

NOTICE OF NATIONAL INSTRUMENT 41-101 PROSPECTUS DISCLOSURE
REQUIREMENTS AND
RESCISSION OF NATIONAL POLICY STATEMENTS NOS. 12, 13, 32 AND 35

Notice of Rules

The Commission intends to make National Instrument 41-101 Prospectus Disclosure Requirements (the "National Instrument") as a Rule under The Securities Act.

The National Instrument is an initiative of the Canadian Securities Administrators (the "CSA"). The National Instrument has been, or is expected to be, adopted as a rule in each of British Columbia, Alberta, Manitoba and Ontario, a Commission regulation in Saskatchewan, and a policy in all other jurisdictions represented by the CSA.

The National Instrument will come into force, pursuant to section 6.1 of the National Instrument, on December 31, 2000.

Substance and Purpose of the National Instrument

The purpose of the proposed National Instrument is to consolidate the prospectus disclosure requirements currently set forth in National Policy Statement No. 12 Disclosure of "Market Out" Clauses in Underwriting Agreements in Prospectuses ("NP 12"), National Policy Statement No. 13 Disclaimer Clause on Prospectus ("NP 13"), National Policy Statement No. 32 Prospectus Warning Re: Scope of Distribution ("NP 32") and National Policy Statement No. 35 Purchaser's Statutory Rights ("NP 35") as well as similar prospectus disclosure requirements in the securities legislation of certain provinces.

The National Instrument is substantially similar to NP 12, NP13, NP32 and NP 35, which it will replace although the prescribed disclosure has been simplified.

Summary of Written Comments Received by the CSA

The CSA published a draft of the National Instrument in May 1997 (the "May 1997 Draft"). For a detailed summary of the contents of the May 1997 Draft, reference should be made to the Notice published with that instrument.

The CSA received one comment letter on the May 1997 Draft from Osler Hoskin & Harcourt. The CSA have considered the comments received and thank the commenter.

The following is a summary of the comments received together with the CSA's responses and, where applicable, the changes adopted by the CSA. The CSA have also made two changes to the May 1997 Draft as a result of further consideration which are also summarized below.

A. Discussion of Specific Comments Concerning the May 1997 Draft

Part 1 - Application and Interpretation - Section 1.2 Preliminary Prospectus

Comment

The commenter suggested that an exception be included in section 1.2 for information which is not available as at the date of a preliminary prospectus.

Response

The CSA believe that an exception is not necessary. The National Instrument should be read together with the applicable form requirements for a prospectus. In this context, the form requirements provide that details concerning the price and other matters dependent upon or relating to price may be left out of a preliminary prospectus to the extent that these matters have not been decided.

Part 2 - Front Page Disclosure - Section 2.1 Prospectus Warning and Disclaimer Clause

Comment

The commenter recommended that the word "distributed" in the prospectus warning be replaced with "offered for sale" in the interest of plain English disclosure.

Response

The CSA agree in principle with the comment but have made a number of drafting changes to this section which make the suggested drafting change unnecessary.

Part 2 - Front Page Disclosure - Section 2.2 Preliminary Prospectus Disclosure

Comment

The commenter recommended that an issuer be given more flexibility in naming those jurisdictions in which it has filed a prospectus. The commenter also suggested replacing the reference to a "distribution" with the "sale of such securities" and "distributed" with "sold", in the interests of plain English disclosure.

Response

The CSA agree with the comments. Section 2.2 and the related instruction have been revised accordingly.

Part 3 - Plan of Distribution Disclosure - Section 3.1 Plan of Distribution Disclosure

Comment

The commenter made a number of drafting suggestions in the interest of plain English disclosure. In this regard the commenter noted that it had made similar comments to the Ontario Securities Commission in the context of the reformulation process respecting Rule 41-501 General Prospectus Requirements (the "Ontario Long Form Prospectus Rule").

Response

The CSA agree in principle with the suggestions. The CSA are not, however, proposing changes at this time but will consider the suggestions again in the course of developing a national long form prospectus instrument based on the Ontario Long Form Prospectus Rule. The requirements of this National Instrument are likely to be incorporated in that national long form prospectus instrument.

Comment

The commenter suggested that the language in subsection 3.1(2) does not reflect the practice to refer to a flexible closing date and recommended drafting changes in this regard.

Response

The CSA do not believe that a change is strictly required. Section 1.3 of the National Instrument allows an issuer to modify any of the statements required to be included in a prospectus to reflect the terms and conditions of the distribution.

Part 4 - Purchasers' Statutory Rights

Comment

The commenter made a number of drafting suggestions in the interest of plain English disclosure. The commenter noted that similar comments were made to the Ontario Securities Commission in the context of the reformulation process respecting the Ontario Long Form Prospectus Rule.

Response

The CSA agree in principle with the suggestions. The CSA are not, however, proposing changes at this time but will consider the comments again in the course of developing a national long form prospectus instrument based on the Ontario Long Form Prospectus Rule.

B. Discussion of changes made by the CSA as a result of further deliberation

The CSA have also made two changes to the National Instrument as a result of further deliberation.

New section 2.3 prescribes disclosure describing the ability of investors to collect from foreign issuers, selling securityholders, credit supporters and/or promoters judgements obtained in Canadian courts based on the civil liability provisions of securities legislation.

New section 4.2 prescribes disclosure describing purchasers' statutory rights in the case of non-fixed price offerings.

National Instrument

The text of the National Instrument follows.

Text of Rescission of National Policy Nos. 12, 13, 32, 35

"National Policy No. 12 Disclosure of "Market Out" Clauses in Underwriting Agreements in Prospectuses, National Policy No. 13 Disclaimer Clause on Prospectus, National Policy No. 32 Prospectus Warning Re: Scope of Distribution, and National Policy No. 35 Purchaser's Statutory Rights, are rescinded."

DATED: November 9, 2000