

## Annex A

### Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions*

1. *National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.*
2. *Section 1 is amended by adding the following definitions:*

“**asset pool**” means a pool of cash-flow generating assets in respect of which a conduit has a property interest;

“**conduit**” means an issuer

- (a) created to conduct one or more securitization transactions, and
- (b) in respect of which it is reasonable for the issuer to expect that, in the event of a bankruptcy or insolvency proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors’ Arrangement Act* (Canada) or a proceeding under similar legislation in Canada, a jurisdiction of Canada or a foreign jurisdiction, none of the assets comprising an asset pool of the issuer will be consolidated with the assets of a third party that transferred or participated in the transfer of assets to the issuer;

“**credit enhancement**” means a method used to reduce the credit risk of a class of securitized product;

“**liquidity provider**” means a person that is obligated to provide funds to a conduit to enable it to pay principal or interest in respect of a maturing securitized product;

“**second-level asset**” means a security held by a conduit that is a security issued by another conduit;

“**securitization transaction**” means a transaction or series of transactions in which a conduit acquires an asset pool in connection with issuing a securitized product;

“**securitized product**” means a security that

- (a) is governed by a trust indenture or similar agreement setting out the rights and protections applicable to a holder of the security,
- (b) provides a holder with a security interest, ownership interest, leasehold interest or other property interest in an asset pool, and

- (c) entitles a holder to the principal and interest, primarily obtained from one or more of the following
  - (i) the proceeds from the distribution of securitized product,
  - (ii) the cash flows generated by an asset pool,
  - (iii) the proceeds obtained on the liquidation of one or more assets in an asset pool;

**“short-term securitized product”** means a securitized product that is a negotiable promissory note or commercial paper that matures not more than one year from the date of issue; .

**2. Section 2.4 is amended by adding the following subsection:**

(4) Subsection (2) does not apply to a distribution of a short-term securitized product..

**3. Section 2.5 is amended by adding the following subsection:**

(3) Subsection (1) does not apply to a distribution of a short-term securitized product..

**4. Section 2.6 is amended by adding the following subsection:**

(3) Subsection (1) does not apply to a distribution of a short-term securitized product..

**5. Section 2.7 is replaced with the following:**

(1) In Ontario, the prospectus requirement does not apply to a distribution to a person who purchases the security as principal and is one of the following:

- (a) a founder of the issuer,
- (b) an affiliate of a founder of the issuer;
- (c) a spouse, parent, brother, sister, grandparent, grandchild or child of an executive officer, director or founder of the issuer,
- (d) a person that is a control person of the issuer.

(2) Subsection (1) does not apply to a distribution of a short-term securitized product..

**6. Section 2.9 is amended by adding the following subsection:**

**(3.1)** Subsections (1) and (2) do not apply to a distribution of a short-term securitized product..

**7. Section 2.35 is replaced with the following:**

**Short-term debt**

**2.35 (1)** The prospectus requirement does not apply to a distribution of a negotiable promissory note or commercial paper if all of the following apply:

- (a) the note or commercial paper matures less than one year from the date of issue;
- (b) the note or commercial paper has a credit rating from a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a rating category that replaces one of the following rating categories:
  - (i) R-1 (low) if issued by DBRS Limited;
  - (ii) F1 if issued by Fitch, Inc.;
  - (iii) P-1 if issued by Moody's Canada Inc.;
  - (iv) A-1 (low) if issued by Standard & Poor's Ratings Services (Canada);
- (c) the note or commercial paper has no credit rating from a designated rating organization, or its DRO affiliate, that is below one of the following rating categories or that is below a rating category that replaces one of the following rating categories:
  - (i) R-1 (low) if issued by DBRS Limited;
  - (ii) F2 if issued by Fitch, Inc.;
  - (iii) P-2 if issued by Moody's Canada Inc.;
  - (iv) A-2 if issued by Standard & Poor's Ratings Services (Canada).

**(2)** Subsection (1) does not apply to a distribution of a negotiable promissory note or commercial paper if either of the following applies:

- (a) the note or commercial paper is a securitized product;

- (b) the note or commercial paper is convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in subsection (1)..

**8. *The Instrument is amended by adding the following sections:***

**Short-term securitized products**

**2.35.1** Subject to sections 2.35.2 and 2.35.4, the prospectus requirement does not apply to a distribution of a short-term securitized product if the short-term securitized product is not convertible or exchangeable into or accompanied by a right to purchase another security, other than a security described in this section.

**Limitations on short-term securitized product exemption**

**2.35.2** Section 2.35.1 does not apply to a distribution of a short-term securitized product unless all of the following apply:

- (a) the short-term securitized product is of a class of securitized product to which all of the following apply:
  - (i) it has a credit rating from two designated rating organizations, or their respective DRO affiliate, each of which is at or above the following rating categories:
    - A. R-1 (high) (sf) if issued by DBRS Limited;
    - B. F1+sf if issued by Fitch Inc.;
    - C. P-1 (sf) if issued by Moody's Canada Inc.;
    - D. A-1 (high) (sf) if issued by Standard & Poor's Ratings Services (Canada);
  - (ii) there has been no announcement by a designated rating organization referred to in paragraph (i) that the credit rating it has issued is under review if it would be reasonable for the conduit to expect that the review will result in the credit rating being withdrawn or downgraded below the level referred to in paragraph (i);
  - (iii) the conduit has entered into one or more agreements that, subject to section 2.35.3, obligate one or more liquidity providers to provide funds to the conduit to enable the conduit to satisfy all of

its obligations to pay principal and interest as that class of short-term securitized product matures;

(iv) subject to section 2.35.3 all of the following apply to each liquidity provider:

A. it is a deposit-taking institution;

B. it is regulated by one of the following:

1. the Office of the Superintendent of Financial Institutions (Canada);

2. a government department or regulatory authority of Canada, or of a jurisdiction of Canada responsible for regulating deposit-taking institutions;

C. it has a rating from two designated rating organizations, or their respective DRO affiliate, for its senior, unsecured long-term debt that is not dependent upon a guarantee by a third party, and each rating is at or above the following rating categories:

1. A(low) if issued by DBRS Limited;

2. A- if issued by Fitch Inc.;

3. A3 if issued by Moody's Canada Inc.;

4. A- if issued by Standard & Poor's Ratings Services (Canada);

D. there has been no announcement by a designated rating organization referred to in clause C. that the credit rating it has issued is under review if it would be reasonable for the conduit to expect that the review will result in the credit rating being withdrawn or downgraded below the level referred to in clause C;

(b) if the conduit has issued more than one class of short-term securitized product, the short-term securitized product to be distributed under section 2.35.1, when issued, will, in the event of bankruptcy, insolvency or winding-up of the conduit, rank higher in priority of claim than any other outstanding class of short-term securitized product issued by the conduit;

- (c) the conduit has provided an undertaking to or has agreed in writing with the purchaser of a short-term securitized product or an agent, custodian or trustee appointed to act on behalf of purchasers of that class of short-term securitized product, that the asset pool of the conduit will consist only of one or more of the following:
  - (i) a bond;
  - (ii) a mortgage;
  - (iii) a lease;
  - (iv) a loan;
  - (v) a receivable;
  - (vi) a royalty;
  - (vii) a second-level asset if the applicable asset pool of the other conduit consists only of one or more of the assets referred to in subclauses (i) to (vi).

#### **Exceptions relating to liquidity providers**

**2.35.3(1)** Paragraph 2.35.2(a)(iii) does not apply if the conduit is subject to any of the following:

- (a) bankruptcy, or insolvency proceedings under the *Bankruptcy and Insolvency Act* (Canada);
- (b) an arrangement under the *Companies Creditors' Arrangement Act* (Canada);
- (c) proceedings similar to those referred to in paragraph (a) or (b) under the laws of Canada or a jurisdiction of Canada or a foreign jurisdiction.

**(2)** Despite paragraph 2.35.2(a)(iii), for the purposes of section 2.35.1, an agreement with a liquidity provider may provide that a liquidity provider is not obligated to advance funds in respect of a class of short-term securitized product that exceed the sum of the following:

- (a) the aggregate value of the assets in the asset pool to which that class of short-term securitized product relates, that continue to generate cash flows; and

- (b) the amount of credit enhancement applicable to the asset pool to which that class of short-term securitized product relates.

(3) Paragraph 2.35.2(a)(iii) does not apply to a liquidity provider if another liquidity provider that meets the conditions of paragraph 2.35.2(a)(iii) has guaranteed or otherwise committed, in the event of non-payment by the first-mentioned liquidity provider, to provide to the conduit the amount of liquidity support that the first-mentioned liquidity provider was required to provide.

### **Disclosure requirements**

**2.35.4(1)** A conduit that distributes a short-term securitized product under section 2.35.1 must, on or before the date a purchaser purchases the short-term securitized product, do all of the following:

- (a) prepare an information memorandum that complies with Form 45-106F7;
- (b) provide to the purchaser or make reasonably available to the purchaser the information memorandum referred to in paragraph (a);
- (c) provide an undertaking to or agree in writing with the purchaser, or with an agent, custodian or trustee appointed to act on behalf of purchasers of that class of securitized product, to
  - (i) for so long as a short-term securitized product of that class remains outstanding, prepare the documents specified in subsections (5) and (6) within the time periods specified in those subsections, and
  - (ii) provide to or make reasonably available to each holder of a short-term securitized product of that class, the documents specified in subsections (5) and (6).

(2) Paragraphs (1)(a) and (b) do not apply to a conduit distributing a short-term securitized product under section 2.35.1 if

- (a) the conduit has previously distributed a short-term securitized product of the same class as the short-term securitized product to be distributed,
- (b) in connection with that previous distribution the conduit prepared an information memorandum that complied with clause (1)(a),
- (c) the conduit, on or before the time each purchaser in the current distribution purchases a short-term securitized product, does each of the following:

- (i) provides to or makes reasonably available to the purchaser the information memorandum prepared in connection with the previous distribution; and
- (ii) provides to or makes reasonably available to the purchaser all documents specified in subsections (5) and (6) that have been prepared in respect of that class of short-term securitized product.

**(3)** A conduit must, on or before the 10<sup>th</sup> day following a distribution of a short-term securitized product under section 2.35.1, do each of the following:

- (a) provide to or make reasonably available to the securities regulator either of the following:
  - (i) the information memorandum required under paragraph (1)(a);
  - (ii) if the conduit is relying on subsection (2), the documents referred to in paragraph (c);
- (b) subject to subsection (4), deliver to the securities regulator an undertaking that it will, in respect of that class of short-term securitized product,
  - (i) provide to or make reasonably available to the securities regulator the documents specified in subsections (5) and (6), and
  - (ii) promptly deliver to the securities regulator each document specified in subsections (5) and (6) that is requested by the securities regulator.

**(4)** Paragraph (3)(b) does not apply if

- (a) the conduit has delivered an undertaking to the securities regulator under paragraph (3)(b) in respect of a previous distribution of a securitized product that is of the same class as the short-term securitized product currently being distributed, and
- (b) the undertaking referred to in paragraph (a) applies in respect of the current distribution.

**(5)** For the purpose of subsection 2.35.4(1), the undertaking or agreement must require the conduit to prepare a monthly disclosure report relating to the class of short-term securitized product, that is

- (a) prepared in accordance with Form 45-106F8,
- (b) current as at the last business day of each month, and



- (c) no later than 30 days from the end of the most recent month to which it relates, made reasonably available to each holder of that class of the conduit's short-term securitized product.

(6) For the purpose of subsection 2.35.4(1), the undertaking or agreement must require the conduit to promptly provide a timely disclosure report, providing the information specified in subsection (7), in each of the following circumstances, if the timely disclosure report would provide material information:

- (a) a change to the information required to be provided in the most recently required monthly disclosure report referred to in subsection (5);
- (b) an event that the conduit would reasonably expect to significantly affect either of the following:
  - (i) a payment on that class of short-term securitized product;
  - (ii) the performance of the assets in the asset pool.

(7) The timely disclosure report referred to in subsection (6) must

- (a) describe the nature and substance of the change or event including, as applicable, the change or event's effect on any payment to a holder of that class of short-term securitized product and the investment performance of the conduit's asset pool, and
- (b) be made reasonably available to holders of that class of securitized product within 2 days of the conduit becoming aware of the change or event..

**9. *Item 3 of Form 45-106F1 Report of Exempt Distribution is amended by adding:***

“ Financial Services - securitization conduits” *after*  “Financial Services – mortgage investment companies”.

**10. *In British Columbia, item 3 of Form 45-106F6 British Columbia Report of Exempt Distribution is amended by adding:***

“ Financial Services - securitization conduits” *after*  “Financial Services – mortgage investment companies”.

*11. This Instrument is amended by adding the following form:*

**Form 45-106F7**  
***Information Memorandum for Short-term Securitized Products***

**Instructions:**

- (1) Using language that is plain and easy to understand by the type of investor to whom the issuer's short-term securitized products are offered, provide the information required by this form.
- (2) An information memorandum may be used to disclose more than one class of short-term securitized product if separate disclosure is provided for each class.
- (3) This form requires disclosure of certain items, matters or other information referred to as "material". Information is "material" if knowledge of it could reasonably be expected to affect a reasonable investor's decision whether to buy, sell or hold a short-term securitized product.
- (4) If an information memorandum is used to distribute more than one class or series of short-term securitized product, the disclosure required by this form must be provided for each class and series of short-term securitized product distributed under the information memorandum.
- (5) Include a glossary that defines all technical terms, and includes each of the following definitions:

**"obligor"** means, in respect of an asset in an asset pool of a conduit, a person that is any of the following:

- (a) a debtor, obligated to make payments;
- (b) a guarantor of the payments of a person referred to in (a);
- (c) a provider of alternative credit support for payments;

**"originator"** means a person that performs the activity described in clause (c) of the definition of significant party;

**"principal obligor"** means an obligor of assets in an asset pool if the assets in respect of which the person is an obligor generate one-third or more of the aggregate cash flow generated by all assets in an asset pool of a conduit;

**"second-level asset"** mean a security held by a conduit that is a security issued by another conduit;

**“significant party”** means in respect of a conduit, the conduit, each principal obligor, and each other person that performs or will perform any of the following activities if that role is material:

- (a) organizing or initiating the transfer of a material portion of an asset pool to the conduit;
- (b) designing a securitization transaction of the conduit;
- (c) originating assets in an asset pool of the conduit;
- (d) providing funds or making commitments that materially affect the creditworthiness of the conduit;
- (e) acting as a liquidity provider;
- (f) selecting, analyzing, monitoring or managing an asset pool of the conduit;
- (g) collecting payments generated by one or more assets in an asset pool of the conduit;
- (h) issuing or redeeming a class of short-term securitized products;
- (i) acting as agent, custodian or trustee for a class of short-term securitized product holders;
- (j) administering payments to a class of securitized product holders;

**“sponsor”** means a person that performs the activity described in clause (a) of the definition of significant party.

### **Item 1: Significant Parties to Securitization Transaction**

- 1.1 Identify each significant party to the securitization transaction and describe its role and function in connection with the securitization transaction.
- 1.2 If any of the following persons has, in the prior five years, performed a similar role for another conduit and there was a failure by that other conduit to make a required payment to a securitized product holder in the time required, disclose that fact:
  - (a) the sponsor;
  - (b) a liquidity provider;
  - (c) a principal obligor;

- (d) an originator of all or a portion of the assets in the conduit's asset pool, if a reasonable investor would consider that the originator had originated a material portion of the assets in the conduit's asset pool;
  - (e) a person that transferred to the conduit a material portion of the assets in the conduit's asset pool.
- 1.3 Disclose the conduit's jurisdiction and form of organization.
- 1.4. In respect of the sponsor, each originator of a material portion of the asset pool, each principal obligor, and each provider of material credit enhancement,
- (a) disclose whether or not it is a Canadian bank, Schedule II foreign bank subsidiary or Schedule III bank, and
  - (b) if it is not a financial institution referred to in paragraph (a), identify whether there is a government department or regulatory authority responsible for overseeing it and, if so, disclose that government department or regulatory authority.
- 1.5 In respect of each person responsible for selecting, analyzing, monitoring or managing the conduit's asset pool or collecting payments due from obligors, describe any inspections or verifications to which the person is or is anticipated to be subject that are intended to assess or monitor performance of the person's contractual obligations in connection with the securitization transaction.

## **Item 2: Structure**

Include one or more diagrams that set out the basic structure of the securitization transaction.

## **Item 3: Eligible assets**

- 3.1 Describe the material investment guidelines and underwriting criteria applied or to be applied to the assets to form the conduit's asset pool, including those regarding any of the following:
- (a) the types of assets that a conduit may acquire;
  - (b) concentration or correlation limits, including, without limitation, limits in respect of industry classification, geographic regions and obligors;
  - (c) the credit quality of assets that will form the asset pool of the conduit;
  - (d) the originators or intermediaries from which assets may be obtained.

- 3.2 Disclose whether the conduit is permitted to hold second-level assets in the asset pool. Disclose that the conduit will not hold second-level assets unless the asset pool of the other conduit will consist only of assets that the conduit is permitted to hold.
- 3.3 Describe the methods by which the conduit anticipates acquiring a property interest in its asset pools and the nature of the property interest the conduit will have upon completion of the transfer.
- 3.4 Describe the due diligence or verification procedures that will be applied in respect of the assets to form each asset pool of the conduit.
- 3.5 Disclose, using bold text, the conduit's intention with respect to acquiring, investing in, or obtaining economic exposure to credit derivatives or highly structured or leveraged credit products.

#### **Item 4: Liquidity support and credit enhancement**

- 4.1 Disclose the anticipated amount and nature of liquidity support to be provided by each of the liquidity providers.
- 4.2 Disclose the material conditions to or limitations on the obligation of a liquidity provider to promptly provide liquidity support.
- 4.3 Disclose the amount and nature of all anticipated credit enhancements and structural mechanisms intended to materially reduce the risk of loss to investors.
- 4.4 Disclose the anticipated material conditions to or limitations on the obligation of a credit enhancement provider to provide the credit enhancement or other support referred to in section 4.3.

#### **Item 5: Property interests in asset pool and priority of payments**

- 5.1 Disclose the property interest a holder of a short-term securitized product will have in the conduit's asset pool and describe any anticipated material limitations on that interest.
- 5.2 Describe each other person that has or is anticipated to have a property interest in the assets comprising the conduit's asset pool and describe that interest.
- 5.3 Disclose the priority of claims of each person referred to in section 5.2, in the event of the conduit's insolvency.
- 5.4 Disclose whether, in the event of insolvency of the conduit, the claims of a short-term securitized product holder will rank above those of liquidity providers and providers of material credit enhancement.

- 5.5 Describe any circumstances that may change the priority of the claim of a short-term securitized product holder.

**Item 6: Compliance or termination events**

- 6.1 Describe each of the events or circumstances that could reasonably be expected to result in the conduit being required to cease issuing short-term securitized products.
- 6.2 Describe the portfolio performance tests applicable to an asset pool intended to provide early warning of a material adverse change in the asset pool.
- 6.3 Describe any other material contractual provisions designed to protect a holder of a short-term securitized product from material deterioration in respect of either or both of the following:
- (a) the performance of an asset pool;
  - (b) the credit quality or performance of a significant party.

**Item 7: Description of short-term securitized product and offering**

Describe the short-term securitized product to be distributed and the distribution procedures, including each of the following:

- (a) whether short-term securitized product certificates will be issued in certificated (registered or bearer) form or book-entry form and the delivery procedures;
- (b) whether short-term securitized products will be sold on a discount basis or on an interest-bearing basis;
- (c) the applicable discount or interest rate and the timing of interest payments;
- (d) the denominations in which short-term securitized product certificates will be issued;
- (e) the term to maturity, including the ability of the conduit to extend maturity;
- (f) the ability of either an investor to redeem prior to maturity or of the conduit to repay prior to maturity;
- (g) maximum aggregate principal amount of short-term securitized products to be outstanding at any one time.

## **Item 8: Additional information about the conduit**

- 8.1 Disclose whether the conduit anticipates using financial leverage to finance the acquisition, origination or refinancing of any assets that will comprise the asset pool. If so, describe the type of financial leverage anticipated, including whether or not it is anticipated to include partially collateralizing derivative contracts with assets whose value is only a fraction of the notional amount of the value of the contract.
- 8.2 Disclose whether the conduit has either issued or anticipates issuing any securities other than a short-term securitized product. If any other security has been or is anticipated to be issued, describe that other security, its credit rating, if applicable, and how it will rank, in the event of insolvency of the conduit, relative to each class of the conduit's short-term securitized product.
- 8.3 Disclose the extent to which the conduit anticipates using interest rate swaps, foreign currency swaps or other hedging arrangements.
- 8.4 Disclose how an investor can obtain access to disclosure that the conduit is required to provide or make reasonably available to an investor.
- 8.5 Disclose how a holder of a short-term securitized product of the conduit can obtain access to the disclosure the conduit is required to provide or make reasonably available to a holder of a short-term securitized product of the conduit.

## **Item 9: Material agreements**

- 9.1 Except to the extent previously disclosed by a conduit in a report in Form 45-106F7 or Form 45-106F8, describe the terms of each material agreement to which a significant party is a party.
- 9.2 Describe the ability of a person to waive or modify the requirements, activities or standards that would apply under a material agreement referred to in section 9.1.

## **Item 10: Summary of asset pool**

If at the date of the information memorandum the conduit has acquired an asset pool, include in the information memorandum or attach as an annex to it the information required by Items 4 and 5 of Form 45-106F8.

## **Item 11: Date of information memorandum**

State the date of the information memorandum.

## **Item 12: Representation that no misrepresentation**

State the following in the information memorandum:

**“This information memorandum does not contain a misrepresentation.”.**

**12. This Instrument is amended by adding the following form:**

**Form 45-106F8**  
***Monthly Disclosure Report for Short-term Securitized Products***  
***Distributed under Section 2.35.1***

### **Instructions:**

- (1) Using language that is plain and easy to understand by the type of investor to whom the issuer’s short-term securitized products are offered, provide the information required by this form.
- (2) A monthly disclosure report may be used to disclose more than one class of short-term securitized product if separate disclosure is provided for each class.
- (3) This form requires disclosure of certain items, matters or other information referred to as “material”. Information is “material” if knowledge of it could reasonably be expected to affect a reasonable investor’s decision whether to buy, sell or hold a short-term securitized product.
- (4) If a monthly disclosure report is prepared in respect of more than one class or series of short-term securitized product, the disclosure required by this form must be provided for each class and series of short-term securitized product to which the monthly disclosure report relates.
- (5) Include a glossary that defines all technical terms, and includes each of the following definitions:

**“obligor”** means, in respect of an asset in an asset pool of a conduit, a person that is any of the following:

- (a) a debtor, obligated to make payments;
- (b) a guarantor of the payments of a person referred to in (a);
- (c) a provider of alternative credit support for payments;

**“originator”** means a person that performs the activity described in clause (c) of the definition of significant party;



**“principal obligor”** means an obligor of assets in an asset pool if the assets in respect of which the person is an obligor generate one-third or more of the aggregate cash flow generated by all assets in an asset pool of a conduit;

**“second-level asset”** means a security held by a conduit that is a security issued by another conduit;

**“significant party”** means in respect of a conduit, the conduit, each principal obligor, and each other person that performs or will perform any of the following activities if that role is material:

- (a) organizing or initiating the transfer of a material portion of an asset pool to the conduit;
- (b) designing a securitization transaction of the conduit;
- (c) originating assets in an asset pool of the conduit;
- (d) providing funds or making commitments that materially affect the creditworthiness of the conduit;
- (e) acting as a liquidity provider;
- (f) selecting, analyzing, monitoring or managing an asset pool of the conduit;
- (g) collecting payments generated by one or more assets in an asset pool of the conduit;
- (h) issuing or redeeming a class of short-term securitized products;
- (i) acting as agent, custodian or trustee for a class of short-term securitized product holders;
- (j) administering payments to a class of securitized product holders;

**“sponsor”** means a person that performs the activity described in clause (a) of the definition of significant party.

### **Item 1: Significant Parties to Securitization Transaction**

1.1 Identify each significant party to the securitization transaction.

1.2 Include one or more diagrams disclosing

- (a) the basic structure of the securitization transaction, and

- (b) in simplified form, the cash flows of the securitization transaction.
- 1.3 If there is a person who is now a significant party that was not previously disclosed as a significant party or was previously disclosed as a significant party but is now performing an additional or different function
- (a) disclose that fact, including, in the event of a change, the reasons for that change, and
  - (b) provide the disclosure applicable to that person required by Item 1 of Form 45-106F7 *Information Memorandum for Short-term Securitized Products*.

## **Item 2: Program Information**

Provide the following disclosure of the short-term securitized product program:

- (a) the total amount of short-term securitized product outstanding, including face amount and all interest payable to maturity;
- (b) in respect of each liquidity agreement
  - (i) the name of the liquidity provider,
  - (ii) the total amount of liquidity available from the liquidity provider and the percentage it represents of the total available liquidity support,
  - (iii) a description of the agreement, including all material conditions to or limitations on the obligation of the liquidity provider to provide liquidity support, and
  - (iv) any limitations on the obligation of the liquidity provider to provide same-day funding;
- (c) a description of each program-level credit enhancement, including
  - (i) the nature and form of the credit enhancement,
  - (ii) the amount of credit enhancement available,
  - (iii) the percentage that the credit enhancement represents of the amount referred to in paragraph (a), and
  - (iv) material conditions to or limitations on the obligation of a person to provide credit enhancement,
- (d) average maturity in days.

**Item 3: Flow of funds**

- 3.1 Describe the flow of funds for the securitization program, including payment allocations, rights, payment dates, and payment priorities.
- 3.2 For second-level assets, disclose the ranking of the securitization program in priority of payments.

**Item 4: Asset pool**

- 4.1 Describe the assets that comprise the conduit's asset pool.
- 4.2 Provide a diagram disclosing the aggregate composition of the conduit's asset pool broken down to disclose each of the following:
  - (a) each asset type, expressed as a dollar amount and a percentage of the total asset pool;
  - (b) the industry of the seller of the assets, expressed as a dollar amount and a percentage of the total asset pool;
  - (c) the amount of assets obtained from each originator, expressed as a percentage of the total asset pool.
- 4.3 Identify each principal obligor and the percentage of the asset pool in respect of which the person is the principal obligor.
- 4.4 Disclose any material correlation or concentration risks.
- 4.5 Disclose the extent to which the conduit has used interest rate swaps, foreign currency swaps or other hedging arrangements.

**Item 5: Second-level Assets**

- (a) For any second-level assets held by the conduit, disclose each of the following:
  - (i) a brief description of the second-level assets and the securitization program issuing them;
  - (ii) the information that would be required by items 4 and 6 in respect of the asset pool of the conduit that issued the second-level assets;
  - (iii) a summary of the performance of the second-level assets, including, if material, the information that would be required by subsection 8.2(h) in respect of the asset pool of the conduit that issued the second-level assets.

- (b) If the second-level assets are those of a conduit that is a reporting issuer in a jurisdiction of Canada or subject to ongoing or continuous reporting obligations in a foreign jurisdiction, state the identity of that conduit and the location at which such ongoing or continuous reporting can be found.

**Item 6: Asset Pool Changes**

Disclose the program activity for the period, including each of the following:

- (a) assets that have been added to the asset pool, including types of assets and dollar amounts;
- (b) assets that no longer form part of the asset pool, including types of assets and dollar amounts;
- (c) the reason for assets having been added to or no longer forming part of the asset pool, e.g., refinancing, liquidation, maturity, liquidity draw;
- (d) commitment reductions and increases.

**Item 7: Program compliance and termination events**

- (a) If any of the following events has occurred, except to the extent previously disclosed by the conduit on Form 45-106F8, disclose that fact and provide a description of the event and state its current status:
  - (i) insolvency or bankruptcy of the conduit;
  - (ii) a material amortization event or program event of default;
  - (iii) a program-wide credit enhancement draw;
  - (iv) a program-wide liquidity draw.
- (b) Disclose whether the sum of committed liquidity plus cash or cash equivalents available to pay maturing short-term securitized products complies with the program's required liquidity support.
- (c) Disclose whether the credit enhancement that has been committed to the program is greater than or equal to the program's required credit enhancement.

- (d) Describe each of the events or circumstances that could reasonably be expected to result in the conduit being required to cease issuing short-term securitized products.
- (e) Describe the portfolio performance tests intended to provide early warning of a material adverse change in the asset pool.
- (f) Describe all events that would reasonably be expected to result in the termination of a securitization transaction or the acceleration of repayment of the short-term securitized product.
- (g) Describe all other material contractual provisions designed to protect a holder of a short-term securitized product from material deterioration in either or both of the following:
  - (i) the performance of the asset pool;
  - (ii) the credit quality or performance of a significant party.

**Item 8: Securitization transaction summary**

- 8.1 Disclose the number of securitization transactions entered into by the conduit.
- 8.2 For each securitization transaction that remains outstanding, disclose all of the following using to the extent practicable, one or more diagrams:
  - (a) the transaction number;
  - (b) a description of the assets, including, each of the following, if material:
    - (i) average remaining term of assets, expressed in months;
    - (ii) the total dollar amount of outstanding short-term securitized products;
    - (iii) whether the assets are revolving or amortizing;
  - (c) the conduit's property interest in the assets, including whether the conduit has an ownership interest, security interest, leasehold interest or other interest in them;
  - (d) the number of obligors;
  - (e) the number of originators and the industry in which each of the originators primarily does business;
  - (f) each credit rating issued by a designated rating organization in respect of each originator of assets;
  - (g) performance of the assets, including

- (i) measurement of collections, including applicable metric and method of measurement,
- (ii) aggregate outstanding asset balance,
- (iii) available credit enhancement, specified as a dollar amount and a percentage of asset pool balance,
- (iv) the most recently completed month's default ratio, including basis of presentation,
- (v) 12 month average default ratio, including basis of presentation,
- (vi) the most recently completed month's defaults relative to available credit enhancement,
- (vii) the most recently completed month's delinquencies, including basis of presentation,
- (viii) other material performance ratios, and
- (ix) whether there has been a default or early amortization in the most recently completed month relating to payment, asset performance or bankruptcy and if so, a description and current status (e.g., waived, plan for resolution, wind-down).

8.3 Disclose each of the following for each securitization transaction credit enhancement provider:

- (a) the amount and form of credit enhancement provided;
- (b) the credit enhancement provided as a percentage of the total credit enhancement available to that class of short-term securitized product;
- (c) the long-term credit rating of the credit enhancement provider, including the name of the designated rating organization that issued the credit rating;
- (d) all material conditions to or limitations on the obligation of the credit enhancement provider to provide credit enhancement.

8.4 Disclose all financial leverage used to finance the acquisition, origination or refinancing of any assets that comprise the asset pool.

### **Item 9: Material agreements**

- (a) Except to the extent previously disclosed in a Form 45-106F7 or Form 45-106F8 describe the particulars of each material agreement relating to the securitization transaction.
- (b) Except to the extent previously disclosed in a Form 45-106F7 or Form 45-106F8, disclose any material changes or waivers to a material agreement.

### **Item 10: Fees and expenses**

Describe all material fees and expenses to be paid or payable out of the cash flows from the asset pool, and identify each significant party that is receiving those fees or expenses and the general reason for the fee or expense.

### **Item 11: Alignment of interest and conflicts of interest**

11.1 Disclose for each securitization transaction, all the following information:

- (a) whether any significant party is required by law or through an undertaking or agreement to retain an economic interest in the credit risk of the assets in an asset pool;
- (b) if a significant party has retained an economic interest in the credit risk of the assets in an asset pool, the method and amount of credit risk retained, including a description of any hedging or other transaction designed to reduce the amount of credit risk; and
- (c) if no significant party has retained an economic interest in the credit risk of the assets in an asset pool, disclose
  - (i) the reasons why no credit risk was retained, and
  - (ii) a statement of whether and, if so, how the incentives of the significant parties are aligned with the interests of an investor in the short-term securitized products issued by a conduit.

11.2 Describe each conflict of interest between a significant party and a short-term securitized product holder.

11.3 Disclose material relationships and affiliations between or among significant parties.

11.4 For each significant party, disclose significant limitations of liability and indemnifications that have been negotiated with the conduit.

**Item 12: Report Information** –State each of the following:

- (a) date of the report;
  - (b) period covered by the report;
  - (c) contact information, including name, phone number and email address of a contact person for the conduit..
13. This Instrument comes into force on ●.