

The Multilateral Instrument and the material required by the Act to be delivered to the Minister of Finance were delivered on April 17, 2001. If the Minister does not reject the Multilateral Instrument or return it to the Commission for further consideration by June 14, 2001, or if the Minister approves the Multilateral Instrument, the Multilateral Instrument will come into force, pursuant to section 5.1 therein, on June 29, 2001. The Companion Policy will be adopted on the date that the Multilateral Instrument comes into force.

Concurrently with making the Multilateral Instrument, the Commission has, by regulation, revoked subsection 69(1) and section 70 of the Regulation, amended section 247 of the Regulation, and revoked and amended sections 26 and 27 and subsection 28(3) of Schedule 1 to the Regulation. Forms 22 and 23 of the Regulation have also been revoked. See "Amendment of the Regulation" below. The regulation is subject to the approval of the Minister of Finance and will not be effective before the Multilateral Instrument comes into force.

B. PURPOSE AND SUBSTANCE OF MULTILATERAL INSTRUMENT, FORMS AND COMPANION POLICY

1. Introduction

On September 8, 2000, certain members of the CSA published for comment the following proposed instruments (collectively, the ~~A~~proposed Documents~~@~~):

Multilateral Instrument 45-102 Resale of Securities (the ~~A~~proposed Rule~~@~~)

Form 45-102F1 Report Made Under Section 2.6 of Multilateral Instrument 45-102 Resale of Securities with respect to a Person or Company that has Ceased to be a Private Company or Private Issuer (the ~~A~~proposed Form 45-102F1~~@~~)

Form 45-102F2 Certificate Under Subsection 2.7 of Multilateral Instrument 45-102 Resale of Securities (the ~~A~~proposed Form 45-102F2~~@~~)

Form 45-102F3 Notice of Intention to Distribute Securities and Accompanying Declaration under Section 2.8 of Multilateral Instrument 45-102 Resale of Securities (the ~~A~~proposed Form 45-102F3~~@~~)

(The proposed Form 45-102F1, proposed Form 45-102F2 and proposed Form 45-102F3 are collectively referred to in this Notice as the ~~A~~proposed Forms~~@~~)
Companion Policy 45-102CP (the "proposed Policy")

The proposed Documents were published at (2000) 23 OSCB 6238. The accompanying notice (the ~~A~~2000 Notice~~@~~) summarized the proposed Documents, generally requested comment and specifically requested comment on the following two issues:

- (i) the requirement that a legended certificate representing the securities distributed under section 2.5 be provided to investors; and
- (ii) the provision for a four-month hold period for investment grade securities.

The CSA received submissions on the proposed Documents from nine commentators. The commentators are generally supportive of the proposed Documents and of the CSA's initiative to harmonize and clarify the resale rules. Some commentators state that the proposed Documents will indeed provide harmonization and regulatory certainty of the resale rules in the jurisdictions which will be beneficial for maintaining the global competitiveness of the adopting jurisdictions as centres for raising capital.

The list of commentators is contained in Appendix A of this Notice and a summary of their comments, together with the CSA response to the comments, are contained in Appendix B of this Notice. As a result of the CSA's consideration of the comments received on the proposed Documents and as a result of further deliberations of the CSA, the Commission is publishing the Instrument in final form.

2. Purpose and Substance of the Instrument

The purpose and substance of the Instrument is to harmonize certain provincial and territorial resale restrictions imposed on subsequent trades of securities initially acquired under an exemption from the prospectus requirement. The Instrument also takes a harmonized approach to distributions from a control block and to trades in securities of a non-reporting issuer over a foreign exchange or market.

For additional information concerning the background of the proposed Documents, reference should be made to the 2000 Notice that accompanied the publication of the proposed Rule, proposed Forms and proposed Policy.

C. SUMMARY OF CHANGES FROM THE PROPOSED DOCUMENTS

This section describes changes made in the Instrument from the proposed Rule, Forms and Policy published for comment in September 2000, except that changes of a minor nature, or those made only for purposes of clarification or drafting reasons, are generally not discussed. The changes made are not material changes. The

majority of the changes were made by the CSA in response to comments received; others were made as a result of further deliberations by the CSA.

1. Changes in the Proposed Rule

Section 1.1 Definitions

The definition of "Approved rating" has been changed to delete the references to CBRS Inc., Duff & Phelps Credit Rating Co., Thomson Bankwatch, Inc. and their respective ratings due to the recent mergers or consolidations of operations of those rating organizations.

The definition of "current AIF" has been clarified to identify the five types of documents that qualify as a "current AIF" for the purpose of the Instrument.

The definition of "NPS 2-B" and item (e) of the definition of "qualifying issuer" have been amended to clarify that "NPS 2-B" means the form of that policy in place on the effective date of the Multilateral Instrument.

Item (d) of the definition of "qualifying issuer" has been amended to require only that the issuer "has not been notified by the qualified market that it does not meet the requirements to maintain" the listing or quotation standards. This amendment has been made as a result of two comments received and the CSA's further deliberations. The amendment deletes the requirement in the proposed Rule that an issuer must meet the listing or quotation maintenance standards in order to be a qualifying issuer.

Section 2.5 Hold Period

The wording "subject to securities legislation" in the legend required to be carried on securities certificates has been amended to "unless permitted under securities legislation". This amendment has been made in response to a comment that the wording "subject to securities legislation" is vague and that similar language to the legend required by the Canadian Venture Exchange Inc. ("CDNX") should be used.

Section 2.6 Seasoning Period

Item 2.6(4)6. has been clarified so that Form 45-102F1 is only required to be filed in each jurisdiction in which an issuer has ceased to be a private company or a private issuer. This clarification has been made in response to a comment received.

Subsection 2.6(5) is new to the Multilateral Instrument. It provides for a four-month seasoning period from the date of the trade for securities issued to employees of an issuer or its affiliates pursuant to the exercise of employee stock options, so long as the issuer is a qualifying issuer at the date of the trade. The effect of the amendment is that securities issued to employees of an issuer will be subject to the same seasoning period requirements regardless whether the employees acquired the securities before or after the issuer's initial public offering ("IPO"). The CSA recognize that many issuers, especially in the high tech industry, issue securities to their employees or employees of their affiliates under prospectus exemptions prior to the IPO of the issuers. The CSA believe that an issuer's employees who acquired its securities prior to its IPO should not be subject to longer seasoning periods than those employees who acquired the issuer's securities after its IPO. The addition of subsection 2.6(5) will encourage issuers to continue to use employee stock options, stock purchase plans and other similar employee incentives in the issuer's business development strategies prior to their IPOs.

Items 2.5(2)7., 2.5(3)7., 2.6(3)5., 2.6(4)5., 2.6(5)5., 2.10(2)5. and 2.10(3)4. Insider or Officer of Issuer

Items 2.5(2)7., 2.5(3)7., 2.6(3)5., 2.6(4)5., 2.6(5)5., 2.10(2)5. and 2.10(3)4. have been amended to provide a less onerous resale condition on sellers who are insiders or officers of the issuer. In the proposed Rule, such a seller must have "reasonable grounds to believe that the issuer is not in default of securities legislation". The wording in the proposed Rule would require the seller to have evidence to believe there has been no default. The CSA have decided that a less onerous standard would be sufficient. Accordingly, items 2.5(2)7., 2.5(3)7., 2.6(3)5., 2.6(4)5., 2.6(5)5., 2.10(2)5. and 2.10(3)4. have been amended to require that a seller who is an insider or officer of the issuer to have "no reasonable grounds to believe that the issuer is in default of securities legislation".

Section 2.7 Hold Period and Seasoning Period Exception

Section 2.7 is new and has been added to clarify that after the first trade of securities that satisfies the hold period and other conditions in subsection 2.5(2) or 2.5(3), the securities will be freely tradeable unless the trade is a control distribution. Similarly, after the first trade of securities that satisfies the seasoning period and other conditions in subsection 2.6(3), 2.6(4) or 2.6(5), the securities will be freely tradeable unless the trade is a control distribution.

Section 2.9 Exemption for a Trade in a Security Acquired in a Take-over Bid or Issuer Bid

Section 2.9 is new to the Multilateral Instrument and harmonizes provisions previously existing in securities legislation. It provides an exemption from the resale restrictions in section 2.6 for trades of securities previously issued in a securities exchange take-over bid or securities exchange issuer bid if a take-over bid circular or an issuer bid circular was filed under securities legislation. The CSA have decided to retain the existing resale exemptions for securities distributed pursuant to take-over bid circulars and issuer bid circulars. However, in some jurisdictions, an issuer becomes a reporting issuer upon the filing of a securities exchange take-over bid circular, in one jurisdiction an issuer becomes a reporting issuer upon completion of the bid and in other jurisdictions an issuer does not become a reporting issuer upon filing a securities exchange take-over bid circular. For the purpose of harmonization, the CSA have imposed a requirement in paragraph (c) of section 2.9 that a selling security holder cannot rely on this exemption unless the offeror issuer is a reporting issuer at the date of the take up and payment for securities under the take-over bid or issuer bid.

Subsection 2.10 Exemption for a Trade by Control Person (section 2.8 in the Proposed Rule)

Paragraph 2.10(4)(a) has been amended to provide clarification that Form 45-102F3 is only required to be filed in jurisdictions in which the securities are being distributed, and, if applicable, with the exchange in Canada on which the securities that are the subject of the trade are listed. This amendment addresses the concern raised by a commentator that the wording in the proposed Rule may require the filing of the Forms in all jurisdictions including jurisdictions in which no securities were distributed.

Subsections 2.10(5), 2.10(6) and 2.10(7) provide clearer instructions on the timing of Form 45-102F3 filings and on when the filing of Form 45-102F3 is no longer required for a person or a company who has filed a Form 45-102F3 previously.

Section 2.12 Exemption for a Trade in an Underlying Security if the Right to Purchase, Convert or Exchange is Qualified by a Prospectus

Section 2.12 is new and reflects existing securities legislation in a number of jurisdictions. It has been added to provide an exemption from the resale rules for underlying securities issued or transferred under the terms of convertible securities if the convertible securities are distributed under a prospectus. This section has been added in response to two comments that the proposed Rule does not provide an exemption for underlying securities similar to the exemptions that currently exist.

Section 2.13 Exemption for a Trade in an Underlying Security if the Right to Purchase, Convert or Exchange is Qualified by a Securities Exchange Take-over Bid Circular or an Issuer Bid Circular

Section 2.13 is new and has been added to provide an exemption for a trade of underlying securities issued or transferred under the terms of convertible securities if the convertible securities are distributed under a securities exchange take-over bid circular or a securities exchange issuer bid circular. The CSA have decided to provide this exemption to retain the current resale exemptions under securities legislation for such underlying securities.

Part 3 Current AIF Filing Requirements

Part 3 Current AIF Filing Requirements has been restructured to clarify current AIF filing requirements for those issuers who have not filed an AIF under NI 44-101.

Appendix C

The securities legislation references to British Columbia and Saskatchewan have been deleted due to the fact that British Columbia and Saskatchewan will repeal these provisions as part of their consequential amendments.

The reference to subsection 72(4) of the *Securities Act* (Ontario) has been amended to reserve the application of subsection 72(4) in OSC Rule 45-503 Trades to Employees, Executives and Consultants.

Appendix D

The securities legislation reference for Nova Scotia has been amended to change A77(1)(f)(iii) as applicable to Asubclause 77(1)(f)(iii) of the *Securities Act* (Nova Scotia) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the *Securities Act* (Nova Scotia). This amendment has been made to address the concern of one commentator that A77(1)(f)(iii) as applicable is too vague. The CSA have decided to make similar clarification with respect to the references to the Alberta legislation, Ontario legislation and Newfoundland legislation in Appendix D.

References to sections 74(2)(11)(ii), 74(2)(12) and 74(2)(13) of the *Securities Act* (British Columbia) have been added to the securities legislation references for British Columbia.

Reference to clause 81(1)(e) of *The Securities Act, 1988* (Saskatchewan) has been added to the securities legislation references for Saskatchewan.

Appendix E

The securities legislation reference for Nova Scotia has been amended to change A77(1)(f), as applicable to A77(1)(f) of the *Securities Act* (Nova Scotia) if not included in Appendix D. Similarly, the securities legislation references for Alberta, Ontario and Newfoundland have also been changed. These amendments are related to the amendments made to Appendix D referred to above. In addition, the securities legislation references for British Columbia and Saskatchewan have also been amended to reflect the changes made to Appendix D.

Appendix F

A new Appendix F has been added to refer to the employee exemption from the prospectus requirement in each jurisdiction that imposes a seasoning period on securities acquired under the employee exemption.

2. Changes in the Proposed Forms

Forms 45-102F1 and 45-102F3

Item 5 of Form 45-102F1 has been restructured to provide clearer instructions on information required to be disclosed. In addition, the requirement to disclose "address" has been replaced by the requirement to disclose "municipality and jurisdiction of residence".

Item 6 of Form 45-102F1 is new and provides that the selling security holder must prepare and deliver to securities regulatory authorities a statement containing the required information of persons who were beneficial owners of securities of an issuer immediately before the issuer ceased to be a private company or a private issuer.

Notice - Collection and Use of Personal Information has been added to Form 45-102F1 and Form 45-102F3 to comply with the disclosure requirements for collection and use of personal information in various legislation dealing with freedom of information and protection of privacy.

Under the heading ADeclaration, Certificate and Undertaking of Form 45-102F3, the term Arepresents has been changed to Adeclares, reflecting the CSA's intention that Form 45-102F3 be a declaration of the selling security holder.

3. Changes In the Proposed Policy

Section 1.2 Purpose

Section 1.2 has been amended to add a reference to the seasoning period for securities initially distributed under the employee exemptions listed in Appendix F of the Multilateral Instrument.

Section 1.6 Legending of Securities

This section is new and replaces section 1.6 in the proposed Policy. New section 1.6 provides an explanation for the legending requirement in the Multilateral Instrument and the CSA's rationale for the legending requirement. Several commentators have raised objections to the legending requirement and the CSA consider it helpful to explain the need for the legending requirement to achieve compliance with hold period requirements.

Corresponding to the amendment to section 2.5 of the proposed Rule, section 1.6 of the Companion Policy replaces the phrase "subject to securities regulation" with "unless permitted under securities legislation". This amendment has been made in response to a comment that the phrase "subject to securities legislation" is too vague and that similar language to the CDNX legend should be used.

Section 1.9 Securities Exchange Take-over Bid or Issuer Bid

Section 1.9 is new and clarifies that regardless of whether a take-over bid circular or issuer bid circular is prepared in connection with a formal bid or an exempt bid, the circular relied upon for purposes of section 2.9 of the Multilateral Instrument must meet the prospectus-type disclosure standards applicable to the form and content of take-over bid circulars or issuer bid circulars, as the case may be, as if the bid was a formal bid.

Section 1.11 Filing of Form 45-102 F1, Form 45-102 F2 and Form 45-102 F3

Subsections 1.11(1), (2) and (3) of the proposed Policy have been amended to discuss where the Forms must be filed. Item 2.6(4)6. of the Multilateral Instrument has been amended so that Form 45-102F1 is only required to be filed in each jurisdiction in which the issuer has ceased to be a private company or private issuer. Subsection 1.11(2) of the Companion Policy has been amended to specify that Form 45-102F2 is only required to be filed in jurisdictions in which the securities are distributed except those jurisdictions which do not have resale restrictions. Similarly, paragraph 2.10(4)(a) of the Multilateral Instrument has been amended to provide that Form 45-102F3 is only required to be filed in jurisdictions in which the securities are distributed and with the exchange in Canada on which the securities that are the subject of the trade are listed.

The amendments to the Multilateral Instrument and to section 1.11 of the Companion Policy have been made in response to commentators' concern that the proposed Rule and the proposed Policy seem to require the Forms to be filed in those jurisdictions in which no securities were distributed. The CSA have made the amendments for clarity.

Part 2 AIF Requirements

Part 2 AIF Requirements have been restructured in response to the clarification of the definition of "current AIF" in the Multilateral Instrument.

D. AMENDMENT OF THE REGULATION

The Commission has made the following consequential amendments to Regulation 1015 of the Revised Regulations of Ontario, 1990 (the "Regulation"), in conjunction with the making of the Multilateral Instrument as a rule. These amendments come into force at the time the Multilateral Instrument comes into force:

1. Subsection 69(1) of the Regulation is revoked.
2. Section 70 of the Regulation is revoked.
3. Section 247 of the Regulation is amended by striking out "sections 67 and 68, subsection 69 (1)".
4. (1) Sections 26 and 27 of Schedule 1 to the Regulation are revoked and the following substituted:

26. Each of the following documents must be accompanied by a fee of \$250:
 1. A report in Form 45-102F1 of Multilateral Instrument 45-102 *Resale of Securities*.
 2. A notice of intention and declaration in Form 45-102F3 of Multilateral Instrument 45-102 *Resale of Securities*.
- (2) Subsection 28(3) of Schedule 1 of the Regulation is revoked and the following substituted:
 - (3) No fee is payable under subsection (2) in respect of a ruling made under section 74 of the Act that a trade that is a distribution under section 2.5 or 2.6 of Multilateral Instrument 45-102 *Resale of Securities* is not subject to section 53 of the Act.
5. Forms 22 and 23 of the Regulation are revoked.

E TEXT OF THE MULTILATERAL INSTRUMENT, FORMS AND COMPANION POLICY

The text of the Multilateral Instrument, Forms and Companion Policy follows.

April 20, 2001.

**APPENDIX A
TO NOTICE**

**LIST OF COMMENTATORS ON
MULTILATERAL INSTRUMENT 45-102
FORMS 45-102F1, 45-102F2 AND 45-102F3
COMPANION POLICY 45-102CP**

RESALE OF SECURITIES

1. Simon Romano by letter dated October 18, 2000
2. McKercher McKercher & Whitmore by letter dated October 26, 2000
3. BCE Inc. by letter dated November 14, 2000
4. The Canadian Bankers Association by letter dated December 4, 2000
5. International Northair Mines Ltd. by letter dated December 6, 2000
6. Canadian Capital Markets Association by letter dated December 8, 2000
7. The Canadian Advocacy Council of the Association for Investment Management and Research by letter dated December 8, 2000
8. Stewart McKelvey Stirling Scales by letter dated December 15, 2000*
9. Canadian Venture Exchange Inc. by letter dated January 9, 2001*

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

**APPENDIX B
TO NOTICE**

SUMMARY OF COMMENTS RECEIVED ON

**PROPOSED MULTILATERAL INSTRUMENT 45-102,
PROPOSED FORMS 45-102F1, 45-102F2 AND 45-102F3
AND PROPOSED COMPANION POLICY 45-102CP
AND
RESPONSE OF THE CANADIAN SECURITIES ADMINISTRATORS**

A. INTRODUCTION

On September 8, 2000, certain members of the CSA published the proposed Documents for comment. The CSA specifically requested comments on the following two issues:

- (i) the requirement that a legended certificate representing the securities distributed be provided to investors; and
- (ii) the provision for four-month hold period for investment grade securities.

The comment period for these materials expired on December 8, 2000. The CSA received nine submissions on the proposed Documents. The CSA has considered all submissions received and thanks all commentators for providing their comments. The following is a summary of the comments received, together with the CSA's responses, organized by topic.

B. COMMENTS ON ISSUES SPECIFIED BY THE CSA

1. Requirement to Legend Certificates (section 2.5 of the proposed Rule)

Comment (i): Four commentators do not support the requirement that securities certificates include a legend to state that subject to securities legislation, the holder of the securities shall not trade the securities before the expiry of the appropriate hold period. Two of these commentators note that the market is increasingly relying on the book-entry form of securities and one commentator believes that the legend would not be effective for the book-entry form securities because the lack of physical certificates.

Response: *The CSA note the increasing use of book-entry form securities. However, the CSA believe that the legend requirement currently is the most practical manner of providing certainty as to the applicable hold periods and of ensuring more effective regulation of the exempt market. The CSA maintain the legend requirement in the Multilateral Instrument.*

Comment (ii): Two commentators point out that the Canadian market is likely to follow the U.S. market in 2004 to move from the current practice of settling securities in 3 days after the trade (AT+3[®]) to settling securities the day after the trade (AT+1[®]). These commentators believe that the transition from T+3 to T+1 would require greater automation and less reliance on physical certificates, and that the legend requirement would be counterproductive and incompatible with the technological requirements of a T+1 system. One commentator suggests that the CSA should seek other options to make the information required in the legend available to potential purchasers without using physical certificates.

Response: *The CSA note the concerns regarding the possible transition from T+3 to T+1 clearance system. However, the transition is not likely to occur until 2004. The CSA will revisit the legend issue prior to the implementation of the T+1 system.*

Comment (iii): One commentator believes that the legend requirement would cause problems on resale under the rules of The Toronto Stock Exchange Inc. (the ATSE[®]) and other stock exchanges even after the applicable hold periods have elapsed.

Response: *The CSA do not believe that the legend requirement will cause problems since the legend may be removed by the transfer agent after the applicable hold periods have expired. In addition, British Columbia and the CDNX have legending requirements and have not experienced any problems relating to the resale after the expiry of the applicable hold periods.*

Comment (iv): One commentator states that the language "subject to securities legislation" in the legend is vague

and suggests the CSA adopt the language of the CDNX legend.

Response: The CSA have amended the legend language in the Multilateral Instrument to incorporate wording similar to the CDNX legend.

Comment (v): One commentator proposes that the legend requirement be imposed on non-qualifying issuers but not on qualifying issuers. The commentator believes that the four-month hold period for securities of qualifying issuers is too short to justify the cost and administrative burden of placing the legend.

Response: It is the CSA's view that it is necessary for clarity to impose the legend requirement on both qualifying issuers and non-qualifying issuers.

Comment (vi): One commentator states that a legend requirement is workable for share certificates, special warrants and subscription agreements.

Response: The CSA have maintained the legend requirement.

2. Four-Month Hold Periods for Investment Grade Securities

No comment was received on this issue. The CSA plan to retain the four-month hold period for investment grade securities.

C. GENERAL COMMENTS

Comment (i): The commentators are generally very supportive of the proposed Documents. Four commentators expressed their support of CSA's initiative to harmonize and clarify the restrictions on resale of securities previously issued under prospectus exemptions. One commentator states that the harmonization would help all market participants by reducing the cost and complexity for the distribution and resale of securities in Canada. One commentator supports the proposed Documents and believes that they will greatly clarify the hold period and/or resale restrictions when securities issued in one jurisdiction under exemptions are transferred to purchasers in other jurisdictions.

Response: The CSA agree.

Comment (ii): One commentator expresses regret that Quebec is not a party to the Multilateral Instrument and states that Quebec's absence would be detrimental to Ontario issuers and investors due to the close relationship between the Ontario and Quebec capital markets. The commentator encourages the Commission to seek to harmonize the resale rules with Quebec.

Response: The CSA will continue to seek to harmonize the resale rules to the extent possible.

Comment (iii): One commentator recommends that the CSA take further initiatives to harmonize rules regarding filing of documents and payment of filing fees in order to reduce the filing of duplicate documents and payment of multiple fees under different provincial legislation.

Response: The CSA acknowledge the commentator's concern and agree that harmonization would be beneficial. However, the issues regarding filing of documents and payment of fees are not within the purpose of this Instrument. These issues are currently being assessed by other project groups.

Comment (iv): One commentator believes the proposed Documents would provide issuers with an incentive to improve their continuous disclosure.

Response: The CSA agree and believe that the shorter hold period for qualifying issuers will encourage more issuers to file AIFs thereby improving disclosure of issuers in the marketplace.

D. SPECIFIC COMMENTS ON THE PROPOSED RULE

1. Definition of Private Company

Comment: One commentator notes that the Commission has proposed to remove the private company exemption in proposed OSC Rule 45-501 Exempt Distributions which was published for comment on September 8, 2000 at (2000) 23 OSCB 6205 (the proposed Commission Rule 45-501). The commentator suggests that in order to avoid confusion, the term private company should not be used in the proposed Documents. Alternatively, the commentator recommends that the private company exemption be retained in the proposed Commission Rule 45-501 so that the private company definition can also be retained in the proposed Documents.

Response: The CSA believe that the issue whether to retain the private company exemption should be dealt with by the Commission in the implementation of the proposed Commission Rule 45-501. The CSA note that the private company exemption is currently still in effect in Ontario. Furthermore, the CSA recognize that subsequent to the removal of the private company exemption in Ontario by proposed Commission Rule 45-501, the "private company" exemption or the "private issuer" exemption will remain in effect in other jurisdictions. In Ontario, existing private companies will continue to exist although no new private companies will be created. Accordingly, the CSA have decided to retain the term private company in the Instrument.

2. Definition of "Qualifying Issuer"

Comment (i): One commentator supports the adoption of the concept of a qualifying issuer and believes the shorter hold period for securities of qualifying issuers would make it easier for listed companies to compete for investment funding without sacrificing investor protection.

Response: The CSA confirm that one of the CSA's objectives is to shorten the hold period for securities of qualifying issuers. The CSA also believe it is important to set eligibility standards for qualifying issuers.

Comment (ii): One commentator states that often the securities exchanges do not delist or suspend those issuers who fail to meet the listing maintenance standards. The commentator suggests that in order to be a qualifying issuer, it should be sufficient that an issuer is listed and posted on a qualified market and it should not be required that the issuer meet the listing maintenance standards.

Response: The CSA regard the exchange listing maintenance standards as measures implemented for the protection of the market and of the investors. So long as an issuer has not been notified by an exchange or market that it no longer meets the listing maintenance standards of the securities exchange the issuer will remain a qualifying issuer. This will encourage issuers to be more diligent in maintaining their listing standards, which is beneficial to the market and to the investors.

3. Definition of Qualified Market

Comment (i): One commentator suggests that the Paris Bourse, now Euronext, should be a qualified market.

Response: The CSA have traditionally accepted documents from the markets listed in the definition.

Comment (ii): One commentator disagrees with the exclusion of Tier 3 issuers of CDNX from the definition of qualified market. The commentator states that Tier 3 issuers are subject to the same continuous disclosure requirements as Tier 1 and Tier 2 issuers. The only difference is that Tier 3 issuers do not have active businesses. The commentator states that a longer hold period for a Tier 3 issuer is not justified provided that the Tier 3 issuer discloses its current state of affairs pursuant to applicable regulations.

Response: The CSA has not amended the definition of "qualified market" to include Tier 3 issuers as Tier 3 issuers do not have active businesses.

Comment (iii): One commentator expresses concern that an issuer may drop from one listing category to another listing category on a multi-tiered market such as the TSE.

Response: An issuer will remain eligible so long as it is listed on the TSE and has not been notified by the exchange that it does not meet the requirements to maintain that listing and is not designated inactive or

suspended.

Comment (iv): One commentator asks why CDN is not included as a qualifying market particularly if junior capital pools are included.

Response: Most issuers on CDN (now Canadian Unlisted Board or CUB) have been transferred to CDNX. CUB is a trade reporting or quotation system without listing requirements. Accordingly, the CSA have decided not to include CUB as a qualified market.

4. Application to First Trades (sections 2.3, 2.4 and 2.11 of the proposed Rule, now sections 2.3, 2.4 and 2.14 of the Multilateral Instrument)

Comment: One commentator states that sections 2.3, 2.4 and 2.11 of the proposed Rule (now 2.3, 2.4 and 2.14 of the Multilateral Instrument) seem to apply to any trade, not just a first trade. The commentator believes this is excessive.

Response: Each of sections 2.3 and 2.4 of the proposed Rule refers to a trade of securities initially distributed under an exemption from the prospectus requirement. Section 2.11 of the proposed Rule (now section 2.14 of the Multilateral Instrument) refers to "a trade by an underwriter of securities distributed under an exemption from the prospectus requirement listed in Appendix H". Section 2.14 is intended to apply to any subsequent trade, not just the first trade. Section 2.7 Hold Period and Seasoning Period Exception has been added to the Multilateral Instrument to clarify the meaning of "a trade". Further, subsection 1.2(2) of the Companion Policy clarifies that exempt trades may be made during a hold period or seasoning period.

5. Convertible Securities (sections 2.3 and 2.5 and Appendix D of the proposed Rule)

Comment: One commentator notes that there is a contradiction between 2.3 of the proposed Rule and 2.13 [sic] of OSC Rule 45-501. Section 2.16 of Commission Rule 45-501 provides an exemption from the prospectus requirement for a trade of underlying securities acquired in accordance with the terms of convertible securities if the convertible securities were distributed under a prospectus. Section 2.3 of the proposed Rule places a hold period on these underlying securities. Another commentator recommends that the language should be clarified regarding the grant of an exemption for resale of underlying securities similar to the existing exemption in section 77(8) of the *Securities Act* (Nova Scotia).

Response: The CSA agree and have amended the proposed Rule by adding subsection 2.12 to provide an exemption from section 2.6 for underlying securities corresponding to section 2.16 of Commission Rule 45-501. The language regarding section 77(8) of the *Securities Act* (Nova Scotia) has been clarified.

6. Becoming a Reporting Issuer (sections 2.5, 2.6 and 2.8 of the proposed Rule, now sections 2.5, 2.6 and 2.10 of the Multilateral Instrument)

Comment: One commentator welcomes the initiative of setting the commencement for the resale hold period at the date the issuer becomes a reporting issuer in a qualifying jurisdiction. The commentator believes this will result in more certainty among issuers as to the length of the resale hold period and will reduce the need for jurisdiction shopping.

Response: The CSA agree.

7. Filing of the Forms (subsections 2.6(3) and 2.8(4) and section 2.7 of the proposed Rule, now subsections 2.6(4) and 2.10(4) and section 2.8 of the Multilateral Instrument)

Comment (i): One commentator raises the question whether the Forms must be filed in all jurisdictions or only in the jurisdictions where the purchasers reside. The commentator states that there could be a constitutional issue if filings are required in a jurisdiction where the issuer has no activity or nexus.

Response: The CSA have clarified in the Multilateral Instrument and the Companion Policy that the Forms are to be filed solely in jurisdictions in which the securities are distributed. With respect to the filing of Form 45-102F1, the

Multilateral Instrument has been clarified so that filing is only required in each jurisdiction in which an issuer has ceased to be a private company or private issuer.

Comment (ii): One commentator suggests that if filing of the Forms is required in jurisdictions in which no purchasers reside, the filing fees should be waived in these jurisdictions.

Response: *The commentator's concern has been addressed by the clarifications to the filing requirements of the Forms as discussed above.*

8. Trade by Control Persons (section 2.8 of the proposed Rule, now section 2.10 of the Multilateral Instrument)

Comment: One commentator notes that the CSA have introduced new requirements regarding trades by pledgees in section 2.8 of the proposed Rule. The commentator further notes that National 62-101 Control Block Distribution Issues (NI 62-101) contains provisions regarding control block trades by pledgees. The commentator asks the CSA to adopt a more consistent and logical approach regarding section 2.8 of the proposed Rule and NI 62-101, particularly relating to the following issues:

- (a) The commentator notes that the requirement in subsection 2.8(1) of the proposed Rule that if such security was acquired by the lender, pledgee, mortgagee or other encumbrancer in a control distribution is new and seems to change existing law.
- (b) The commentator points out that NI 62-101 still refers to Commission Rule 45-501 regarding hold periods for control block trades by pledgees and recommends that NI 62-101 be amended;
- (c) The commentator asks the CSA to confirm that the new requirement for pledgees in section 2.8 of the proposed Rule does not affect the pledgees' reliance on the provisions in NI 62-101;
- (d) The commentator states that in NI 62-101, a seller and a vendor are construed as pledgees, while in section 2.8 of the proposed Rule, a creditor and a seller are separate concepts. The commentator thinks that the reference to a creditor and a seller as different persons may cause problems in items 2.8(2)5. and 2.8(3)5. of the proposed Rule where the creditor must rely on the seller's knowledge as to whether the issuer is not in default of any requirement of securities legislation. Similarly, a creditor may have to rely on a seller's filing of Form 45-102F3 as required in subsection 2.8(5) of the proposed Rule.

Response:

- (a) *The CSA disagree and the wording in subsection 2.8(1) of the proposed Rule (subsection 2.10(1) of the Multilateral Instrument) has been retained as the trade may be a subsequent resale.*
- (b) *The CSA will recommend that NI 62-101 be amended as a consequential amendment to the implementation of the Multilateral Instrument.*
- (c) *Section 2.8 of the proposed Rule (section 2.10 of the Multilateral Instrument) will not affect a pledgee's reliance on NI 62-101.*
- (d) *The CSA do not agree that the drafting will result in such confusion.*

9. Determining the Time Periods (section 2.9 of the proposed Rule, now section 2.11 of the Multilateral Instrument)

Comment: One commentator suggests that the same language in subsection 2.9(1) of the proposed Rule (now subsection 2.11(1) of the Rule) regarding amalgamated, merged or continuing corporations should be adopted in subsection 2.9(2) of the proposed Rule so that a merger does not restart the seasoning period for trades by control persons.

Response: *The CSA have not amended the proposed Rule to permit the inclusion of the period of time that the*

selling security holder had held the securities of one of the amalgamated, merged or continuing issuers in determining the seasoning period for securities acquired under prospectus exemptions for amalgamation, arrangement and statutory procedures because it is not currently contemplated in securities legislation of the jurisdictions implementing the Multilateral Instrument.

10. Trades by Underwriters (section 2.10 of the proposed Rule, now section 2.14 of the Multilateral Instrument)

Comment: One commentator asks the CSA to clarify the hold period for trades by underwriters referred to in section 2.10 of the proposed Rule (now section 2.14 of the Multilateral Instrument).

Response: *The proposed Rule does not change the current law on trades by underwriters. A first trade of securities acquired under the exemption from the prospectus requirement set out in Appendix H is a distribution regardless how long the securities have been held.*

11. Replacing Seasoning Requirements

Comment: One commentator suggests that the CSA should replace the seasoning requirements in the Rule with the CDNX proposed Exchange Seed Share Resale Restriction Rules (SSRR). SSRR imposes various hold periods from 0 to 3 years depending on the time the securities are held and the price of the securities relative to the price at the issuer's IPO.

Response: *The CSA believe it is premature to consider the utilization of SSRR by the CSA before SSRR is finalized. The CSA will reconsider the issue after SSRR is formally adopted by CDNX.*

12. Appendix D

Comment: One commentator states that the legislation reference to clause 77(1)(f)(iii) as applicable for Nova Scotia is too vague and asks the CSA to clarify that reference.

Response: *Appendix D and Appendix E have been amended to clarify the reference to clause 77(1)(f)(iii) for Nova Scotia. Corresponding changes have been made to the Alberta and Ontario references.*

E. SPECIFIC COMMENTS ON THE PROPOSED FORMS

1. Form 45-102F1

Comment: One commentator believes that it is excessive to require an issuer to certify as to beneficial ownership of its securities without a knowledge qualification.

Response: *The CSA have amended the form to provide that if, after reasonable effort, it was not possible to identify the beneficial owner, the filer is required to explain why and disclose the registered owner.*

2. Form 45-102F3

Comment (i): One commentator notes that paragraph 8 of the proposed Form 45-102F3 uses the term "sales" while the current Form 23 in Ontario uses the term "distribution". The commentator suggests that "distribution" is more flexible and it should replace "sales" in Form 45-102F3.

Response: *The CSA agree and have amended paragraph 8 of proposed Form 45-102F3 by replacing the word "sold" with "distributed".*

Comment (ii): One commentator asks the CSA to clarify the type of pre-sale activities allowed in private sales that will not be considered as "acts in furtherance of a trade".

Response: *The term "distribution" is defined in securities legislation and has been interpreted by securities commissions and by the courts. The CSA do not consider it necessary to expand upon the meaning of*

"distribution" in the Instrument.

Comment (iii): One commentator states that it would be difficult for a creditor to state when the creditor decided to sell the securities as required by paragraph 11 of proposed Form 45-102F3.

Response: The language has been deleted.

F. SPECIFIC COMMENTS ON THE PROPOSED POLICY

1. Connecting Jurisdiction (section 1.3 of the proposed Policy)

Comment: One commentator considers the connecting jurisdiction concept in section 1.3(1) of the proposed Policy is inappropriate as it changes the current state of the law. The commentator believes the current state of the law should be maintained so that a trade is only subject to the legislation of the jurisdictions in which the purchasers reside.

Response: The CSA believe it is more appropriate to deal with this issue in proposed MI 72-101 Distributions Outside of the Local Jurisdiction. Further, see section D7 Filing of the Forms above.

2. Resale of Securities of a Non-Reporting Issuer (section 1.9 of the proposed Policy, now section 1.10 of the Companion Policy)

Comment (i): One commentator suggests that section 1.9 of the proposed Policy should be moved to the Multilateral Instrument.

Response: The CSA do not consider it necessary to move section 1.9 of the proposed Policy (now section 1.10 of the Companion Policy) to the Multilateral Instrument. The Companion Policy is designed to provide information relating to the manner in which the provisions of the Multilateral Instrument are intended to be interpreted or applied. Section 1.10 of the Companion Policy provides information on how certain information required in the Multilateral Instrument is to be obtained and accordingly the CSA consider it appropriate for this section to remain in the Companion Policy.

Comment (ii): One commentator believes section 1.9 of the proposed Policy (now section 1.10 of the Companion Policy) imposes an unreasonable limit on Canadian residents in reselling foreign securities over foreign markets, if such resales are deemed to be distributions in Canada.

Response: The CSA believe the restrictions are appropriate.

Comment (iii): One commentator states it is difficult for sellers to obtain information required by section 1.9 of the proposed Policy (now section 1.10 of the Companion Policy) to determine the percentage of securities holding in Canada, particularly if the information required is of a historical date.

Response: The CSA do not believe it is unduly difficult for an issuer to obtain the information referred to in section 1.10 of the Companion Policy at the time of the initial distribution.

MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES

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PART 3 CURRENT AIF FILING REQUIREMENTS

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- 5.1 Effective Date

APPENDIX A

APPENDIX B

APPENDIX C

APPENDIX D

APPENDIX E

APPENDIX F

APPENDIX G

APPENDIX H

FORM 45-102F1

FORM 45-102F2

FORM 45-102F3

MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES

PART 1. DEFINITIONS

1.1 **Definitions** - In this Instrument

"AIF" means an annual information form of an issuer;

"approved rating" means, for a security, a rating at or above one of the following rating categories issued

by an approved rating organization for the security or a rating category that replaces a category listed below:

Approved Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
Dominion Bond Rating Service Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody's Investors Services, Inc.	Baa	Prime-3	baa
Standard & Poor's Corporation	BBB	A-3	BBB

"approved rating organization" means each of Dominion Bond Rating Service Limited, Fitch, Inc., Moody's Investors Service, Inc., Standard & Poor's Corporation, and any of their successors;

"control distribution" means a trade described in the provisions of securities legislation listed in Appendix A;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of the same issuer;

"CPC" means a capital pool company as defined in a CPC instrument and, in Manitoba, a keystone company as defined in Manitoba Securities Commission Rule 44-501 Keystone Companies;

"CPC information circular" means an information circular filed by an issuer and accepted under a CPC instrument in connection with a qualifying transaction;

"CPC instrument" means a rule or regulation of a jurisdiction, or a rule, regulation or policy of an exchange in Canada, that applies only to CPCs;

"current AIF" means

- (a) an AIF that is a current AIF filed under NI 44-101 in at least one of the jurisdictions listed in Appendix B,
- (b) an AIF in the form required by Form 44-101F1 filed in at least one of the jurisdictions listed in Appendix B by an issuer not eligible to use NI 44-101 and containing audited financial statements for the issuer's most recently completed financial year,
- (c) a prospectus, other than a short form prospectus as contemplated by NI 44-101 or a prospectus filed under a CPC instrument, for which a receipt has been issued in any jurisdiction that includes audited financial statements for the issuer's most recently completed financial year,
- (d) a CPC information circular filed in any jurisdiction that includes
 - (i) audited financial statements for the issuer's most recently completed financial year,
 - (ii) audited financial statements for the target issuer's most recently completed financial year, and
 - (iii) a pro forma balance sheet that gives effect to the qualifying transaction accompanied by

a compilation report of an auditor, and

- (e) a current annual report on Form 10-K or Form 20-F under the 1934 Act for the issuer's most recently completed financial year filed in any jurisdiction by an issuer that has securities registered under section 12 of the 1934 Act or has a reporting obligation under section 15(d) of the 1934 Act;

"distribution date" means, in respect of a trade, the date the securities that are the subject of the trade were

- (a) initially distributed in reliance on an exemption from the prospectus requirement by the issuer, or
- (b) in the case of a control distribution, acquired by the selling security holder;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a security of another issuer;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to purchase or otherwise acquire, or of the issuer to cause the purchase or acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"NI 13-101" means National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR);

"NI 43-101" means National Instrument 43-101 Standards of Disclosure for Mineral Projects;

"NI 44-101" means National Instrument 44-101 Short Form Prospectus Distributions;

"NPS 2-B" means National Policy Statement No. 2-B Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators in the form in place on the effective date of this Instrument;

"private company" has the meaning ascribed to that term in securities legislation;

"private issuer" has the meaning ascribed to that term in securities legislation;

"qualifying issuer" means an issuer

- (a) that is a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B,
- (b) that is an electronic filer under NI 13-101,
- (c) that has a current AIF,
- (d) that
 - (i) has a class of equity securities listed or quoted on a qualified market, has not been notified by the qualified market that it does not meet the requirements to maintain that listing or quotation and is not designated inactive, suspended or the equivalent, or
 - (ii) has a class of securities outstanding that has received an approved rating,
- (e) if it is not qualified to file a short form prospectus under NI 44-101 and has oil and gas producing activities, including exploration, or a mineral project, that has filed with its current AIF, as if the current AIF were a prospectus, technical reports in accordance with, as applicable, NI 43-101 or a technical report and certificate prepared in accordance with NPS 2-B,

(f) that, if it has received a notice in writing from any regulator that its current AIF, including any technical reports, does not comply with the instrument prescribing the content of the current AIF, has satisfied the regulator that its current AIF is acceptable, and

(g) that, if it is a CPC, has filed a CPC information circular;

"qualified market" means any of

(a) The Toronto Stock Exchange Inc.,

(b) Tier 1 or Tier 2 of the Canadian Venture Exchange Inc.,

(c) Bourse de Montréal Inc.,

(d) the American Stock Exchange,

(e) Nasdaq National Market,

(f) Nasdaq SmallCap Market,

(g) the New York Stock Exchange,

(h) the London Stock Exchange Limited, and

(i) any successor to any of the entities referred to in paragraphs (a) through (h);

"qualifying transaction" means a transaction that, if completed, would result in the issuer no longer being a CPC;

"reporting issuer equivalent" means an issuer that is subject to the continuous disclosure requirements of the jurisdiction listed in Appendix B under the heading "Reporting Issuer Equivalent";

"SEDAR" has the meaning ascribed to that term in NI 13-101; and

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security.

PART 2 FIRST TRADES

2.1 Application - Except for sections 2.1, 2.10 and 2.11, this Part does not apply in Manitoba, New Brunswick, Prince Edward Island and the Yukon Territory.

2.2 Removal of Resale Provisions - The provisions in securities legislation listed in Appendix C do not apply.

2.3 Section 2.5 Applies - A trade of securities initially distributed under an exemption from the prospectus requirement listed in Appendix D is subject to section 2.5.

2.4 Section 2.6 Applies - A trade of securities initially distributed under an exemption from the prospectus requirement listed in Appendix E is subject to section 2.6.

2.5 Hold Period

(1) A trade that is specified by section 2.3 or other securities legislation to be subject to this section is a distribution unless the conditions in subsection (2) or (3) are satisfied.

(2) If the issuer of the securities was a qualifying issuer at the distribution date, the conditions are:

1. The issuer is and has been a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B for the four months immediately preceding the trade.
2. At least four months have elapsed from the distribution date.
3. The certificate representing the securities carries a legend stating:

"Unless permitted under securities legislation, the holder of the securities shall not trade the securities before [insert the date that is four months and a day after the distribution date]."
4. The trade is not a control distribution.
5. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
6. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
7. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.

(3) If the issuer of the securities was not a qualifying issuer at the distribution date, the conditions are:

1. The issuer is and has been a reporting issuer or a reporting issuer equivalent for the 12 months immediately preceding the trade
 - (a) in a jurisdiction listed in Appendix B, if the issuer is an electronic filer under NI 13-101; or
 - (b) in the local jurisdiction of the purchaser of the securities that are the subject of the trade, if the issuer is not an electronic filer under NI 13-101.
2. At least 12 months have elapsed from the distribution date.
3. The certificate representing the securities carries a legend
 - (a) if the issuer is a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B and is an electronic filer under NI 13-101 on the distribution date, stating:

"Unless permitted under securities legislation, the holder of the securities shall not trade the securities before [insert the date that is 12 months and a day after the distribution date]."; or
 - (b) if the issuer is not a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B at the distribution date, stating:

"Unless permitted under securities legislation, the holder of the securities shall not trade the securities before the earlier of (i) the date that is 12 months and a day after the date the issuer first becomes a reporting issuer in any of Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan or a reporting issuer equivalent in Manitoba, if the issuer is a SEDAR filer; and (ii) the date that is 12

months and a day after the later of (A) the distribution date; and (B) the date the issuer became a reporting issuer or a reporting issuer equivalent in the local jurisdiction of the purchaser of the securities that are the subject of the trade."

4. The trade is not a control distribution.
5. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
6. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
7. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.

2.6 Seasoning Period

- (1) A trade that is specified by section 2.4 or other securities legislation to be subject to this section is a distribution unless the conditions in subsection (3), (4) or (5) are satisfied.
- (2) The first trade of previously issued securities of an issuer that has ceased to be a private company or a private issuer is a distribution unless the conditions in subsection (4) are satisfied.
- (3) If the issuer of the securities was a qualifying issuer at the distribution date, the conditions are:
 1. The issuer is and has been a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B for the four months immediately preceding the trade.
 2. The trade is not a control distribution.
 3. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
 4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
- (4) If the issuer of the securities is not a qualifying issuer at the distribution date, the conditions are:
 1. The issuer is and has been a reporting issuer or a reporting issuer equivalent for the 12 months immediately preceding the trade
 - (a) in a jurisdiction listed in Appendix B, if the issuer is an electronic filer under NI 13-101; or
 - (b) in the local jurisdiction of the purchaser of the securities that are the subject of the trade, if the issuer is not an electronic filer under NI 13-101.
 2. The trade is not a control distribution.
 3. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.

4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
 6. In the case of the first trade of previously issued securities of an issuer that has ceased to be a private company or a private issuer, the issuer has filed Form 45-102F1 in each jurisdiction in which the issuer has ceased to be a private company or a private issuer.
- (5) If the issuer of the securities is a qualifying issuer at the date of the trade and the selling security holder acquired the securities under an exemption from the prospectus requirement listed in Appendix F, the conditions are:
1. The issuer is and has been a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B for the four months immediately preceding the trade.
 2. The trade is not a control distribution.
 3. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
 4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. If the selling security holder is an insider or officer of the issuer, the selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.

2.7 Hold Period and Seasoning Period Exception

- (1) Despite section 2.5, any trade made after the first trade that satisfies the conditions of subsection 2.5(2) or 2.5(3), that is not a control distribution, is not subject to section 2.5.
- (2) Despite section 2.6, any trade made after the first trade that satisfies the conditions of subsection 2.6(3), 2.6(4) or 2.6(5), that is not a control distribution, is not subject to section 2.6.

2.8 Qualifying Issuer Certificate - The issuer of the securities, or the selling security holder in the case of a control distribution, shall file Form 45-102F2 on or before the tenth day after the distribution date of a trade of securities subject to subsection 2.5(2) or 2.6(3), and for the purpose of a trade made under subsection 2.6(5) the issuer shall file Form 45-102F2 at the time the issuer becomes a qualifying issuer.

2.9 Exemption for a Trade in a Security Acquired in a Take-over Bid or Issuer Bid - Section 2.6 does not apply to a trade of a security of an offeror issuer acquired by the selling security holder upon the exchange by or for the account of the offeror issuer with the security holders of the offeree issuer in connection with a take-over bid or issuer bid if

- (a) when the exemption from the prospectus requirement relating to a take-over bid or issuer bid was relied upon, a securities exchange take-over bid circular or securities exchange issuer bid circular for the securities was filed by the offeror issuer under securities legislation;
- (b) the trade is not a control distribution; and
- (c) the offeror issuer was a reporting issuer or a reporting issuer equivalent at the date of the take up and payment for securities of the offeree issuer under the take-over bid or

issuer bid.

2.10 Exemption for a Trade by a Control Person

- (1) The prospectus requirement does not apply to a control distribution, or a distribution by a lender, pledgee, mortgagee or other encumbrancer for the purpose of liquidating a debt made in good faith by selling or offering for sale a security pledged, mortgaged or otherwise encumbered in good faith as collateral for the debt if the security was acquired by the lender, pledgee, mortgagee or other encumbrancer in a control distribution, if the conditions in subsections (2) or (3) are satisfied.
- (2) If the issuer of the security was a qualifying issuer at the distribution date, the conditions are:
 1. The issuer is and has been a reporting issuer or a reporting issuer equivalent in a jurisdiction listed in Appendix B for the four months immediately preceding the trade.
 2. The selling security holder, or the lender, pledgee, mortgagee or other encumbrancer if the distribution is for the purpose of liquidating a debt, has held the securities for at least four months.
 3. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
 4. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 5. The selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
- (3) If the issuer of the securities was not a qualifying issuer at the distribution date, the conditions are:
 1. The issuer is and has been a reporting issuer or a reporting issuer equivalent for the 12 months immediately preceding the trade
 - (a) in a jurisdiction listed in Appendix B, if the issuer is an electronic filer under NI 13-101; or
 - (b) in the local jurisdiction of the purchaser of the securities that are the subject of the trade, if the issuer is not an electronic filer under NI 13-101.
 2. No unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade.
 3. No extraordinary commission or consideration is paid to a person or company in respect of the trade.
 4. The selling security holder has no reasonable grounds to believe that the issuer is in default of securities legislation.
 5. The selling security holder, or the lender, pledgee, mortgagee or other encumbrancer if the distribution is for the purpose of liquidating a debt has held the securities for
 - (a) at least 12 months, if the securities were distributed to the selling security holder under an exemption listed in Appendix D or any exemption from the prospectus requirement that specifies that subsequent trades are subject to section 2.5, and

- (b) in all other cases, at least six months.
- (4) The selling security holder, or the lender, pledgee, mortgagee or other encumbrancer if the distribution is for the purpose of liquidating a debt, under subsection (2) or (3) shall
 - (a) sign and file Form 45-102F3 in the jurisdictions in which the securities are being distributed and, if applicable, with the exchange in Canada on which the securities that are the subject of the trade are listed at the times set out in subsection (6), and
 - (b) file, within three days after the completion of any trade, a report of the trade in the form required to be filed by a person or company in order to comply with the insider reporting requirements.
 - (5) A person or company required to file Form 45-102F3 shall sign the form no earlier than one business day before its filing.
 - (6) Subject to subsection (7), a person or company required to file Form 45-102F3 shall file the form
 - (a) at least seven days and not more than 14 days before the first trade that forms part of the distribution,
 - (b) on the 60th day after the date of filing under paragraph (a), and
 - (c) thereafter at the end of each 28 day period.
 - (7) A person or company is not required to file Form 45-102F3 under paragraph 6(b) or 6(c) if
 - (a) all of the securities specified under the original form have been sold, or
 - (b) a notice has been filed in the jurisdictions in which a Form 45-102F3 would otherwise have been filed, which states that the securities specified under the original form, or the unsold part, are no longer for sale.

2.11 Determining Time Periods

- (1) In determining the period of time that an issuer has been a reporting issuer or a reporting issuer equivalent for the purposes of section 2.6 or 2.10, in the case of securities distributed under the exemptions from the prospectus requirement listed in Appendix G, the period of time that one of the amalgamating, merging or continuing issuers was a reporting issuer or a reporting issuer equivalent immediately before the amalgamation, merger or continuation may be included.
- (2) In determining the period of time that a selling security holder has held a security for the purposes of section 2.5 or 2.10,
 - (a) if the security was acquired by the selling security holder from an affiliate of the selling security holder, the period of time that the security had been held by the affiliate before the transfer to the selling security holder may be included; and
 - (b) if the security is an underlying security, the period of time shall commence on the date that the convertible security, exchangeable security or multiple convertible security was first acquired.
- (3) In determining the period of time that a lender, pledgee, mortgagee or other encumbrancer has held a security under item 2.10(2)2. or 2.10(3)5., the period of time the security has been held by the debtor may be included.

2.12 Exemption for a Trade in an Underlying Security if the Right to Purchase, Convert or Exchange is

Qualified by a Prospectus - Section 2.6 does not apply to a trade in an underlying security issued or transferred under the terms of a multiple convertible security, convertible security or exchangeable security if

- (a) a receipt was obtained for a prospectus qualifying the distribution of the multiple convertible security, convertible security or exchangeable security;
- (b) the trade is not a control distribution; and
- (c) the issuer of the underlying security issued or transferred under the terms of a multiple convertible security, convertible security or exchangeable security is a reporting issuer or a reporting issuer equivalent at the time of the trade.

2.13 Exemption for a Trade in an Underlying Security if the Right to Purchase, Convert or Exchange is Qualified by a Securities Exchange Take-over Bid Circular or an Issuer Bid Circular - Section 2.6 does not apply to a trade in an underlying security issued or transferred under the terms of a multiple convertible security, convertible security or exchangeable security if

- (a) a securities exchange take-over bid circular or a securities exchange issuer bid circular was filed relating to the distribution of the multiple convertible security, convertible security or exchangeable security;
- (b) the trade is not a control distribution;
- (c) the offeror issuer was a reporting issuer or a reporting issuer equivalent at the date of the take up and payment for securities under the take-over bid or issuer bid; and
- (d) the issuer of the underlying security issued or transferred under the terms of a multiple convertible security, convertible security or exchangeable security is a reporting issuer or a reporting issuer equivalent at the time of the trade.

2.14 Trades by Underwriters - A trade by an underwriter of securities distributed under an exemption from the prospectus requirement listed in Appendix H is a distribution.

2.15 Trades in Securities of a Non-Reporting Issuer Distributed under a Prospectus Exemption

- (1) The prospectus requirement does not apply to a trade of a security initially distributed under an exemption from the prospectus requirement if
 - (a) the issuer of the security was not a reporting issuer or a reporting issuer equivalent in any jurisdiction at the distribution date;
 - (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
 - (i) did not hold directly or indirectly more than 10 percent of the outstanding securities of the class or series, and
 - (ii) did not represent in number more than 10 percent of the total number of holders directly or indirectly of securities of the class or series; and
 - (c) the trade is executed through an exchange, or a market, outside Canada;
- (2) The prospectus requirement does not apply to a trade of an underlying security if
 - (a) the convertible security, exchangeable security or multiple convertible security that,

directly or indirectly, entitled or required the holder to acquire the underlying security was initially distributed under an exemption from the prospectus requirement;

- (b) the issuer of the underlying security was not a reporting issuer or a reporting issuer equivalent in any jurisdiction at the distribution date;
- (c) the conditions in paragraph (1)(b) would have been satisfied for the underlying security at the time of the initial distribution of the convertible security, exchangeable security or multiple convertible security that entitled or required the holder to acquire the underlying security; and
- (d) the condition in paragraph (1)(c) is satisfied.

PART 3 CURRENT AIF FILING REQUIREMENTS

3.1 Current AIF

- (1) An issuer that has not filed an AIF under NI 44-101 may file a current AIF under this Instrument at any time.
- (2) A current AIF shall be filed on SEDAR.
- (3) An issuer relying on a current AIF as defined in paragraphs (b), (c), (d) or (e) of the definition of current AIF shall file a notice through SEDAR
 - (a) advising that it has filed a current AIF under this section, and
 - (b) identifying the SEDAR project number under which the current AIF was filed.

PART 4 EXEMPTION

4.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 5 EFFECTIVE DATE

- 5.1 Effective Date** - This Instrument comes into force on June 29, 2001.

**APPENDIX A
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

CONTROL DISTRIBUTIONS

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Sections 1(c.2) and 1(f)(iii) of the <i>Securities Act</i> (Alberta)
British Columbia	Paragraph (c) of the definition of "distribution" contained in section 1(1) of the <i>Securities Act</i> (British Columbia)
Manitoba	Paragraph (b) of the definition of "primary distribution to the public" contained in

	subsection 1(1) of the <i>Securities Act</i> (Manitoba)
Newfoundland	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Newfoundland)
Northwest Territories	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Nova Scotia	Clause 2(1)(l)(iii) of the <i>Securities Act</i> (Nova Scotia)
Nunavut	Definition of "control person" and paragraph (iii) of the definition of "distribution" contained in subsection 1(1) of Blanket Order No. 1 of the Registrar of Securities.
Ontario	Paragraph (c) of the definition of "distribution" contained in subsection 1(1) of the <i>Securities Act</i> (Ontario)
Saskatchewan	Subclauses 2(1)(r)(iii), (iv) and (v) of <i>The Securities Act, 1988</i> (Saskatchewan)

**APPENDIX B
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

QUALIFYING ISSUER JURISDICTIONS

REPORTING ISSUER

REPORTING ISSUER EQUIVALENT

Alberta
British Columbia
Nova Scotia
Ontario
Quebec
Saskatchewan

Manitoba

**APPENDIX C
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**NON-APPLICABLE RESALE PROVISIONS
(Section 2.2)**

JURISDICTION

SECURITIES LEGISLATION REFERENCE

Alberta	Sections 109, 109.1, 110, 111 with respect to underwriters and 112 of the <i>Securities Act</i> (Alberta)
Nova Scotia	Subsections 77(5), 77(6), 77(7), 77(7A), 77(7B), 77(8), 77(9), 77(10)(a) and 77(11) of the <i>Securities Act</i> (Nova Scotia)
Ontario	Subsections 72(4) (except as referred to in Rule 45-503 Trades to Employees, Executives and Consultants), 72(5), 72(6) as it relates to clause 72(1)(r), and 72(7) of

the *Securities Act* (Ontario)

**APPENDIX D
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**HOLD PERIOD TRADES
(Section 2.3)**

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Sections 107(1)(a), (b), (c), (d), (l), (m), (p), (q), (t), (t.1), (u) and (z) of the <i>Securities Act</i> (Alberta), and section 107(1)(f)(iii) of the <i>Securities Act</i> (Alberta) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the <i>Securities Act</i> (Alberta)
British Columbia	Sections 74(2)(1) to (6), (16), (18), (19), (23) and (25) of the <i>Securities Act</i> (British Columbia) Sections 128(a), (b), (c), (e), (f) and (h) of the Securities Rules (British Columbia) Sections 74(2)(11)(ii) and 74(2)(13) of the <i>Securities Act</i> (British Columbia) if the security acquired by the selling security holder was initially acquired by a person or company under any of the sections of the <i>Securities Act</i> (British Columbia), or the Securities Rules (British Columbia) referred to in this Appendix. Section 74(2)(12) of the <i>Securities Act</i> (British Columbia) if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the <i>Securities Act</i> (British Columbia) or the Securities Rules (British Columbia) referred to in this Appendix.
Newfoundland	Clause 73(1)(a), (b), (c), (d), (l), (m), (p) or (q) of the <i>Securities Act</i> (Newfoundland) and subclause 73(1)(f)(iii) of the <i>Securities Act</i> (Newfoundland) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the <i>Securities Act</i> (Newfoundland).
Northwest Territories	Paragraph 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) or (z), or clause 3(e)(iii) of Blanket Order No. 1 of the Registrar of Securities
Nova Scotia	Clauses 77(1)(a), (b), (c), (d), (l), (m), (p), (q), (u), (w), (y), (ab) and (ad) of the <i>Securities Act</i> (Nova Scotia), and subclause 77(1)(f)(iii) of the <i>Securities Act</i> (Nova Scotia) if the right to purchase, convert or exchange was previously acquired under one of the above listed exemptions under the <i>Securities Act</i> (Nova Scotia)
Nunavut	Paragraph 3(a), (b), (c), (k), (l), (m), (r), (s), (t), (u), (w) or (z), or clause 3(e)(iii) of Blanket Order No.1 of the Registrar of Securities
Ontario	Clauses 72(1)(a), (b), (c), (d), (l), (m), (p) and (q) of the <i>Securities Act</i> (Ontario) and subclause 72(1)(f)(iii) of the <i>Securities Act</i> (Ontario) if the right to purchase, convert or exchange was previously acquired under one of the above-listed exemptions under the <i>Securities Act</i> (Ontario)
Saskatchewan	Clauses 81(1)(a), (b), (c), (d), (m), (n), (s), (t), (v), (w), (z), (bb) and (ee) of <i>The Securities Act, 1988</i> (Saskatchewan) Subclauses 81(1)(f)(iii) and (iv) of <i>The Securities Act, 1988</i> (Saskatchewan) if the

convertible security, exchangeable security or multiple convertible security was acquired under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) referred to in this Appendix

Clause 81(1)(e) of *The Securities Act, 1988* (Saskatchewan) if the person or company from whom the securities were acquired obtained the securities under one of the exemptions of *The Securities Act, 1988* (Saskatchewan) referred to in this Appendix

**APPENDIX E
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**SEASONING PERIOD TRADES
(Section 2.4)**

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Sections 107(1)(f) if not included in Appendix D of this Instrument, (i), (j), (j.1), (k), (k.1) prior to its repeal by section 5 of the <i>Securities Amendment Act, 1989</i> (Alberta), and (n) of the <i>Securities Act</i> (Alberta)
British Columbia	Sections 74(2)(7) to (11), (13), (22) and (24) of the <i>Securities Act</i> (British Columbia) Section 128(g) of the Securities Rules (British Columbia) Section 74(2)(12) of the <i>Securities Act</i> (British Columbia), if the security acquired by the selling security holder under the realization on collateral was initially acquired by a person or company under any of the sections of the <i>Securities Act</i> (British Columbia) or the Securities Rules (British Columbia) referred to in this Appendix
Newfoundland	Clause 73(1)(f) if not included in Appendix D of this Instrument, (i), (j), (k), or (n) of the <i>Securities Act</i> (Newfoundland)
Northwest Territories	Clause 3(e)(i) or (ii) or paragraph 3(f), (g), (h), (i), (n), (x), (y) or (mm) of Blanket Order No. 1 of the Registrar of Securities
Nova Scotia	Clause 77(1)(f) of the <i>Securities Act</i> (Nova Scotia) if not included in Appendix D of this Instrument, or clause 77(1)(h), (i), (j), (k), (n), (v), (va), (ac), (ae) or (af) of the <i>Securities Act</i> (Nova Scotia), or clause 78(1)(a) of the <i>Securities Act</i> (Nova Scotia) as it relates to clause 41(2)(j) of the <i>Securities Act</i> (Nova Scotia) or Blanket Order No. 5A
Nunavut	Clause 3(e)(i) or (ii) or paragraph 3(f), (g), (h), (i), (n), (x), (y) or (mm) of Blanket Order No. 1 of the Registrar of Securities
Ontario	Clauses 72(1)(f) if not included in Appendix D of this Instrument and other than a trade to an associated consultant or investor consultant as defined in Rule 45-503 Trades to Employees, Executives and Consultants, (i), (j) and (k) of the <i>Securities Act</i> (Ontario)
Saskatchewan	Clauses 81(1)(a.1), (e) if not included in Appendix D of this Instrument, (f) if not included in Appendix D of this Instrument, (f.1), (g), (h), (i), (i.1), (j), (k), (o), (cc) and (dd) of <i>The Securities Act, 1988</i> (Saskatchewan)

**APPENDIX F
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**EMPLOYEE TRADES
(Section 2.6)**

JURISDICTION	PROSPECTUS EXEMPTION
Alberta	Section 107(1)(n) of the <i>Securities Act</i> (Alberta)
British Columbia	Section 74(2)(9) of the <i>Securities Act</i> (British Columbia)
Newfoundland	Section 73(1)(n) of the <i>Securities Act</i> (Newfoundland)
Northwest Territories	Paragraph 3(n) of Blanket Order No. 1 of the Registrar of Securities
Nova Scotia	Clause 77(1)(n) of the <i>Securities Act</i> (Nova Scotia) and Blanket Order No. 5A
Nunavut	Paragraph 3(n) of Blanket Order No. 1 of the Registrar of Securities
Ontario	Sections 2.2 and 3.1 of Rule 45-503 Trades to Employees, Executives and Consultants, except as sections 2.2 and 3.1 of that Rule apply to associated consultants and investor consultants, as defined in that Rule
Saskatchewan	Clause 81(1)(o) of <i>The Securities Act, 1988</i> (Saskatchewan)

**APPENDIX G
TO
MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

**AMALGAMATIONS OR MERGERS
(Section 2.11)**

JURISDICTION	PROSPECTUS EXEMPTION
Alberta	Section 107(1)(i) of the <i>Securities Act</i> (Alberta)
British Columbia	Section 74(2)(8) of the <i>Securities Act</i> (British Columbia)
Manitoba	Clause 58(1)(b) of the <i>Securities Act</i> (Manitoba)
Newfoundland	Clause 73(1)(i) of the <i>Securities Act</i> (Newfoundland)
Northwest Territories	Paragraph 3(g) of Blanket Order No.1 of the Registrar of Securities
Nova Scotia	Clause 77(1)(i) of the <i>Securities Act</i> (Nova Scotia)
Nunavut	Paragraph 3(g) of Blanket Order No. 1 of the Registrar of Securities
Ontario	Clause 72(1)(i) of the <i>Securities Act</i> (Ontario) and section 2.8 of Rule 45-501 Exempt Distributions
Prince Edward Island	Clause 2(3)(k) of the <i>Securities Act</i> (Prince Edward Island)
Saskatchewan	Clause 81(1)(i) of <i>The Securities Act, 1988</i> (Saskatchewan)

**APPENDIX H
TO
MULTILATERAL INSTRUMENT 45-102**

RESALE OF SECURITIES

**UNDERWRITERS
(Section 2.14)**

JURISDICTION	PROSPECTUS EXEMPTION
Alberta	Section 107(u.1) of the <i>Securities Act</i> (Alberta)
British Columbia	Section 74(2)(15) of the <i>Securities Act</i> (British Columbia)
Newfoundland	Clause 73(1)(r) of the <i>Securities Act</i> (Newfoundland)
Northwest Territories	Paragraph 3(v) of Blanket Order No.1 of the Registrar of Securities
Nova Scotia	Clause 77(1)(r) of the <i>Securities Act</i> (Nova Scotia)
Nunavut	Paragraph 3(v) of Blanket Order No. 1 of the Registrar of Securities
Ontario	Clause 72(1)(r) of the <i>Securities Act</i> (Ontario)
Saskatchewan	Clause 81(1)(u) of <i>The Securities Act, 1988</i> (Saskatchewan)

FORM 45-102F1

Report Made under Section 2.6 of Multilateral Instrument 45-102 Resale of Securities with respect to an Issuer that has Ceased to Be a Private Company or Private Issuer

1. Name and address of the issuer that has ceased to be a private company or private issuer.
2. Date when the issuer ceased to be a private company or a private issuer.
3. Jurisdiction of incorporation, organization or continuation of the issuer.
4. List, as of the time immediately before the issuer ceased to be a private company or a private issuer, the number or amount and designation of the authorized and outstanding securities of each class of securities of the issuer.
5. Particulars of the trade(s).

Name of Purchaser and Municipality and Jurisdiction of Residence	Amount or Purchase Price	Number of Securities Purchased	Exemption Relied On	Total (Canadian \$)
---------------------------------------------------------------------------	--------------------------------	--------------------------------------	------------------------	------------------------

If, after reasonable effort, it was not possible to identify the beneficial owner, explain why and disclose the registered owner.

6. The selling security holder has prepared, certified and delivered to the securities regulatory authority a statement containing the full legal name of, the full residential address of, and the number or amount and designation of securities of the issuer held by, each person or company who was a beneficial owner of securities of the issuer immediately before the issuer ceased to be a private company or a private issuer and, if, after reasonable effort, it was not possible to identify the beneficial owner at the time the statement was delivered, has explained why.
(Make certain the totals as to beneficial and as to registered owners given in this item reconcile, in each case, with the totals given in item 4.)

7. The undersigned certifies that the information given in this report is true and complete in every respect.

Date

.....
(name of issuer that has ceased to be a private company or a private issuer)

By:.....
(signature)

.....
(official capacity)

.....
(name of individual whose signature appears above)

Notice - Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the purposes of the administration and enforcement of the securities legislation in Alberta, British Columbia, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario and Saskatchewan. All of the information required under this form, except for the information contained in the statement required under item 6, is made available to the public pursuant to Multilateral Instrument 45-102 and the securities legislation in each of the jurisdictions indicated above. If you have any questions about the collection and use of this information, contact the securities regulatory authorities in the jurisdiction(s) in which the form is filed, at the address(es) set out below.

Alberta Securities Commission

4th Floor, 300 - 4th Avenue SW
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2
Attention: Manager, Financial and Insider Reporting
Telephone: (604) 899-6730 or (800) 373-6393 (in B.C.)
Facsimile: (604) 899-6506

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
75 O'Leary Avenue
St. John's NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Department of Justice, Northwest Territories

Legal Registries
P.O. Box 1320
1st Floor, 5009-49th Street

Yellowknife, NWT X1A 2L9
Attention: Director, Legal Registries
Telephone: (867) 873-7490
Facsimile: (867) 873-0243

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, NS B3J 3J9
Attention: Corporate Finance
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

**Department of Justice, Nunavut
Legal Registries Division**

P.O. Box 1000 - Station 570
1st Floor, Brown Building
Iqaluit, NT X0A 0H0
Attention: Director, Legal Registries Division
Telephone: (867) 975-6190
Facsimile: (867) 975-6194

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Administrative Assistant to the Director of Corporate Finance
Telephone: (416) 593-8200
Facsimile: (416) 593-8177

Saskatchewan Securities Commission

800 - 1920 Broad Street
Regina, SK S4P 3V7
Attention: Deputy Director, Legal
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

FORM 45-102F2

**Certificate under Subsection 2.8 of
Multilateral Instrument 45-102 Resale of Securities**

[Name of Issuer or Selling Security Holder] hereby certifies that in respect of a trade on *[date]* of *[amount or number and type of securities]* of *[Name of Issuer]*, *[Name of Issuer]* was a qualifying issuer within the meaning of Multilateral Instrument 45-102 Resale of Securities at the distribution date.

DATED at _____ this ____ day of _____, 20__.

[Name of Issuer or Selling Security Holder]

By: _____
[type name]
[title]

INSTRUCTION:

File this form with the securities regulatory authority in Alberta, British Columbia, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario and Saskatchewan within ten days of the distribution date of a trade referred to subsection 2.5(2) or 2.6(3) of Multilateral Instrument 45-102, and for the purpose of a trade made under subsection 2.6(5) of Multilateral Instrument 45-102 the issuer shall file Form 45-102F2 at the time the issuer becomes a qualifying issuer.

FORM 45-102F3

**Notice of Intention to Distribute Securities and Accompanying
Declaration under Section 2.10 of Multilateral Instrument 45-102 Resale of Securities**

1. Name and address of reporting issuer or reporting issuer equivalent
2. Date and jurisdictions where issuer became a reporting issuer or reporting issuer equivalent

<u>Date</u>	<u>Jurisdiction</u>
.....
.....
3. Name and address of the selling security holder
4. State whether the selling security holder is an insider or officer of the issuer. (if an officer state title).
5. Amount or number and designation of securities of the issuer beneficially owned, directly or indirectly, by the selling security holder.
6. Amount or number and designation of securities of the issuer proposed to be sold by the selling security holder.
7. State, to the extent known to the selling security holder, the following particulars about the control position of the issuer: name(s), securities of the issuer held, offices or positions with the issuer or selling security holder and any other material particular regarding such control position.
8. State whether the securities will be distributed privately or on an exchange or a market (state name of exchange or market).
9. Proposed date of sale or date of commencement of sale.
10. If the selling security holder is a lender, pledgee, mortgagee or other encumbrancer selling securities distributed under an exemption in securities legislation from the prospectus requirement for a trade to a lender, pledgee, mortgagee or other encumbrancer from the holdings of a control person for the purpose of giving collateral for a debt made in good faith, state the date and amount of the loan, pledge, mortgage or other encumbrance, reasons for liquidating the debt and the circumstances of default.
11. State the date that the selling security holder or lender, pledgee, mortgagee or other encumbrancer acquired the securities.
12. If this Form is not an initial filing, provide the following information:
 - (a) date of filing of the initial Form 45-102F3
 - (b) date of the most recently filed renewal Form 45-102F3
 - (c) number of securities proposed to be sold as stated in the initial Form 45-102F3
 - (d) number of securities sold from the date of the initial Form 45-102F3 to the date of this renewal

Form 45-102F3

- (e) number of securities proposed to be sold, as stated in the initial Form 45-102F3, that are no longer for sale
- (f) number of securities remaining for sale

Declaration, Certificate and Undertaking

The selling security holder for whose account the securities are to be sold, and to which this certificate relates, hereby:

- (1) declares that the selling security holder has no knowledge of a material fact or material change with respect to the issuer of the securities that has not been generally disclosed;
- (2) declares that to the best of the selling security holder's information and belief:
 - (a) no unusual effort has been made to prepare the market or to create a demand for the securities to be sold and no extraordinary commission or other consideration has been or had been agreed to be paid in respect of such trade,
 - (b) the transaction to which this notice of intention and declaration relate is an arm's length transaction made in good faith, and
 - (c) the securities have been held for the period of time required under section 2.10 of Multilateral Instrument 45-102 Resale of Securities and the other conditions of the applicable subsection of that section have been met;
- (3) undertakes that no unusual effort will be made to prepare the market or to create a demand for the securities to be sold and no extraordinary commission or other consideration has been or had been agreed to be paid in respect of such trade;
- (4) undertakes that this Form shall be renewed and filed on the 60th day after the date of filing this Form and thereafter at the end of each 28 day period; and
- (5) certifies that the information given in the answers to the questions in this Form are true.

Date

.....
(name of selling security holder)

By:.....
(signature of selling security holder, and if a company, signature of authorised signatory)

.....
(name and office of authorised signatory)

Notice - Collection and Use of Personal Information

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Alberta Securities Commission
4th Floor, 300 - 4th Avenue SW

Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, B.C. V7Y 1L2
Attention: Manager, Financial and Insider Reporting
Telephone: (604) 899-6730 or (800) 373-6393 (in B.C.)
Facsimile: (604) 899-6506

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
75 O'Leary Avenue
St. John's NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Department of Justice, Northwest Territories

Legal Registries

P.O. Box 1320
1st Floor, 5009-49th Street
Yellowknife, NWT X1A 2L9
Attention: Director, Legal Registries
Telephone: (867) 873-7490
Facsimile: (867) 873-0243

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
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**COMPANION POLICY 45-102CP
TO MULTILATERAL INSTRUMENT 45-102
RESALE OF SECURITIES**

PART 1 APPLICATION

1.1 Application - Multilateral Instrument 45-102 ("MI 45-102") has been implemented in all jurisdictions except Quebec.

1.2 Purpose

- (1) MI 45-102 provides that trades of securities initially distributed under certain exemptions from the prospectus requirement are distributions unless certain conditions are met. The conditions impose restrictions on the resale of the securities. If the securities were initially distributed under a private placement or other exemption listed in Appendix D to MI 45-102, the conditions include that the issuer is and has been a reporting issuer or a reporting issuer equivalent for a seasoning period and that a hold period has elapsed from the date of the initial distribution. If the securities were initially distributed under an exemption listed in Appendix E to MI 45-102, the conditions include that the issuer is and has been a reporting issuer or a reporting issuer equivalent for a seasoning period. If the securities were initially distributed under the employee exemptions listed in Appendix F, the conditions also include that the issuer is and has been a reporting issuer or a reporting issuer equivalent for a seasoning period from the date of the grant of the stock option, not the exercise of the option. If the issuer is a qualifying issuer, MI 45-102 reduces the hold periods and seasoning periods. MI 45-102 also provides an exemption for a control distribution and a sale by a pledgee of pledged securities if the sale would be a distribution for the purposes of securities legislation.
- (2) Nothing in MI 45-102 is intended to restrict the ability of a purchaser to resell securities during the hold period or seasoning period in reliance upon a prospectus or an exemption from the prospectus requirement.

1.3 Distribution

- (1) An issuer, or the selling security holder in the case of a control distribution, distributing securities may be subject to a requirement to file a prospectus in a jurisdiction because either the securities are distributed to purchasers in the jurisdiction or, as a result of the factors connecting the issuer to the jurisdiction, the offering constitutes a distribution in the jurisdiction even though there are no offerees or purchasers in the jurisdiction. The connecting factors may result in an issue or sale of securities to purchasers outside of a jurisdiction being subject to the securities legislation of the jurisdiction.
- (2) The definition of "distribution" in securities legislation in effect in most jurisdictions includes any transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution. A secondary market trade of securities into a jurisdiction may be a distribution if the securities have not been qualified by a prospectus in that jurisdiction by virtue of the definition of distribution even if the securities are freely tradeable in another jurisdiction in which they were distributed under a prospectus or a prospectus exemption.

1.4 Open System Jurisdictions

- (1) Sections 2.5 and 2.6 of MI 45-102, which provide that a trade of securities initially distributed under an exemption from the prospectus requirement is a distribution unless certain conditions are satisfied, and section 2.15 of MI 45-102 do not apply to trades in the provinces of Manitoba, New Brunswick, Prince Edward Island or in the Yukon Territory as those jurisdictions do not impose resale restrictions on trades in securities distributed under an exemption from the prospectus requirement.
- (2) For example, if an issuer with its executive office in British Columbia distributes securities to a purchaser in Manitoba, the issuer must file a prospectus or rely upon a prospectus exemption under the securities legislation of Manitoba and British Columbia. If the issuer relies upon the British Columbia \$97,000 exemption, section 74(2)(4) of the *Securities Act* (British Columbia), section 2.5 of MI 45-102 imposes a four or 12 month hold period on resale of the securities into each jurisdiction other than Manitoba, New Brunswick, Prince Edward Island and the Yukon Territory unless the resale is permitted under securities legislation.

- 1.5 Qualifying Issuer** - In order to be a qualifying issuer, among other conditions, an issuer must be a reporting issuer or a reporting issuer equivalent in one of the jurisdictions listed in Appendix B to MI 45-102. The reporting issuer jurisdictions are Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan. The reporting issuer equivalent jurisdiction is Manitoba.
- 1.6 Legending of Securities** - Paragraphs 2.5(2)3. and 2.5(3)3. of MI 45-102 require that, for securities distributed under a prospectus exemption listed in Appendix D to MI 45-102, the certificate representing the securities must carry a legend stating that, unless permitted under securities legislation, the holder of the securities shall not trade the securities before the expiry of the applicable hold period. Placing a hold period legend on a share certificate is the most practical manner of providing certainty as to the applicable hold periods and of ensuring more effective regulation of the exempt market.
- 1.7 Underlying Securities** - The hold period or seasoning period applicable to trades in underlying securities is calculated from the distribution date of the convertible security, exchangeable security or multiple convertible security.
- 1.8 Pledges by Control Persons** - In addition to the provisions of MI 45-102, in particular section 2.10, the provisions of National Instrument 62-101 Control Block Distribution Issues may also apply to a trade of securities upon the exercise of a pledge or other security interest in securities acquired in a control distribution.
- 1.9 Securities Exchange Take-over Bid or Issuer Bid** - Section 2.9 of MI 45-102 provides relief from the seasoning requirement for a trade of securities issued in connection with a securities exchange take-over bid or securities exchange issuer bid in circumstances where, among other things, a securities exchange take-over bid circular or securities exchange issuer bid circular is filed by the offeror issuer under securities legislation of the local jurisdiction. The basis for this exemption is that, under securities legislation, a securities exchange take-over bid circular or securities exchange issuer bid circular for a formal bid is required to contain prospectus-type disclosure for the offeror or other issuer whose securities are being offered in exchange for the securities of the offeree issuer. In the view of the securities regulatory authorities, regardless of whether a take-over bid circular or issuer bid circular is prepared in connection with a formal bid or an exempt bid, the circular relied upon for purposes of section 2.9 of MI 45-102 must meet the disclosure standards set out in the securities regulatory requirements of the local jurisdiction applicable to the form and content of take-over bid circulars or issuer bid circulars, as the case may be, as if the bid was a formal bid.
- 1.10 Resales of Securities of a Non-Reporting Issuer**
- (1) For the purposes of section 2.15 of MI 45-102, in determining the percentage of the outstanding securities of the class or series that are directly or indirectly held by residents of Canada and the number of holders directly or indirectly in Canada

- (a) determine securities held of record by a broker, dealer, bank, trust company or nominee for any of them for the accounts of customers resident in Canada;
 - (b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership; and
 - (c) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.
- (2) Lists of beneficial owners of securities maintained by intermediaries pursuant to SEC Rule 14a-13 under the 1934 Act or other securities law analogous to proposed National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer may be useful in determining the percentages referred to in subsection (1).

1.11 Filing of Form 45-102F1, Form 45-102F2 and Form 45-102F3

- (1) Subsection 2.6(2) of MI 45-102 provides that the first trade of previously issued securities of an issuer that has ceased to be a private company or a private issuer is a distribution unless the conditions in subsection (4) are satisfied. The conditions include that the issuer has filed Form 45-102F1. In order for the seasoning period to expire and the securities to be freely tradeable in each jurisdiction in which section 2.6 of MI 45-102 has been implemented, being Alberta, British Columbia, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario and Saskatchewan, Form 45-102F1 must be filed in each jurisdiction in which the issuer has ceased to be a private company or private issuer.
- (2) Section 2.8 of MI 45-102 provides that the issuer, or the selling security holder in the case of a control distribution, shall file Form 45-102F2 within ten days of the distribution date of a trade referred to in subsection 2.5(2) or 2.6(3) of MI 45-102, and for the purpose of a trade made under subsection 2.6(5) of MI 45-102 the issuer shall file Form 45-102F2 at the time the issuer becomes a qualifying issuer. Form 45-102F2 must be filed in the jurisdictions of the purchasers of the securities if any purchasers are in a jurisdiction in which 2.8 of MI 45-102 has been implemented, being Alberta, British Columbia, Newfoundland, Northwest Territories, Nova Scotia, Nunavut, Ontario and Saskatchewan.
- (3) Section 2.10 of MI 45-102 provides that the prospectus requirement does not apply to a control distribution if the conditions in subsection (2) or (3) of section 2.10 are met. Subsection 2.10(4) provides that the selling security holder of the securities must file Form 45-102F3 in the jurisdictions in which the securities are being distributed and with the exchange in Canada on which the securities that are the subject of the trade are listed.

1.12 Filings in the Local Jurisdiction - Sections 2.9, 2.12 and 2.13 of MI 45-102 grant an exemption from section 2.6 of MI 45-102 for a trade of a security issued in connection with a take-over bid or issuer bid, a trade in an underlying security if the right to purchase, convert or exchange is qualified by a prospectus and a trade in an underlying security if the right to purchase, convert or exchange is qualified by a securities exchange take-over bid circular or issuer bid circular, respectively. Each of the exemptions from section 2.6 of MI 45-102 is subject to a condition that a take-over bid circular, an issuer bid circular or a prospectus was filed under securities legislation of the local jurisdiction of the person or company relying upon the exemption from section 2.6 of MI 45-102. Similarly, the exemption in section 2.9 of MI 45-102 is subject to the condition that the offeror issuer was a reporting issuer or a reporting issuer equivalent in the local jurisdiction at the date of the take up and payment for securities of the offeree issuer under the take-over bid or issuer bid. The exemptions in sections 2.12 and 2.13 of MI 45-102 also require that the issuer of the underlying security be a reporting issuer or a reporting issuer equivalent in the local jurisdiction at the time of the trade.

PART 2 AIF REQUIREMENTS

- 2.1 Filing of Current AIF** - Issuers that want to allow their security holders to take advantage of a provision of MI 45-102 that requires an issuer to have a current AIF can file a current AIF at any time. An issuer filing a current AIF for the purposes of MI 45-102 should file the notice and the current AIF, if not already filed, under "Continuous Disclosure - MI 45-102" in SEDAR selecting the appropriate filing subtype/document type (i.e. either an AIF, amended AIF or notice). A filer that elects to use a current AIF that has previously been filed on SEDAR is not required to refile the document for the purposes of MI 45-102.
- 2.2 Most Recent Financial Year** - Issuers wishing to file a current AIF before they have filed their audited financial statements for the most recently completed financial year may include the audited financial statements for the financial year preceding the most recently completed financial year. For example, an issuer with a December 31 financial year end could continue to use a current AIF containing or incorporating by reference audited annual financial statements for the year ended December 31, 2000 during the first 140 days of 2002, until such time as annual audited financial statements for the year ended December 31, 2001 have been prepared and filed in accordance with securities legislation.
- 2.3 Loss of Eligibility** - If the issuer does not have a current AIF, security holders of the issuer that acquire securities of the issuer will not be able to utilize the provisions of MI 45-102 that require that the issuer have a current AIF. However, securities that were distributed while the issuer had a current AIF and otherwise met the conditions in subsection 2.5(2), 2.6(3) or 2.6(5) of MI 45-102 may be sold in accordance with those provisions.
- 2.4 Review of AIF** - An issuer's AIF is subject to review in each jurisdiction, and, as a result of this review, changes may need to be made to the AIF. If an issuer is advised by any regulator that its AIF does not comply with the appropriate instrument, any of a wide range of compliance actions may be taken by the securities regulatory authorities, from requiring the next AIF to be filed correctly, or a clarifying press release to be issued, to more serious actions such as issuing a cease trade order against the issuer's securities, or initiating appropriate enforcement proceedings against the issuer and its directors and officers.
- 2.5 Review before Distribution** - If the AIF is reviewed before a distribution of securities and an issuer is advised by any regulator that its AIF does not comply with the appropriate instrument, an issuer will not be a qualifying issuer until the issuer has made the necessary changes to the AIF. Security holders that acquire securities under the distribution will not be able to take advantage of subsection 2.5(2), 2.6(3), 2.6(5) or 2.10(2) of MI 45-102.
- 2.6 Review after Distribution** - If the AIF is reviewed after a distribution of securities, and an issuer is advised by any regulator that its AIF does not comply with the applicable instrument, securities that were distributed while the issuer was a qualifying issuer may be sold in accordance with subsection 2.5(2), 2.6(3), 2.6(5) or 2.10(2) of MI 45-102 if the other conditions in the relevant subsection are met.

PART 3 FEES

- 3.1 Fees** - An issuer filing a current AIF under section 3.1 of MI 45-102 must pay the filing fees for the AIF required by securities legislation, unless the current AIF is in the form of a prospectus for which the regulator has issued a receipt.