

NOTICE OF AMENDMENTS TO
NATIONAL POLICY 43-201
MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES
AND ANNUAL INFORMATION FORMS

The Commission, together with the other members of the Canadian Securities Administrators ("CSA"), has amended National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms (the "National Policy"). The Amendments to the National Policy (the "Amendments") will come into force on January 25, 2002. Comments are not being sought on the amendments as they are not material in nature.

The National Policy outlines the mutual reliance review system ("MRRS") for prospectuses (including long form, short form and mutual fund prospectuses), prospectus amendments, waiver applications, pre-filings, and initial and renewal annual information forms.

When the National Policy was adopted, it was expected that Appendix A to the National Policy would be amended from time to time to conform to changes in documents required to be filed and delivered.

The objective of the MRRS is to reduce unnecessary duplication in the review of materials filed in multiple jurisdictions and constitutes an important step towards increasing harmonization across the CSA. The CSA is currently exploring other initiatives in the furtherance of this objective. In the interim, the CSA is making the current Amendments to update and enhance the efficiency of the MRRS.

Substance and Purpose of Amendments to the National Policy

The purpose of the Amendments is to update the National Policy in light of the adoption on December 31, 2000 of National Instrument 44-101, *Short Form Prospectus Distributions*, National Instrument 44-102, *Shelf Distributions*, BC Policy 41-601 *Prospectus Filing Requirements*, Ontario Securities Commission Rule 41-501, *General Prospectus Requirements* and Policy Statement Q-28, *General Prospectus Requirements* of the Commission des valeurs mobilières du Québec (collectively the "new prospectus rules").

The Amendments also reflect the CSA's experience in applying the principles of mutual reliance since its adoption. For example, procedures relating to the

review of prospectus amendments have been changed slightly and offerings that involve a novel structure or a novel issue are now specifically addressed.

Summary of Amendments

Procedures for a novel structure or a novel issue

The Amendments specifically provide for and describe a procedure for an offering that involves a novel structure or a novel issue where the principal regulator chooses to involve the non-principal regulators in the formulation and resolution of comments. They also allow for the prescribed review periods to be altered as a result of the complexity of the structure or issue.

These specific provisions in fact formalize a procedure that was being followed by principal regulators since the adoption of the National Policy. They permit all regulators to participate actively in the comment process, while maintaining the principles of mutual reliance in all other respects. For example, the filer will continue to deal with the principal regulator only and a MRRS decision document will be issued to evidence the receipt of those regulators that have not opted out of MRRS.

The CSA is of the view that the interests of filers are better served when securities regulatory authorities cooperate in the formulation and resolution of comments in situations where the structure or issue is novel. This promotes consistent treatment of filers in Canada.

Review procedures for prospectus amendments

Certain changes have been made to the review procedures for amendments to preliminary and final prospectuses. Under the amended National Policy, the principal regulator reviews the materials and issues a comment letter. The non-principal regulators then advise the principal regulator of any material concerns that would cause the non-principal regulator to opt out of the MRRS. This procedure reflects more closely the mutual reliance approach.

Holidays

The Amendments describe the procedure followed by a principal regulator in issuing a MRRS decision document on a day when a non-principal regulator is closed. The principal regulator will issue a MRRS decision document evidencing the receipt of non-principal regulators that are open on the date of the MRRS decision document. The principal regulator will issue a MRRS decision document evidencing the receipt of the remaining non-principal regulators on the next day that the non-principal regulators are open. Dealers will only be able to solicit expressions of interest in a non-principal jurisdiction at such time as a

MRRS decision document evidencing the receipt of the relevant non-principal regulator has been issued. Similarly, an issuer will only be able to distribute its securities in the non-principal jurisdiction at that time.

Appendix A

Appendix A to the National Policy has been amended to update the filing and delivery requirements for each category of filing as a result of the implementation of the new prospectus rules.

Other

In response to comments received from filers, amendments are made to Sections 7.2, 7.4, 10.2 and 10.6 of the National Policy such that a filer may make confirmations on the basis of its best knowledge and belief.

The following amendments have been made to the National Policy to include provisions that were inadvertently omitted at the time of adoption of the National Policy. Paragraph (3) has been added to Section 10.6 of the National Policy. This paragraph is similar to the provisions in Sections 7.4 and 7.9 and indicates that for New Brunswick, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut, silence will imply consent and the principal regulator will be able to issue a MRRS decision document on that basis. Paragraph (4)(c) of Section 10.6 has been amended so that the filer will confirm, in the case of an amendment that describes the removal of an underwriter, that at least one underwriter that has signed the certificate is registered or has been exempted from the requirement to be registered. This wording conforms with the confirmation presently required in Section 7.4(4)(c).

Questions may be referred to any of:

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