

Annex A3

Blackline Excerpts of Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations

[These excerpts show the proposed amendments blacklined into the current consolidated version. Those portions of the instrument that contain no proposed amendments are denoted by "...". These excerpts are provided for illustrative purposes only.]

5.3 Additional Disclosure for Venture Issuers without Significant Revenue

...

(2) The disclosure in subsection (1) must be provided for the following periods:

- (a) in the case of annual MD&A, for the two most recently completed financial years; and
- (b) in the case of interim MD&A for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, for the most recent year- to- date interim period and the comparative year- to- date period presented in the interim financial report.

...

5.4 Disclosure of Outstanding Share Data

(1) A reporting issuer must disclose in its MD&A Annual MD&A and, if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, its interim MD&A, the designation and number or principal amount of

- (a) each class and series of voting or equity securities of the reporting issuer for which there are securities outstanding;
- (b) each class and series of securities of the reporting issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the reporting issuer; and
- (c) subject to subsection (2), each class and series of voting or equity securities of the reporting issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the reporting issuer.

...

5.7 Additional Disclosure for Reporting Issuers with Significant Equity Investees

...

- (2) The disclosure in subsection (1) must be provided for the following periods:
- (a) in the case of annual MD&A, for the two most recently completed financial years; and
 - (b) in the case of interim MD&A for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, for the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report.

...

8.3 Determination of Significance

- (1) **Significant Acquisitions** – Subject to subsection (3) and subsections 8.10(1) and 8.10(2), an acquisition of a business or related businesses is a significant acquisition,
- (a) for a reporting issuer that is not a venture issuer, if the acquisition satisfies any of the three significance tests set out in subsection (2); and
 - (b) for a venture issuer, if the acquisition satisfies either of the significance tests set out in paragraphs (2)(a) or (b) if “20 percent” is read as “40100 percent”.

...

- (3) **Optional Significance Tests** – Despite subsection (1) and subject to subsections 8.10(1) and 8.10(2), if an acquisition of a business or related businesses is significant based on the significance tests in subsection (2),
- (a) a reporting issuer that is not a venture issuer may re-calculate the significance using the optional significance tests in subsection (4); and
 - (b) a venture issuer may re-calculate the significance using the optional significance tests in paragraphs (4)(a) or (b) if “20 percent” is read as “40100 percent”.

...

8.4 Financial Statement Disclosure for Significant Acquisitions

...

(5) **Pro Forma Financial Statements Required in a Business Acquisition Report** – If a reporting issuer other than a venture issuer is required to include financial statements in a business acquisition report under subsection (1) or (3), the business acquisition report must include

- (a) a pro forma statement of financial position of the reporting issuer,
 - (i) as at the date of the reporting issuer's most recent statement of financial position filed, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed, but are not reflected in the reporting issuer's most recent statement of financial position for an annual or interim period; or
 - (ii) if the reporting issuer has not filed a statement of financial position for any annual or interim period, as at the date of the acquired business's most recent statement of financial position, that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed;
- (b) a pro forma income statement of the reporting issuer that gives effect to significant acquisitions completed since the beginning of the financial year referred to in clause (i)(A) or (ii)(A), as applicable, as if they had taken place at the beginning of that financial year, for each of the following financial periods:
 - (i) the reporting issuer's
 - (A) most recently completed financial year for which it has filed financial statements; and
 - (B) interim period for which it has filed an interim financial report that started after the period in clause (A) and ended immediately before the acquisition date or, in the reporting issuer's discretion, after the acquisition date; or
 - (ii) if the reporting issuer has not filed a statement of comprehensive income for any annual or interim period, for the business's or related businesses'

- (A) most recently completed financial year that ended before the acquisition date; and
- (B) period for which financial statements are included in the business acquisition report under paragraph (3)(a); and
- (c) pro forma earnings per share based on the pro forma financial statements referred to in paragraph (b).

...

9.3.1 Content of Information Circular

- (1) Subject to Item 8 of Form 51-102F5, if a reporting issuer ~~sends~~ is required to send an information circular to a securityholder under paragraph 9.1(2)(a), the issuer must
 - (a) disclose all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer, and
 - (b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that it provides a reasonable person, applying reasonable effort, an understanding of
 - (i) how decisions about NEO and director compensation are made,
 - (ii) the compensation paid, made payable, awarded, granted, given or otherwise provided to each NEO and director, and
 - (iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.
- (2) The disclosure required under subsection (1) must be provided for the periods set out in, ~~in accordance with, and subject to any exemptions set out in, Form 51-102F6 Statement of Executive Compensation, which came into force on December 31, 2008 and in accordance with~~ Form 51-102F6 Statement of Executive Compensation.

(2.1) Despite subsection (2), a venture issuer may provide the disclosure required by subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

(2.2) The disclosure required under subsection (1) must be filed

(a) not later than 140 days after the end of the issuer’s most recently completed financial year, in the case of an issuer other than a venture issuer, or

(b) not later than [140 or 180 days] after the end of the issuer’s most recently completed financial year, in the case of a venture issuer.

(3) For the purposes of this section, “NEO” and “plan” have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, ~~which came into force on December 31, 2008.~~ or, for a venture issuer relying on subsection 2.1, in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

(4) ~~This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.~~ [Repealed]

...

11.6 Executive Compensation Disclosure for Certain Reporting Issuers

(1) A reporting issuer that ~~does~~ is not required to send to its securityholders an information circular and does not send an information circular that includes the disclosure required by Item 8 of Form 51-102F5 and that does not file an AIF that includes the executive compensation disclosure required by Item 18 of Form 51-102F2 must

(a) disclose all compensation, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the issuer, or a subsidiary of the issuer, to each NEO and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided, directly or indirectly, to the issuer or a subsidiary of the issuer, and

(b) include detail and discussion of the compensation, and the decision-making process relating to compensation, presented in such a way that

it provides a reasonable person, applying reasonable effort, an understanding of

- (i) how decisions about NEO and director compensation are made,
 - (ii) the compensation paid, made payable, awarded, granted, given or otherwise provided to each NEO and director, and
 - (iii) how specific NEO and director compensation relates to the overall stewardship and governance of the reporting issuer.
- (2) The disclosure required under subsection (1) must be provided for the periods set out in, and in accordance with, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008.
- (2.1) Despite subsection (2), a reporting issuer that is a venture issuer may provide the disclosure required under subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.
- (3) The disclosure required under subsection (1) must be filed not later than 140 days after the end of the reporting issuer's most recently completed financial year.
- (4) For the purposes of this section, "NEO" and "plan" have the meaning ascribed to those terms in Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008, or, for a venture issuer relying on subsection 2.1, in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.
- (5) This section does not apply to an issuer that satisfies securities legislation requirements relating to information circulars, proxies and proxy solicitation under section 4.6 or 5.7 of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
- (6) ~~This section does not apply to an issuer in respect of a financial year ending before December 31, 2008.~~ [Repealed]

Annex A3

Blackline Excerpts of Proposed Amendments to Form 51-102F1 *Management's Discussion & Analysis*

[These excerpts show the proposed amendments blacklined into the current consolidated version. Those portions of the form that contain no proposed amendments are denoted by "...". These excerpts are provided for illustrative purposes only.]

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...

PART 1 GENERAL PROVISIONS

...

(g) **Venture Issuers Without Significant Revenue – Quarterly Highlights**

If your company is a venture issuer without significant revenue from operations, focus your discussion and analysis of financial performance on expenditures and progress towards achieving your business objectives and milestones in the most recently completed financial year, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing quarterly highlights disclosure. Refer to section 2.2.1. The purpose of the quarterly highlights reporting is to provide a brief narrative update about the business activities and financial condition of the company. Provide a short, focused discussion that gives a balanced and accurate picture of the company's business activities during the interim period.

If there was a change to the company's accounting policies during the interim period, include a description of the material effects resulting from the change.

Refer to Companion Policy 51-102CP for guidance on quarterly highlights.

...

PART 2 CONTENT OF MD&A

...

2.2.1 Quarterly Highlights

If your company is a venture issuer without significant revenue in the most recently completed financial year, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing a short discussion of your company's operations and liquidity including known trends, demands, major operating statistics and changes thereto, commitments, events, expected or unexpected, or uncertainties that have materially affected your company's operations and liquidity in the quarter or are reasonably likely to have a material effect going forward.

INSTRUCTIONS

- (i) If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you must provide all the disclosure called for in Item 1 in your first MD&A. Base the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements.
- (ii) You must focus your discussion on business activities and financial condition. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.
- (iii) Quarterly highlights prepared in accordance with section 2.2.1 are not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).
- (iv) You must title your quarterly highlights "Interim MD&A – Quarterly Highlights".

Annex A3

Blackline Excerpts of Proposed Amendments to Form 41-101F1 *Information Required in a Prospectus*

[These excerpts show the proposed amendments blacklined into the current consolidated version. Those portions of the form that contain no proposed amendments are denoted by "...". These excerpts are provided for illustrative purposes only.]

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Market for securities

1.9(4) If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

“As at the date of this prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).”

...

Describe the business

5.1(1) Describe the business of the issuer and its operating segments that are reportable segments as those terms are described in the issuer’s GAAP. Disclose information for each reportable segment of the issuer in accordance with subsection 5.1(1) of Form 51-102F2.

- (2) Disclose the nature and results of any bankruptcy, receivership or similar proceedings against the issuer or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the issuer or any of its subsidiaries, within the three most recently completed financial years or, if the issuer is a venture issuer or an IPO venture issuer, the two most recently completed financial years, or completed during or proposed for the current financial year.
- (3) Disclose the nature and results of any material restructuring transaction of the issuer or any of its subsidiaries within the three most recently completed financial years or, if the issuer is a venture issuer or an IPO venture issuer, the two most recently completed financial years, or completed during or proposed for the current financial year.
- (4) If the issuer has implemented social or environmental policies that are fundamental to the issuer's operations, such as policies regarding the issuer's relationship with the environment or with the communities in which the issuer does business, or human rights policies, describe them and the steps the issuer has taken to implement them.

Three-year History

5.2(1) Describe how the issuer's business has developed over the last three completed financial years or, if the issuer is a venture issuer or an IPO venture issuer, the last two completed financial years, and any subsequent period to the date of the prospectus, including only events, such as acquisitions or dispositions, or conditions that have influenced the general development of the business.

...

MD&A

8.2(1) Provide MD&A for

- (a) the most recent annual financial statements of the issuer included in the prospectus under Item 32, and
 - (b) the most recent interim financial report of the issuer included in the prospectus under Item 32.
- (2) If the prospectus includes the issuer's annual statements of comprehensive income, statements of changes in equity, and statements of cash flow for three financial years under Item 32, provide MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32.

- (3) Despite subsection (2), MD&A for the second most recent annual financial statements of the issuer included in the prospectus under Item 32 may omit disclosure regarding statement of financial position items.

GUIDANCE

Under section 2.2.1 of Form 51-102F1, a venture issuer, or an IPO venture issuer, without significant revenue in the most recently completed financial year has the option of meeting the requirement to provide interim MD&A under section 2.2 of Form 51-102F1 by providing quarterly highlights disclosure.

...

Additional disclosure for venture issuers or IPO venture issuers without significant revenue

8.6(3) Provide the disclosure in subsection (1) for the following periods:

- (a) the two most recently completed financial years; and
- (b) if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

...

Additional disclosure for issuers with significant equity investees

8.8(2) Provide the disclosure in subsection (1) for the following periods:

- (a) the two most recently completed financial years;
- (b) if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial report included in the prospectus, if any.

...

Disclosure

17.1 Include in the prospectus a Statement of Executive Compensation prepared in accordance with Form 51-102F6 or, if the issuer is a venture issuer or an IPO venture issuer, in accordance with Form 51-102F6 or Form 51-102F6V and describe any intention to make any material changes to that compensation.

...

IPO venture issuers

20.11 If the issuer has complied with the requirements of the Instrument as an IPO venture issuer, include a statement, in substantially the following form, with bracketed information completed:

“As at the date of the prospectus, [name of issuer] does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).”

...

Exceptions to financial statement requirements

32.4(1) Despite section 32.2, an issuer is not required to include the following financial statements in a prospectus

- (a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is
 - (i) an IPO venture issuer, or
 - (ii) a reporting issuer in at least one jurisdiction immediately before filing the prospectus,