

## Notice and Request for Comment

### **Proposed National Instrument 11-102 *Passport System* Form 11-102F1 *Notice of Principal Regulator and Registration in Additional Jurisdiction(s)* and Companion Policy 11-102CP *Passport System* and related amendments and repeals**

**March 28, 2007**

This notice describes the proposals of the Canadian Securities Administrators, other than the Ontario Securities Commission (OSC), (CSA or we) for implementing the next phase of the passport system for securities regulation. This proposed set of rule, policy, and administrative changes would further simplify the securities regulatory system for issuers and registrants who have their securities traded or deal with clients in more than one Canadian jurisdiction.

#### **Passport system — overview**

We implemented phase I of passport in 2005 and propose to start implementing phase II in early 2008. The initiatives in phase II build on, and would largely replace, phase I of passport and the mutual reliance review systems. We describe the elements of the passport system more fully below.

The OSC is not participating in the passport system. Please refer to OSC Notice 11-904 for further details. However, for the public comment process, we have designed phase II of passport as a system for adoption by all Canadian securities regulatory authorities. This will allow market participants to focus on how the passport system could operate to streamline Canadian securities regulation.

A key foundation for the passport system is a set of nationally harmonized regulatory requirements that will be consistently interpreted and applied throughout Canada. Although we already have a significant body of harmonized law, implementation of phase II depends on the adoption of two new proposed national instruments that we have published for comment. They are National Instrument 31-103 *Registration Requirements* (NI 31-103) and National Instrument 41-101 *General Prospectus Requirements* (NI 41-101). We expect to implement consequential amendments to local rules, and our governments to proclaim some act amendments that harmonize securities requirements, when we adopt the new national instruments.

#### **Passport system – rule and policy changes**

The CSA is publishing now the rule and policy changes that we will need for phase II of passport. The major elements of the passport system are set out in:

- National Instrument 11-102 *Passport System* (NI 11-102),
- Form 11-102 F1 *Notice of Principal Regulator and Registration in Additional Jurisdiction(s)*, and
- Companion Policy 11-102CP *Passport System* (CP 11-102)

(collectively, the proposed instrument).

We developed the appendices to the proposed instrument based on the securities act and rule provisions we expect to be in force when we implement each part of the proposed instrument, except for Appendix E of CP 11-102. Prior to implementing the proposed instrument and in the course of our work to finalize NI 31-103, we will aim to eliminate or harmonize most of the local registration requirements that remain and will update the references to reflect the changes.

The appendices do not contain references to the relevant provisions of the existing securities legislation in Prince-Edward Island, Yukon, Northwest Territories and Nunavut because these jurisdictions are developing new securities acts. We will add the relevant references to the appendices when we finalize the proposed instrument.

The CSA is also publishing proposed consequential amendments to National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* (NP 12-201)<sup>1</sup>.

The CSA also proposes to repeal the following instruments, forms and policies:

- Multilateral Instrument 11-101 *Principal Regulator System* (MI 11-101),
- Form 11-101 F1 *Notice of Principal Regulator under Multilateral Instrument 11-101* (Form 11-101 F1)
- Companion Policy 11-101CP *Principal Regulator System* (CP 11-101),
- National Instrument 31-101 *National Registration System* (NI 31-101),
- Form 31-101F1 *Election to use NRS and Determination of Principal Regulator*
- Form 31-101F2 *Notice of Change*
- National Policy 31-201 *National Registration System* (NP 31-201), and
- National Policy 43-201 *Mutual Reliance Review System for Prospectuses* (NP 43-201)<sup>2</sup>

(collectively, the proposed repeals).

### **Purpose and scope**

The purpose of the proposed instrument is to implement, in the main areas of securities regulation, a system that gives a market participant access to the capital markets in multiple jurisdictions by dealing only with its principal regulator and meeting the requirements of one set of harmonized laws. A market participant's principal regulator will usually be the regulator in the jurisdiction where the market participant's head office or working office is located.

### **Local amendments**

CSA members in some jurisdictions plan to make consequential amendments to local securities rules and policies.

The Autorité des marchés financiers (AMF) intends to amend Appendix C of National Instrument 14-101 *Definitions* (NI 14-101) to replace the reference to the Commission des valeurs mobilières du Québec with a reference to AMF or, where applicable, the Bureau de décision et de révision en valeurs mobilières.

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<sup>1</sup> In Québec, this policy is adopted as Notice 12-201 Relating to the Mutual Reliance Review System for Exemptive Relief Applications.

<sup>2</sup> In Québec, this policy is adopted as Notice 43-201 Relating to the Mutual Reliance Review System for prospectuses.

In Québec, the proposed instrument will also include a reference provision (section 1.3) that will direct the reader to an additional appendix (Appendix F). This appendix will set out the complete references of all regulatory and other relevant texts mentioned in the proposed instrument.

The British Columbia Securities Commission (BCSC) intends to eliminate its carve-outs in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and National Instrument 81-104 *Commodity Pools* (NI 81-104). The latter change will require a consequential amendment to Companion Policy 81-104CP *Commodity Pool* (CP81-104).

The BCSC also proposes to adopt Multilateral Instrument 52-110 *Audit Committees* (MI 52-110), Companion Policy 52-110CP *Audit Committees* (CP52-110), Form 52-110 F1 *Audit Committee Information required in an AIF* (Form 52-110 F1), and Form 52-110F2 *Disclosure by Venture issuers* (Form 52-110F2) and to repeal its local audit committee rule, BC Instrument 52-509 *Audit Committees* (BCI 52-509). The BCSC is publishing MI 52-110, CP52-110, Form 52-110F1 and Form 52-110F2 and the repeal of BCI 52-509 for comment under a separate local notice.

We are publishing the proposed amendments to NI 14-101, NI 58-101, NI 81-104 and CP81-104 with this notice.

### **Publication and request for comments**

The text of the proposed instrument and proposed amendments accompany this notice, as follows:

- NI 11-102 (Appendix A – Schedule 1)
- Form 11-102 F1 (Appendix A – Schedule 2)
- CP 11- 102 (Appendix A – Schedule 3)
- the proposed amendments to NP 12-201 (Appendix B)
- the proposed amendments to NI 14-101 (Appendix C)
- the proposed amendments to NI 58-101 (Appendix D)
- the proposed amendments to NI 81-104 (Appendix E – Schedule 1)
- the proposed amendments to CP 81-104 (Appendix E – Schedule 2)

We expect to implement the proposed instrument, proposed amendments and proposed repeals in stages as we implement the related proposed national instruments. We would implement the parts that relate to continuous disclosure, prospectuses and discretionary exemptions when we implement proposed NI 41-101. That is currently targeted for the end of 2007. We would implement the part of the proposed instrument related to registration concurrently with proposed NI 31-103. That is currently targeted for mid-2008.

### **Background**

On September 30, 2004, the Ministers responsible for securities regulation in most Canadian provinces and territories announced a memorandum of understanding (MOU) and an action plan that includes making best efforts to implement a passport system in certain areas of securities regulation.

The Ministers agreed that the system would provide a single window of access to market participants in areas where there are already highly harmonized securities laws across Canada or where regulators and governments could achieve highly harmonized securities laws quickly.

The areas the proposed system cover include:

- prospectus requirements and clearance,
- continuous disclosure requirements,
- registration process, requirements and related filings,
- prospectus and registration exemptions,
- discretionary exemptions.

In 2005, the CSA implemented phase I of the passport system using the statutory powers that were available at the time. We now have, or expect to have, more powers to enable us to implement phase II of the passport system, which will make it easier for market participants to gain access to the capital markets and achieve the goals of the MOU.

The following table shows how we implemented phase I and propose to implement phase II in each area of regulation:

Area	Phase I	Implemented by	Date	Phase II	To be implemented by
Prospectus	- Streamlined mutual reliance system - Exemption from non-principal jurisdiction (NPJ) form and content requirements	- Amended NP 43-201  - Part 4 of MI 11-101	Sept 2005	- Automatic receipt in NPJ  - Most requirements for prospectuses made uniform  - Exemption from all non-harmonized requirements	Part 3 of NI 11-102  NI 41-101  Part 3 of NI 11-102
Continuous disclosure (CD)	- Harmonized most CD requirements  - Exemption from NPJ requirements	NI 51-102 <i>Continuous Disclosure Obligations</i> (NI51-102) and other rules  Part 3 of MI 11-101	March 2004  Sept 2005	- Eliminated substantive continuous disclosure carve outs and opt outs  - Exemption from all non-harmonized requirements	NI 51-102 and other rules  Part 2 of NI 11-102

Area	Phase I	Implemented by	Date	Phase II	To be implemented by
Registration	<ul style="list-style-type: none"> <li>- Mutual reliance system for registering in NPJ</li> <li>- Exemption from NPJ fit and proper requirements</li> </ul>	<ul style="list-style-type: none"> <li>- NP 31-201 <i>National Registration System</i> (NP 31-201)</li> <li>- NI 31-101 <i>National Registration System</i> (NI 31-101)</li> </ul>	April 2005	<ul style="list-style-type: none"> <li>- Automatic registration in NPJ</li> <li>- Most requirements for registrants made uniform</li> <li>- Exemption from most non-harmonized requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Part 4 of NI 11-102</li> <li>- NI 31-103</li> <li>- Part 4 of NI 11-102</li> </ul>
Registration and prospectus exemptions	<ul style="list-style-type: none"> <li>- Most exemptions made uniform</li> </ul>	<ul style="list-style-type: none"> <li>- NI 45-106 <i>Prospectus and Registration Exemptions</i></li> </ul>	Sept 2005	n/a	n/a
Discretionary exemptions	<ul style="list-style-type: none"> <li>- Continuous disclosure exemptions needed only from principal jurisdiction (PJ)</li> </ul>	<ul style="list-style-type: none"> <li>- Part 3 of MI 11-101</li> </ul>	Sept 2005	<ul style="list-style-type: none"> <li>- For most types of discretionary exemptions, automatic exemption in NPJ from equivalent requirements to those covered by PJ exemption</li> </ul>	Part 5 of NI 11-102

Under the MOU, governments plan to review the fee structures of participating jurisdictions to assess how they might want to change them so they are consistent with the objectives of the MOU. Meanwhile, market participants are required to pay fees in all jurisdictions for prospectus filings, continuous disclosure filings and registration. Market participants are required to pay fees for discretionary relief applications only in their principal jurisdiction.

#### **Effect on MI 11-101 and Mutual Reliance Review Systems**

Phase II of passport would replace the current processes issuers use to obtain decisions in multiple jurisdictions. As a result, the following instruments, forms and policies would no longer be necessary and we propose to repeal them:

- MI 11-101
- Form 11-101F1

- CP 11-101
- NI 31-101
- Form 31-101F1
- Form 31-101F2
- NP 31-201
- NP 43-201

Part 5 of MI 11-101 provides a mobility exemption, which allows a registered firm or individual to continue dealing with a limited number of clients who move to a jurisdiction where the firm or individual is not registered. Proposed NI 31-103, which we published for comment on February 20, 2007, includes a slightly modified mobility exemption that would replace the exemption in MI 11-101 and be available in all CSA jurisdictions. Subject to the comments we receive, we propose to move this exemption into a separate national instrument to be brought into force at the same time as the repeal of MI 11-101. That would ensure the mobility exemption remains available to registrants between the repeal of MI 11-101 and the implementation of NI 31-103.

We will not repeal NP 12-201 because some types of discretionary exemptions remain outside the scope of the proposed instrument. We propose to amend NP 12-201 to encourage market participants to rely on the exemption in Part 5 of the proposed instrument where it is available and to make the determination of principal regulator consistent under both systems (see Appendix B to this notice).

### **Summary of Passport System System for continuous disclosure**

In phase I of passport, each non-principal regulator exempts a reporting issuer from continuous disclosure requirements if the reporting issuer files whatever it files with the principal regulator. The main benefits of this exemption are that the reporting issuer can obtain a discretionary exemption from continuous disclosure requirements by dealing only with its principal regulator and that the reporting issuer does not have to concern itself with differences among jurisdictions in requirements or interpretation.

Phase II deals with continuous disclosure in a different way.

First, we propose a more general provision to deal with discretionary exemptions (see below).

Second, in conjunction with phase II, we propose to eliminate all of the remaining substantive differences in continuous disclosure requirements. We have already eliminated all the substantive carve outs in NI 51-102 and plan to eliminate the substantive carve outs affecting the continuous disclosure requirements of reporting issuers in other national or multilateral instruments. In section 2.1 of NI 11-102, we propose to exempt an issuer that is reporting in more than one jurisdiction from any non-harmonized continuous disclosure requirements that remain in any jurisdiction, including its principal jurisdiction. Reporting issuers would therefore be governed by the continuous disclosure requirements in the harmonized provisions of securities legislation. The companion policy makes clear that we propose to interpret and apply these provisions in a uniform way and do not anticipate adopting further requirements that would result in non-harmonized continuous disclosure requirements applying to issuers that are reporting in more than one jurisdiction.

### ***System for prospectus filings and clearance***

In phase I, we shortened prospectus-clearing times by streamlining the mutual reliance review system for prospectus review. In addition, in MI 11-101, each non-principal regulator exempts a filer from the prospectus form and content requirements. The main benefits of the exemption are that the filer can obtain a discretionary exemption or waiver from prospectus form and content requirements by dealing only with its principal regulator and that the filer does not have to concern itself with differences among jurisdictions in requirements or interpretation.

In phase II, we propose to deal with exemptions through the general discretionary exemption system described below. We propose to deal with other aspects of prospectus filings and clearance as follows.

#### ***(i) Deemed prospectus receipt***

First, we propose to replace the MRRS system with a new system under which a filer can obtain an automatic prospectus receipt in each non-principal jurisdiction. Section 3.3 of NI 11-102 would deem a receipt to be issued in each non-principal jurisdiction when a principal regulator issues a receipt for a preliminary prospectus or prospectus.

To obtain a deemed prospectus receipt in a non-principal jurisdiction, the filer would

- file its prospectus materials (including any amendments) with the principal regulator and obtain the necessary receipts, and
- file its prospectus materials with the non-principal regulator.

The filer would also pay prospectus fees in each jurisdiction as it does now.

This simplifies the current MRRS process by producing an automatic legal result in non-principal jurisdictions based on the decision of the principal regulator. It eliminates the need for the principal regulator to coordinate a prospectus review with, and obtain decisions from, non-principal regulators. It therefore eliminates the need to allow a period for non-principal regulators to decide whether to opt out.

To assist issuers, when the principal regulator issues its receipt for a prospectus, it will list the non-principal jurisdictions where it understands the receipt is deemed to have been issued.

#### ***(ii) Exemption from non-harmonized requirements***

Second, we propose to complete the harmonization of prospectus requirements through NI 41-101, to interpret and apply harmonized prospectus requirements in a uniform way, and, in section 3.4 of NI 11-102, to exempt someone filing a prospectus in more than one jurisdiction from non-harmonized prospectus requirements in each jurisdiction where the prospectus is filed, including the principal jurisdiction. A prospectus filer would therefore be governed only by the prospectus requirements in harmonized provisions of securities legislation. The companion policy makes clear that we do not anticipate adopting further requirements that would result in non-harmonized prospectus requirements applying to prospectuses filed in more than one jurisdiction.

### ***System for registration***

Phase I of passport for registration consisted of NI 31-101 and NP 31-201 and the mobility exemption in MI 11-101. The national registration system provides a registered firm or individual with an exemption from the fit and proper requirements that would otherwise apply when the firm or individual seeks registration in a non-principal jurisdiction and a mutual reliance process

for obtaining registration in a non-principal jurisdiction by dealing only with the principal regulator.

As noted above, we plan to move the mobility exemption into a separate instrument and, ultimately, into NI 31-103.

In phase II, we propose to deal with exemptions through the general discretionary exemption system described below. We propose to simplify obtaining registration and complying with requirements in multiple jurisdictions as follows.

*(i) Automatic registration*

First, we propose to replace the National Registration System with a new system under Part 4 of NI 11-102. Under section 4.2 of NI 11-102, a firm or individual that is or becomes registered in its principal jurisdiction can obtain registration in a non-principal jurisdiction through a simple filing with its principal regulator. Section 4.3 of NI 11-102 provides that any terms, conditions, restrictions, or requirements imposed by the principal regulator would also apply in each non-principal jurisdiction. If the registration is suspended, cancelled, terminated, revoked or surrendered in the principal jurisdiction, section 4.4 of NI 11-102 provides that the registration would automatically be suspended, cancelled, terminated, revoked or surrendered in each non-principal jurisdiction.

Registration fees would apply in each jurisdiction as at present.

Phase II is designed to accommodate registration through self-regulatory organizations in jurisdictions where the necessary arrangements are in place. If one of those jurisdictions is a firm or individual's principal jurisdiction, the firm or individual would deal with the self-regulatory organization it normally deals with in its principal jurisdiction to become registered in a non-principal jurisdiction under the Instrument.

*(ii) Exemption from non-harmonized requirements*

Second, we propose to harmonize most regulatory requirements for registrants through new NI 31-103, which was published for comment on February 20, 2007, to interpret and apply harmonized registration requirements in a uniform way, and, in section 4.9 of NI 11-102, to exempt a person or company registered in more than one jurisdiction from most non-harmonized registration requirements in each jurisdiction, including the principal jurisdiction.

The law that would apply would be the registration requirements in the harmonized provisions of securities legislation and a few other requirements in each local jurisdiction in which a person is registered under section 4.2 of NI 11-102 (see Appendix C of CP 11-102 for a list of the substantive local registration requirements in each jurisdiction). The companion policy makes clear that we do not anticipate adopting further requirements that would result in non-harmonized requirements applying to firms or individuals registered in more than one jurisdiction.

These changes would be a significant step toward having only harmonized requirements apply to registrants in multiple jurisdictions. Prior to implementing Part 4 of the proposed rule and in the course of our work to finalize NI 31-103, we will aim to eliminate or harmonize most of the remaining local registration requirements to move even closer toward this objective.

As part of our work to finalize NI 31-103, we will also review the filing requirements in National Instrument 33-109 *Registration Information* to ensure that the notice requirements under that rule and under NI 11-102 are consistent.



*(iii) Automatic transition to passport*

Section 4.6 of NI 11-102 automatically transforms the registration of a firm and its representatives in non-principal jurisdictions into a registration under passport unless the firm gives notice to the contrary within 30 days after Part 4 of NI 11-102 comes into effect. Generally, this means that, if a firm does not give notice, it and its representatives will be subject to a single set of terms and conditions, i.e., those of their principal regulator.

**System for discretionary exemptions**

In phase I, we adopted provisions that permit an issuer or filer to obtain discretionary exemptions from continuous disclosure and prospectus form and content requirements by dealing only with its principal regulator. We propose a much broader system for phase II.

For discretionary exemptions from most securities requirements, we propose in section 5.4 of NI 11-102 that a market participant be automatically exempted from requirements in a non-principal jurisdiction, if the principal regulator exempts the market participant from the equivalent provisions in the principal jurisdiction. This simplifies the current MRRS process by providing an automatic legal result in non-principal jurisdictions based on the decision of the principal regulator. It eliminates the need for the principal regulator to coordinate with, and obtain decisions from, non-principal regulators. It also eliminates the need to file an application in non-principal jurisdictions and pay fees in those jurisdictions.

As noted above, we will maintain NP 12-201 for discretionary orders not covered by the proposed instrument. For example, an order to cease to be a reporting issuer would still be dealt with under NP 12-201.

**ANTICIPATED COSTS AND BENEFITS**

We expect that phase II of passport will enhance the efficiency of regulation of the capital markets and simplify the use of the regulatory system for market participants. By using the passport tools, we can make more timely decisions and our processes more efficient and seamless for market participants.

We did not do a cost-benefit analysis of phase II of passport because we have assumed that all jurisdictions would adopt it. On that basis, we do not expect to impose new costs on market participants. In fact, we expect costs to decrease.

**REQUEST FOR COMMENT**

We request comments on the proposed instrument, the proposed amendments and the proposed repeals.

**HOW TO PROVIDE YOUR COMMENTS**

Please provide your comments by **May 28, 2007** by addressing your submission to the regulators listed below:

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
Manitoba Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Nova Scotia Securities Commission  
Office of the Attorney General, Prince Edward Island

Financial Services Regulation Division, Consumer and Commercial Affairs Branch, Department of Government Services, Newfoundland and Labrador  
Registrar of Securities, Government of Yukon  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

You do not need to deliver your comments to each of these regulators. Please deliver your comments to the two addresses that follow, and they will be distributed to the other jurisdictions:

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If you are not sending your comments by e-mail, please send a diskette or CD containing your comments in Word.

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

## **QUESTIONS**

Please refer your questions to any of:

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**Appendix A**  
**Schedule 1**

**National Instrument 11-102**  
***Passport System***

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\*Prepared on the basis of the provisions that we expect will be in force when the relevant Part is implemented.

**National Instrument 11-102**  
*Passport System*

**PART 1      DEFINITIONS**

**1.1      Definitions**

In this Instrument,

“equivalent provision” means, for a provision listed in Appendix E below the name of the principal jurisdiction, the provision set opposite that provision under the name of the local jurisdiction;

“firm” means a dealer, adviser or investment fund manager;

“Form 11-102F1” means Form 11-102F1 *Notice of Principal Regulator and Registration in Additional Jurisdictions*;

“Form 33-109F4” means Form 33-109F4 *Application for Registration of Individuals and Permitted Individuals*;

“Form 33-109F5” means Form 33-109F5 *Change of Registration Information*;

“MI 11-101” means Multilateral Instrument 11-101 *Principal Regulator System*;

“national prospectus requirement” means a requirement set out in

- (a) National Instrument 41-101 *General Prospectus Requirements*,
- (b) National Instrument 44-101 *Short Form Prospectus Distributions*,
- (c) National Instrument 44-102 *Shelf Distributions*,
- (d) National Instrument 44-103 *Post-Receipt Pricing*,
- (e) National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, or
- (f) Appendix B below the name of the jurisdiction;

“NI 31-102” means National Instrument 31-102 *National Registration Database*;

“non-harmonized continuous disclosure requirement” means a requirement listed in Appendix A below the name of the local jurisdiction;

“non-harmonized prospectus requirement” means a requirement listed in Appendix C below the name of the local jurisdiction;

“preliminary prospectus” includes any amendment to a preliminary prospectus;

“principal jurisdiction” means, for a person or company, the jurisdiction of the principal regulator;

“principal regulator” means, for a person or company, the securities regulatory authority or regulator determined in accordance with Part 3, 4 or 5, as appropriate;

“prospectus” includes any amendment to a prospectus;

“sponsoring firm” means the firm on whose behalf an individual is registered to act; and

“working office” means the office of a firm where an individual does most business.

## **1.2 Language of documents - Québec**

In Québec, nothing in this Instrument shall be construed as relieving a person from requirements relating to the language of documents.

## **PART 2 CONTINUOUS DISCLOSURE**

### **2.1 Exemption for non-harmonized continuous disclosure requirements**

A non-harmonized continuous disclosure requirement does not apply to a reporting issuer if the reporting issuer is also a reporting issuer in another jurisdiction of Canada.

## **PART 3 PROSPECTUS**

### **3.1 Principal regulator for prospectus**

(1) In this Part,

“determination date” is the earlier of

- (a) the date a person or company files a prospectus pre-filing application in any jurisdiction of Canada in connection with a prospectus filing under this Part, and
- (b) the date a person or company files a preliminary or pro forma prospectus subject to this Part in any jurisdiction of Canada; and

“participating principal jurisdiction” means any of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.

- (2) For the purposes of a prospectus filing subject to this Part, except as provided in subsection (3), the principal regulator is the securities regulatory authority or regulator of the jurisdiction in which
- (a) the issuer's head office is located as of the determination date, if the issuer is not an investment fund, or
  - (b) the investment fund manager's head office is located as of the determination date, if the issuer is an investment fund.
- (3) If the jurisdiction identified under paragraph (2) (a) or (b) is not a participating principal jurisdiction, the principal regulator is the securities regulatory authority or regulator in the participating principal jurisdiction with which the issuer has the most significant connection as of the determination date.

### **3.2 Discretionary change of principal regulator for prospectus**

Despite section 3.1, if a person or company receives written notice from a securities regulatory authority or regulator that specifies a principal regulator, the securities regulatory authority or regulator specified in the notice is the principal regulator as of the later of

- (a) the date the person or company receives the notice, and
- (b) the effective date specified in the notice, if any.

### **3.3 Deemed issuance of receipt**

- (1) A receipt for a preliminary prospectus is deemed to be issued if
- (a) the preliminary prospectus is filed under a national prospectus requirement,
  - (b) the local jurisdiction is not the principal jurisdiction for the preliminary prospectus, and
  - (c) the preliminary prospectus is filed with the principal regulator and the principal regulator issues a receipt for it.
- (2) A receipt for a prospectus is deemed to be issued if
- (a) the prospectus is filed under a national prospectus requirement,
  - (b) the local jurisdiction is not the principal jurisdiction for the prospectus, and
  - (c) the prospectus is filed with the principal regulator and the principal regulator issues a receipt for the prospectus.



### **3.4 Exemption from non-harmonized prospectus requirements**

- (1) A non-harmonized prospectus requirement does not apply to a preliminary prospectus if
  - (a) the preliminary prospectus is filed under a national prospectus requirement,
  - (b) the preliminary prospectus is filed in at least one other jurisdiction of Canada, and
  - (c) one of the jurisdictions where the preliminary prospectus is filed is the principal jurisdiction for the preliminary prospectus.
- (2) A non-harmonized prospectus requirement does not apply to a prospectus if
  - (a) the prospectus is filed under a national prospectus requirement,
  - (b) the prospectus is filed in at least one other jurisdiction of Canada, and
  - (c) one of the jurisdictions where the prospectus is filed is the principal jurisdiction for the prospectus.

## **PART 4 REGISTRATION**

### **4.1 Principal regulator for registration**

- (1) For the purposes of this Part, subject to subsection (2), the principal regulator is the securities regulatory authority or regulator of the jurisdiction in which,
  - (a) for a firm, the firm's head office is located, or
  - (b) for an individual, the individual's working office is located.
- (2) If a firm's head office or an individual's working office is not in Canada, the principal regulator for the firm or individual, as the case may be, is the securities regulatory authority or regulator in the jurisdiction with which the firm or individual has the most significant connection.

### **4.2 Registration**

- (1) If the local jurisdiction is not the principal jurisdiction, a firm is registered, in the same category as in the principal jurisdiction, upon filing a completed Form 11-102F1.
- (2) For the purpose of subsection (1), the firm may file Form 11-102F1 only with the principal regulator.
- (3) If the local jurisdiction is not the principal jurisdiction, an individual is registered, in the same category as in the principal jurisdiction, upon filing the information under item 5

*Registration Jurisdictions* and item 9 *Location of employment* of Form 33-109F4 in accordance with NI 31-102.

#### **4.3 Terms and conditions of registration**

- (1) If the principal regulator of a firm registered under section 4.2 (1) or an individual registered under section 4.2 (3) imposes a term, condition, restriction or requirement on the registration in the principal jurisdiction, the term, condition, restriction or requirement applies in the local jurisdiction.
- (2) A term, condition, restriction or requirement that applies under subsection (1) continues to apply until the principal regulator revokes the term, condition, restriction or requirement in the principal jurisdiction.
- (3) For greater certainty, “principal regulator” in subsection (1) or (2) means the principal regulator for the firm or individual at the time the term, condition, restriction or requirement is imposed or revoked.

#### **4.4 Suspension, cancellation, termination, revocation and surrender**

- (1) If the registration of a firm or individual in the principal jurisdiction is suspended, the firm or individual’s registration under section 4.2 (1) or (3) is suspended.
- (2) If the registration of a firm or individual in the principal jurisdiction is cancelled, terminated, revoked or surrendered, the firm or individual’s registration under section 4.2 (1) or (3) is cancelled, terminated, revoked or surrendered.

#### **4.5 Application to surrender registration**

For the purpose of surrendering registration under securities legislation, a firm registered under section 4.2 (1) may file the application to surrender only with the principal regulator.

#### **4.6 Transition to passport for registered firms**

- (1) A firm registered before [insert the effective date of Part 4 of the Instrument] is registered under section 4.2 (1) if
  - (a) the local jurisdiction is not the principal jurisdiction, and
  - (b) the firm does not give written notice before [insert date [30] days after Part 4 comes into effect] that it is opting out of this section.
- (2) For the purpose of subsection (1), the firm may give the notice only to the principal regulator.
- (3) Unless a sponsoring firm for an individual gives written notice under subsection (1), an individual registered before [insert the effective date of Part 4 of the Instrument] is

registered under section 4.2 (3) as of [insert same date as in paragraph (1)(b)] if the local jurisdiction is not the principal jurisdiction of the individual.

- (4) If a firm does not give notice under subsection (1), the firm, and any individual for whom the firm is the sponsoring firm, is no longer subject to the terms, conditions, restrictions and requirements imposed on the registration in the local jurisdiction, if any, except for terms, conditions, restrictions and requirements
- (a) under a settlement agreement between the firm or individual and the securities regulatory authority or regulator, or
  - (b) in a decision relating to the firm or individual made by the securities regulatory authority or regulator following a hearing.

#### **4.7 Notice of change of principal regulator for registration**

- (1) If a firm or individual is registered under section 4.2 (1) or (3), the firm or individual must, as soon as practicable, file a notice if the principal regulator of the firm or individual changes.
- (2) For purposes of subsection (1),
- (a) the required form of notice,
    - (i) for a firm, is Form 33-109F5, and
    - (ii) for an individual, is item 9 *Location of Employment* of Form 33-109F4, and
  - (b) the firm may file the notice only with the principal regulator.

#### **4.8 Discretionary change of principal regulator for registration**

Despite section 4.1, if a firm or individual receives written notice from a securities regulatory authority or regulator that specifies a principal regulator for the firm or individual, the securities regulatory authority or regulator specified in the notice is the principal regulator for the firm or individual as of the later of

- (a) the date the firm or individual receives the notice, and
- (b) the effective date specified in the notice, if any.

#### **4.9 Exemption from non-harmonized registration requirements**

A non-harmonized registration requirement listed in Appendix D does not apply to a firm or individual registered under the securities legislation of more than one jurisdiction of Canada.

## **PART 5      DISCRETIONARY EXEMPTIONS**

### **5.1      Principal regulator for general discretionary exemption applications**

- (1) In this section, “participating principal jurisdiction” means any of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick or Nova Scotia.
- (2) The principal regulator for a discretionary exemption application, other than an application under section 5.2, is
  - (a) for an application made with respect to an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the investment fund manager’s head office is located, or
  - (b) for an application made with respect to a person or company other than an investment fund, the securities regulatory authority or regulator of the jurisdiction in which the person or company’s head office is located.
- (3) Despite subsection (2), if the jurisdiction identified under that subsection is not a participating principal jurisdiction, the principal regulator for the person or company’s application is the securities regulatory authority or regulator in the participating principal jurisdiction with which the person or company has the most significant connection.

### **5.2      Principal regulator for discretionary exemption applications made with an application for registration**

The principal regulator for a discretionary exemption application from a requirement in Part 4 of National Instrument 31-103 *Registration Requirements* or Part 2 of National Instrument 33-109 *Registration Information* made in connection with an application for registration is the principal regulator determined under section 4.1.

### **5.3      Discretionary change of principal regulator for discretionary exemption applications**

Despite sections 5.1 and 5.2, if a person or company receives written notice from a securities regulatory authority or regulator that specifies a principal regulator for the person or company’s application, the securities regulatory authority or regulator specified in the notice is the principal regulator for the application.

### **5.4      National application of discretionary exemptions**

- (1) A provision of securities legislation does not apply to a person or company if
  - (a) the local jurisdiction is not the principal jurisdiction for the application,
  - (b) the principal regulator for the application granted an exemption from the equivalent provision in the principal jurisdiction,

- (c) the person or company that made the application gave notice that this provision is intended to be relied upon in the local jurisdiction, and
  - (d) the person or company relying on the exemption complies with any terms, conditions, restrictions or requirements imposed by the principal regulator in the exemption as if they were imposed in the local jurisdiction.
- (2) For the purpose of paragraph (1) (c), the person or company may give the notice only to the principal regulator.

### **5.5 Exception to section 5.4(1)(c) notice requirement**

Paragraph 5.4(1)(c) does not apply in respect of an exemption from a CD requirement, as defined in MI 11-101, granted by the principal regulator under that instrument before [insert effective date of Parts 2 and 5 of this Instrument] if the person or company is a reporting issuer and filed a notice of principal regulator under section 2.2 or 2.3 of MI 11-101 before [insert the effective date of Parts 2 and 5 of this Instrument].

## **PART 6 EXEMPTION**

### **6.1 Exemption**

- (1) The securities regulatory authority or regulator may, on application, grant an exemption from this Instrument, in whole or in part, subject to terms, conditions, restrictions or requirements imposed in the exemption in response to the application.
- (2) Despite subsection (1), in Ontario, only the regulator may grant the exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

## **PART 7 EFFECTIVE DATE**

### **7.1 Effective date**

This Instrument takes effect as follows:

- (a) for Parts 2, 3 and 5 on \_\_\_\_\_;
- (b) for Part 4 on \_\_\_\_\_.

**APPENDIX A\***  
**Non-harmonized continuous disclosure requirements**  
(for the exemption under section 2.1)

\* This appendix was prepared on the basis of the provisions we expect will be in force when Part 2 is implemented.

**British Columbia:**

*Securities Act:* none  
*Securities Rules:* sections 2 (*Foreign financial statements and reports*), 3 (*Preparation of financial statements*) and 153 (*Filing of material sent to securityholders or filed in other jurisdictions*)

**Alberta:**

*Securities Act:* none  
*Securities Commission Rules (General):* section 196 (*Filing of materials*)

**Saskatchewan:**

*The Securities Act, 1988:* none  
*The Securities Regulations:* none

**Manitoba:**

*Securities Act:* none  
*Securities Regulation:* none

**Ontario:**

*Securities Act:*  
*Securities Regulation:*

**Québec:**

*Securities Act:* none  
*Securities Regulation:* section 135 (*Financial statements of investment fund investing solely in the securities of another investment fund*)  
*Regulations:* Q-17 (Title IV) (*Information on outstanding securities*)

**New Brunswick:**

*Securities Act:* none  
*Securities Regulation:* none

**Nova Scotia:**

*Securities Act:* none  
*General Securities Rules:* none

**Prince Edward Island:***Securities Act:**Securities Regulations:***Newfoundland  
and Labrador:***Securities Act:* none*Securities Regulations:* none**Yukon:***Securities Act:**Securities Regulations:***Northwest Territories:***Securities Act:**Securities Regulations:***Nunavut:***Securities Act:**Securities Regulations:*

**APPENDIX B\***  
**National prospectus requirements**  
(for the definition in section 1.1 which is used in section 3.3)

\* This appendix was prepared on the basis of the provisions we expect will be in force when Part 3 is implemented.

**British Columbia:**

*Securities Act:* sections 61(1) (*Prospectus required*), and 62 (*Voluntary filing of prospectus*)

**Alberta:**

*Securities Act:* section 110 (*Filing prospectus*)

**Saskatchewan:**

*The Securities Act, 1988:* section 58(*Prospectus required*)

**Manitoba:**

*Securities Act:* sections 37(1) (*Prohibition as to trading*) and 37(1.1) (*voluntary filing of non-offering prospectus*)

**Ontario:**

*Securities Act:*

**Québec:**

*Securities Act:* sections 11 (*Prospectus required*), 12 (*Distribution outside Québec*), and 68 (para 2) (*Voluntary filing of prospectus*)

**New Brunswick:**

*Securities Act:* section 71 (*Filing of preliminary prospectus and prospectus required*)

**Nova Scotia:**

*Securities Act:* sections 58(1) (*Prospectus required*) and 58(2) (*Prospectus to enable issuer to become a reporting issuer where no distribution is contemplated*)

**Prince Edward Island:**

*Securities Act:*

**Newfoundland  
and Labrador:**

*Securities Act:* sections 54.(1) (*Prospectus required*) and 54.(2) (*Prospectus to enable issuer to become a reporting issuer where no distribution is contemplated*)



**Yukon:**

*Securities Act:*

**Northwest Territories:**

*Securities Act:*

**Nunavut:**

*Securities Act:*

**APPENDIX C\***  
**Non-harmonized prospectus requirements**  
(for the exemption under section 3.4)

**\* This appendix was prepared on the basis of the provisions we expect will be in force when Part 3 is implemented.**

**British Columbia:**

*Securities Act:* none  
*Securities Rules:* sections 2 (*Foreign financial statements and reports*) and 3 (*Preparation of financial statements*)

**Alberta:**

*Securities Act:* none  
*Securities Commission Rules (General):* none

**Saskatchewan:**

*The Securities Act, 1988:* none  
*The Securities Regulations:* none

**Manitoba:**

*Securities Act:* none  
*Securities Regulation:* none

**Ontario:**

*Securities Act:*  
*Securities Regulation:*

**Québec:**

*Securities Act:* none  
*Securities Regulation:* section 25 (*Distribution made by the issuer itself*)  
*Regulations:* none

**New Brunswick:**

*Securities Act:* none  
*Securities Regulations:* none

**Nova Scotia:**

*Securities Act:*  
*General Securities Rules:* section 85(2)(d) (*Underwriter named in a prospectus required to be registered*)

**Prince Edward Island:**

*Securities Act:*  
*Securities Regulations:*

**Newfoundland  
and Labrador:***Securities Act:* none*Securities Regulations:* none**Yukon:***Securities Act:**Securities Regulations:***Northwest Territories:***Securities Act:**Securities Regulations:***Nunavut:***Securities Act:**Securities Regulations:*

**APPENDIX D\***  
**Non-harmonized registration requirements**  
(for the exemption under section 4.9)

\* This appendix was prepared on the basis of the provisions we expect will be in force when Part 4 is implemented.

**British Columbia:**

*Securities Act:* none  
*Securities Rules:* sections 2 (*Foreign financial statements and reports*) and 3 (*Preparation of financial statements*), except 3(5)

**Alberta:**

*Securities Act:* none  
*Securities Commission Rules (General):* none

**Saskatchewan:**

*The Securities Act, 1988:* none  
*The Securities Regulations:* none  
*Instruments:* none

**Manitoba:**

*Securities Act:* sections 32(2) (*Auditor of member*) and 34(3) (*Auditor to be chartered accountant*)  
*Securities Regulation:* none

**Ontario:**

*Securities Act:*  
*Securities Regulation:*

**Québec:**

*Securities Act:* none  
*Securities Regulation:* none  
*Regulations:* none

**New Brunswick:**

*Securities Act:* none  
*Securities Regulations:* none

**Nova Scotia:**

*Securities Act:* none  
*General Securities Rules:* none

**Prince Edward Island:***Securities Act:**Securities Regulations:***Newfoundland  
and Labrador:***Securities Act:* none*Securities Regulations:* none**Yukon:***Securities Act:**Securities Regulations:***Northwest Territories:***Securities Act:**Securities Regulations:***Nunavut:***Securities Act:**Securities Regulations:*

**APPENDIX E**  
**National application of discretionary exemptions**  
**Equivalent provisions**  
(for exemption under section 5.4(1))

All references are to provisions of the *Securities Act* of the relevant jurisdiction unless otherwise noted. All references to 'NI' are to 'National Instruments'.

**This appendix was prepared on the assumption that Parts 2, 3, 4 and 5 of the Instrument and related instruments, consequential amendments and repeals are in effect.**

Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
<b>Self Regulatory Bodies, Exchanges, Quotation and Trade Reporting Systems &amp; Clearing Agencies</b>													
Trading rules	NI 23-101 (only dealer requirements)												
Soft dollar arrangements	NI 23-102 (published for comment on July 21, 2006 and not yet in force)												
Institutional trade matching and settlement	NI 24-101 (will come into force on April 1, 2007, except for sections 3.2 and 3.4, and Parts 4 and 6, which have an effective date of October 1, 2007 or later)												
<b>Registration</b>													
Dealer registration requirement	s.34(1)(a)	s.75(1)(a)	s. 27(a)	s.6(1)		ss.148 & 149	s.31(1)(a)	s.45(a)		s.26(1)(a)			
Underwriter registration requirement	s.34(1)(b)	s.75(1)(a)	n/a	s.6(1)		s.148	s.31(1)(b)	n/a		s.26(1)(b)			
Adviser registration requirement	s.34(1)(c)	s.75(1)(b)	s.27(c)	s.6(7)		ss.148 & 149	s.31(1)(c)	s.45(b)		s.26(1)(c)			

Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
National registration database (NRD)	NI 31-102												
Registration requirements	NI 31-103 (published for comment on February 20, 2007 and not yet in force)												
Underwriting conflicts	NI 33-105												
Registrant information	NI 33-109												
<b>Trading in Securities Generally</b>													
Registered dealer acting as principal	s.51	s.94	s.45	s.70		s.163 of Securities Act and s.234.3 of Regulation	s.45	s.59		s.40			
Disclosure of investor relations activities	s.52	n/a	n/a	n/a		n/a	n/a	s.62		n/a			
Use of name of another registrant	s.53	s.99	s.49	s.73		n/a	s.49	s.63		s.44			
<b>Trading in Exchange Contracts</b>													
Trading exchange contracts on an exchange in BC	s.58	s.106, 107	s.40	n/a		n/a	n/a	n/a		n/a			

Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
Trading exchange contracts on an exchange outside BC	s.59	s.108, 109	s.41	n/a		n/a	n/a	n/a		n/a			
<b>Prospectus</b>													
Prospectus requirement	s.61	s.110	s.58	s.37		ss.11 and 12	s.58	s.71		s.54			
Contents of prospectus (full, true & plain disclosure)	s.63	s.113	s.61	s.41		ss.13 and 20	s.61	s.74		s.57			
Waiting period communications	s.78	s.123	s.73	s.38		ss.21 & 22	s.70	s.82		s.66			
Obligation to send prospectus	s.83	s.129	s.79	s.64		ss.29, 30, 31 and 32	s.76	s.88		s.72			
Prospectus disclosure requirements	NI 41-101 (published for comment on December 22, 2006 and not yet in force)												
Short form prospectus distribution requirements	NI 44-101												
Shelf prospectus requirements	NI 44-102												
Post receipt pricing	NI 44-103												



Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
Rights offering requirements	NI 45-101												
Multijurisdictional disclosure system	NI 71-101												
<b>Requirements when using prospectus exemptions</b>													
Filing disclosure documents in connection with exemption	n/a	s.127 of Rules	s.80.1	n/a		s.37.2 of Regulation	n/a	s.2.3 of Local Rule 45-802		n/a			
Filing report of exempt distribution	s.139 of Rules	s.129.1 of Rules	n/a	s.7 of Regulation		n/a	n/a	n/a		n/a			
Resale of securities	NI 45-102												
<b>Continuous Disclosure</b>													
Continuous disclosure	s.85	s.146	s.84.1 (not yet in force)	s.120		ss.73 and 74 (not yet in force)	s.81 (not yet in force)	s.89 (not yet in force)		s.76 (not yet in force)			
Voting if proxies provided	s.118	s.157	s.96	s.105		n/a	s.93	s.102		s.88			
Standards of disclosure for oil and gas activities	NI 51-101												

<b>Requirement or provision</b>	<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Ontario</b>	<b>Québec</b>	<b>Nova Scotia</b>	<b>New Brunswick</b>	<b>Prince Edward Island</b>	<b>Newfoundland and Labrador</b>	<b>Yukon</b>	<b>Northwest Territories</b>	<b>Nunavut</b>
Continuous disclosure obligations	NI 51-102												
Auditor oversight	NI 52-108												
Certification of disclosure in annual and interim filings	MI 52-109												
Audit committees	NI 52-110												
Communication with beneficial owners	NI 54-101												
Disclosure of corporate governance practices	NI 58-101												
<b>General Financial Statement and Disclosure Requirements</b>													
SEDAR	NI 13-101												
Disclosure standards for mineral projects	NI 43-101												
Accounting principles, auditing standards and reporting currency requirements	NI 52-107												

Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
<b>Insider Reporting</b>													
Insider reports– must file upon becoming an insider of a reporting issuer	s.87(2)	s.182(1)	s.116(1)	s.109		s.96	ss.113(1) & 172 of General Securities Rules	s.135(1)		s.108(1)			
Insider reports – must file upon acquiring securities or related financial instruments	s.87 (5)	s.182(3)	s.116(2)	s.109		s.97	s.113(2)	s.135(2)		s.108(2)			
Insider reports – must file upon being deemed an insider	s.87 (6)	s.182(3)	s.116(3)	s.109		s.98	s.113(4)	s.135(3)		s.108(3)			
Time periods for filing insider reports	s.155.1 of Rules	s.190 ASC Rules	s.165(1) of the Regulations	s.109		ss.171, 171.1, 172 & 174 of Regulation	s.113	s.5 of Local Rule 11-502		s.108			
System for electronic disclosure by insiders (SEDI)	NI 55-102												
<b>Take Over Bids and Issuer Bids</b>													
Making a bid	s.98 (not yet in force)	s.159 (not yet in force)	s.99 (not yet in force)	s.86		s.112 (not yet in force)	s.96 (not yet in force)	s.112 (not yet in force)		s.91 (not yet in force)			

Requirement or provision	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut
Directors must make recommendation on bid	s.99 (not yet in force)	s.160 (not yet in force)	s.100 (not yet in force)	s.90		ss.113 & 114 (not yet in force)	s.105(2)	s.124 (not yet in force)		s.92 (not yet in force)			
Filing early warning report	n/a	n/a	s.116.1 (not yet in force)	n/a		s. 115 (not yet in force)	n/a	s.126 (not yet in force)		s.108 (not yet in force)			
Early warning reports and other take over bid and insider reporting requirements	NI 62-103												
Take over bids and issuer bid requirements	NI 62-104 (published for comment on April 28, 2006 and not yet in force)												
<b>Investment Funds – Self Dealing</b>													
Investments of mutual funds	s.121	s.185	s.120	n/a		s.236 of Regulation	s.119	s.137		n/a			
Indirect investment	s.122	s.186	s.121	n/a		n/a	s.120	s.138		n/a			
Fees on investment for mutual fund	s.124	s.189	s.124	n/a		n/a	s.123	s.141		n/a			
Report of mutual fund manager	s.126	s.191	s.126	n/a		n/a	s.125	s.142		n/a			

<b>Requirement or provision</b>	<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Ontario</b>	<b>Québec</b>	<b>Nova Scotia</b>	<b>New Brunswick</b>	<b>Prince Edward Island</b>	<b>Newfoundland and Labrador</b>	<b>Yukon</b>	<b>Northwest Territories</b>	<b>Nunavut</b>
Restrictions on transactions with responsible persons	s.127	s.192	s.127	n/a		n/a	s.126	s.144		n/a			
Independent review committee	NI 81-107												
<b>Investment Funds – Operations, Disclosure &amp; Prospectuses</b>													
Mutual fund prospectus disclosure	NI 81-101												
Mutual fund requirements	NI 81-102												
Commodity pools	NI 81-104												
Mutual fund sales practices	NI 81-105												
Investment fund continuous disclosure	NI 81-106												
<b>General</b>													
Confidentiality	s.169	s.221	s.152	s.149(q)		s.296	s.148	s.198		s.140			

**Appendix A  
Schedule 2**

**Form 11-102F1**

**Notice of Principal Regulator and  
Registration in Additional Jurisdiction(s)**

(for firms)

**1. Date:** \_\_\_\_\_

**2. Information about the firm**

NRD #: \_\_\_\_\_

Name: \_\_\_\_\_

**3. Information relevant to principal regulator determination – head office**

Is your head office located in Canada?      Yes       No

If yes, identify the jurisdiction and proceed to item 5:

\_\_\_\_\_

**4. Information relevant to principal regulator determination - significant connection**

If your head office is not in Canada, identify the jurisdiction where you expect to have the highest volume of business by assets under management

\_\_\_\_\_

**5. Registration in Additional Jurisdiction(s)**

Indicate the jurisdiction(s), other than the jurisdiction you identified under item 3 or 4, in which you are to be registered under section 4.2 of NI 11-102 by checking the relevant box(es):

British Columbia	<input type="checkbox"/>
Alberta	<input type="checkbox"/>
Saskatchewan	<input type="checkbox"/>
Manitoba	<input type="checkbox"/>
Ontario	<input type="checkbox"/>

Québec	<input type="checkbox"/>
New Brunswick	<input type="checkbox"/>
Nova Scotia	<input type="checkbox"/>
Prince Edward Island	<input type="checkbox"/>
Newfoundland and Labrador	<input type="checkbox"/>
Yukon	<input type="checkbox"/>
Northwest Territories	<input type="checkbox"/>
Nunavut	<input type="checkbox"/>

## 6 Address and agent for service

For each jurisdiction identified in item 5, provide the following information:

If you have not appointed an agent for service, an address for service (*a post office box is not an acceptable address, but a residential address is*):

\_\_\_\_\_  
Number, street

\_\_\_\_\_  
City, province or territory, postal code

\_\_\_\_\_  
Telephone number

\_\_\_\_\_  
Fax number, if available

\_\_\_\_\_  
E-mail address, if available

If you have appointed an agent for service, the following information for the agent for service. (*The address for your agent for service must be the same as the address for service above. If your agent for service is a firm, also provide the name of your contact person*):

\_\_\_\_\_  
Name

\_\_\_\_\_  
Contact person

\_\_\_\_\_

**Appendix A  
Schedule 3**

**Companion Policy 11-102 *Passport System***

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**Companion Policy 11-102CP**  
*Passport System*

**PART 1 GENERAL**

**1.1 Definitions**

In this Policy,

“IDA” means the Investment Dealers Association of Canada;

“NI 13-101” means National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*.

“NI 31-103” means National Instrument 31-103 *Registration Requirements*;

“NI 33-109” means National Instrument 33-109 *Registration Information*;

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;

“non-principal jurisdiction” means, for a person or company, a jurisdiction other than the principal jurisdiction;

“non-principal regulator” means, for a person or company, the securities regulatory authority or regulator of a jurisdiction other than the principal jurisdiction; and

“SEDAR” has the same meaning as in NI 13-101.

**1.2 Purpose**

(1) **General** – National Instrument 11-102 *Passport System* (the Instrument), together with this Policy, implements the passport system contemplated by the Provincial/Territorial Memorandum of Understanding Regarding Securities Regulation for continuous disclosure, prospectus filings and clearance, registration and discretionary exemptions.

The Instrument gives market participants a single window of access to the capital markets in multiple jurisdictions. It allows a person or company to

- be issued a receipt for a preliminary prospectus and prospectus, including amendments,
- be registered, or
- be granted most types of discretionary exemptions

in multiple jurisdictions by dealing only with its principal regulator and the applicable requirements of one set of harmonized laws.

(2) **Interpretation of the Instrument**—As with all national or multilateral instruments, you should read the Instrument from the perspective of the local jurisdiction from which you want to obtain a prospectus receipt, be registered or obtain a discretionary exemption. If the Instrument does not specify where you file a document, you must file it in the local jurisdiction.

However, to achieve the passport objective of a market participant having to deal only with its principal regulator, the Instrument provides that, when a person or company must file a form (except for a form that is filed under NI 13-101 or under NI 31-102) or may file an application or give notice in a local jurisdiction, the person or company may satisfy the provision by filing the relevant document only with or giving it only to its principal regulator. For example, if a firm is registered as a dealer in British Columbia and wants to rely on section 4.2(1) to register in Saskatchewan, the firm must file Form 11-102F1 in Saskatchewan, but section 4.2(2) allows the firm to file the form only with its principal regulator.

(3) **Operation of law** – The provisions of the Instrument on prospectus receipt, registration and discretionary exemptions produce automatic legal results in the local jurisdiction that result from a decision made in the principal jurisdiction. The effect is to make the law of the local jurisdiction apply to a market participant as if the non-principal regulator had made the same decision as the principal regulator.

(4) **Harmonized laws and their interpretation** - The provisions of securities legislation governing continuous disclosure, prospectuses, and registration are harmonized across jurisdictions. Although the wording of the harmonized securities acts and harmonized local rules may vary because of legislative drafting conventions or interpretation acts in the various jurisdictions, they were designed to achieve the same legal result.

Virtually all the more detailed continuous disclosure, prospectus and registration requirements are contained in national instruments that are adopted across Canada. The few remaining differences in the wording of these national instruments fall into two categories: they are technical and intended to be the same across jurisdictions or they reflect local requirements outside the scope of securities legislation (e.g., linguistic requirements in Québec). When we use the same words in national instruments, we intend to enact uniform law that is to be consistently interpreted and applied across jurisdictions.

CSA has put in place administrative practices and procedures to ensure its members interpret and apply harmonized securities legislation in a uniform way.

CSA considers that the provisions of securities legislation in local jurisdictions relating to the execution or certification of documents or records required or permitted to be filed in a local jurisdiction are harmonized across jurisdictions.

(5) **Exemptions from non-harmonized requirements** – The Instrument also contains a number of exemptions from non-harmonized requirements that apply in a local jurisdiction. The exemptions relate to non-harmonized continuous disclosure requirements (section 2.1 and Appendix A), non-harmonized prospectus requirements (section 3.4 and Appendix C) and non-harmonized registration requirements (section 4.9 and Appendix D). The non-harmonized

requirements are requirements that apply in a local jurisdiction in addition to the requirements contained in the harmonized provisions of the securities legislation. The exemptions from non-harmonized requirements do not exempt market participants from paying applicable fees in a local jurisdiction.

The exemptions from non-harmonized requirements apply in all jurisdictions, including the principal jurisdiction, for issuers that are reporting issuers or file a prospectus and for firms and individuals that are registered in more than one jurisdiction. For issuers, this means that the only continuous disclosure and prospectus requirements that apply are those in the harmonized provisions of securities legislation.

The exemption from non-harmonized registration requirements exempts persons registered in more than one jurisdiction from most but not all non-harmonized registration requirements in the local jurisdiction. We listed in Appendix C to this Policy the local registration requirements that still apply to registrants in the local jurisdiction. This means some local requirements apply to registrants in each local jurisdiction in which they are registered under the Instrument, in addition to the relevant harmonized provisions of securities legislation.

The exemptions from non-harmonized requirements bring market participants significantly closer to having only one law apply to them. We do not anticipate adopting further requirements that would result in non-harmonized requirements applying to issuers that are reporting issuers or file a prospectus, and registrants that are registered, in more than one jurisdiction.

(6) **Discretionary exemptions** – The Instrument provides an automatic exemption from most provisions of securities legislation in a local jurisdiction if the principal regulator granted an exemption from the equivalent provision in the principal jurisdiction and other conditions are met. Appendix E of the Instrument lists the equivalent provisions in each jurisdiction.

The exemption is available when the principal regulator grants the exemption, or when the exemption becomes necessary in a local jurisdiction because of a change in circumstances. For example, if the principal regulator grants an exemption from a national continuous disclosure requirement, the issuer would be exempt from the requirement in its principal jurisdiction and the jurisdictions in which it is a reporting issuer at the time the principal regulator grants the exemption. If the issuer subsequently becomes a reporting issuer in another jurisdiction, the issuer would have an automatic exemption in the new jurisdiction from the equivalent national continuous disclosure requirement in the principal jurisdiction by giving notice under section 5.4(1)(c) and meeting the other relevant conditions of section 5.4(1).

CSA expects that a filer will identify all the exemptions it requires and all the jurisdictions in which it requires them when it files an application for discretionary exemption with its principal regulator.

Because the Instrument only requires a filer to file its application for a discretionary exemption in the principal jurisdiction to obtain an equivalent discretionary exemption in multiple jurisdictions, the filer is only required to pay fees in the principal jurisdiction.

CSA is not prepared under section 5.4(1) of the Instrument to extend the availability of a non-harmonized NI 45-106 exemption to a non-principal jurisdiction where the exemption is not available under that rule. See section 5.4 of this Policy for further details.

### **1.3 Language of documents – Québec**

The Instrument does not relieve issuers filing in Québec from the linguistic obligations prescribed by Québec law, including the specific obligations in the Québec *Securities Act* (e.g. section 40.1). For example, where a prospectus is filed in several jurisdictions including Québec, the prospectus must be in French or in French and English.

## **PART 2 CONTINUOUS DISCLOSURE**

### **2.1 Exemption from non-harmonized continuous disclosure requirements**

Section 2.1 exempts a reporting issuer from the non-harmonized continuous disclosure requirements listed in Appendix A of the Instrument in the local jurisdiction if the issuer is reporting in more than one jurisdiction of Canada. This means that an issuer that is a reporting issuer in more than one jurisdiction is exempt from any non-harmonized continuous disclosure requirements that remain in each jurisdiction in which it is a reporting issuer, including its principal jurisdiction. Consequently, the only requirements that apply to a reporting issuer are the continuous disclosure requirements contained in the harmonized provisions of securities legislation.

Appendix A of the Instrument contains all the non-harmonized continuous disclosure requirements of the local jurisdiction, except for the requirement to pay fees. An issuer must continue to pay the fees related to the filing of any continuous disclosure document in the jurisdictions where it is a reporting issuer. We do not anticipate adopting any further requirements that would result in non-harmonized requirements applying to issuers that are reporting issuers in more than one jurisdiction.

Although reporting issuers do not have to identify a principal regulator to benefit from this exemption, the securities regulatory authorities will continue to assign a principal regulator for continuous disclosure review purposes under CSA Notice 51-312 *Harmonized Continuous Disclosure Review Program*. The principal regulator will deal with the issuer on continuous disclosure related matters and would generally take action in the event of non-compliance with disclosure requirements.

## **PART 3 PROSPECTUS**

### **3.1 Principal regulator for prospectus**

For a prospectus filing subject to Part 3 of the Instrument, an issuer must identify its principal regulator from among the securities regulatory authorities or regulators of “participating principal jurisdictions”. The participating principal jurisdictions are the jurisdictions whose securities regulatory authority or regulator has agreed to act as principal regulator for reviewing a

prospectus. The securities regulatory authority or regulator in Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut does not act as principal regulator for reviewing prospectuses under the Instrument.

If an issuer or investment fund manager's head office is not in a participating principal jurisdiction, the principal regulator is the securities regulatory authority or regulator in the participating principal jurisdiction with which the issuer or investment fund manager has the most significant connection as of the determination date. The factors an issuer should consider in identifying its principal regulator based on its most significant connection are, in order of influential weight:

- (a) location of management
- (b) location of assets and operations
- (c) location of securities holders, if the securities are not traded or quoted on a trading market or quotation system in Canada
- (d) location of trading market or quotation system in Canada
- (e) location of the underwriter
- (f) location of legal counsel
- (g) location of transfer agent

The connecting factors in (d) to (g) are relevant only for a foreign issuer because a domestic issuer will have a significant connection to a participating principal jurisdiction based on the connecting factors in (a) to (c). We will generally object to a domestic issuer identifying a principal regulator based on the factors in (d) to (g).

The principal regulator for a prospectus is identified in the cover page information for the SEDAR filing of the prospectus. The filer should include the basis for that determination (i.e., head office or most significant connection). If an issuer or investment fund manager's principal regulator is determined using the most significant connection test, the filer should provide a description of the factors connecting the issuer or investment fund manager to the jurisdiction of the principal regulator identified.

See Appendix A to this Policy on the *Passport System Process for Prospectus Review* for guidance on the following: filing materials, review of materials, receipts, applications, pre-filing and waiver applications and amendments.

### **3.2 Discretionary change in principal regulator for prospectus**

Section 3.2 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a prospectus filing on its own motion or on application.

If a securities regulatory authority or regulator thinks that the principal regulator identified under section 3.1 of the Instrument is inappropriate, the securities regulatory authority or regulator will give the filer a written notice under section 3.2 of the Instrument of the appropriate principal regulator for the issuer and the reasons for the change. The securities regulatory authority or regulator specified in the notice will be the issuer's principal regulator as of the later of the date the issuer receives the notice and the effective date specified in the notice, if any.

A person or company may request a discretionary change of principal regulator for a prospectus filing under section 3.2 of the Instrument if it believes that the principal regulator under section 3.1 of the Instrument is not the appropriate principal regulator. We do not anticipate changing a principal regulator except in exceptional circumstances. We will give a written notice under section 3.2 of the Instrument when we approve a request.

We will not change the principal regulator for a prospectus on our own motion or on application after prospectus materials have been filed and before a receipt is issued.

A person or company that requests a discretionary change of principal regulator prior to filing prospectus materials for an issuer must do so at least 30 days in advance of filing the materials. If the request is not resolved when the materials are filed, the principal regulator under section 3.1 will be the principal regulator for that filing. If the change requested is granted, we will give notice under section 3.2 of the Instrument and the change of principal regulator will apply for future prospectus filings.

Any request for a change in principal regulator should be made in writing to the current principal regulator and include the reasons for the change. The current principal regulator will advise the potential principal regulator of the request.

### **3.3 Deemed issuance of receipt**

Section 3.3 of the Instrument deems a receipt to be issued for a preliminary prospectus or prospectus in the local jurisdiction if

- (a) the preliminary prospectus or prospectus was filed in the local jurisdiction under a national prospectus requirement,
- (b) the local jurisdiction is not the principal jurisdiction, and
- (c) the principal regulator has issued a receipt for the preliminary prospectus or prospectus.

A deemed receipt in a local jurisdiction has the same legal effect as a receipt issued in the principal jurisdiction.

To rely on section 3.3 of the Instrument in a local jurisdiction, the issuer must file the preliminary prospectus or prospectus and accompanying documents (on SEDAR) in the local jurisdiction. Under the law of the local jurisdiction, filing the prospectus triggers the obligation to file all other accompanying documents (e.g., consents, material contracts). If the issuer's

principal regulator requests an undertaking before issuing a receipt, the principal regulator will continue the present practice of requiring the issuer to file (on SEDAR) the undertaking with all relevant jurisdictions.

A filer must pay the fees required for a preliminary prospectus or prospectus in a local jurisdiction because the effect of section 3.3 is that the law of the local jurisdiction, including the obligation to pay fees, applies to the filing of a preliminary prospectus or prospectus in the jurisdiction. Section 3.4 of the Instrument does not exempt a filer from the obligation to pay fees in the local jurisdiction.

An issuer has an exemption from a national prospectus requirement in a non-principal jurisdiction under section 5.4(1) of the Instrument, if the exemption is evidenced by the issuance of the receipt in the principal jurisdiction or the principal regulator issues a written decision.

If the principal regulator refuses to issue a receipt for a preliminary prospectus or prospectus, it will notify the filer and the non-principal regulators by sending a refusal letter through SEDAR, and the Instrument will no longer apply to the filing. In these circumstances, the filer will deal separately with the local securities regulatory authority or regulator in each jurisdiction in which the preliminary prospectus or prospectus was filed, including the principal regulator, to determine if the local securities regulatory authority or regulator in those jurisdictions will issue a local receipt. Filers are cautioned that, once the Instrument no longer applies to the materials, each non-principal regulator may conduct its own comprehensive review of the materials.

### **3.4 Exemption from non-harmonized prospectus requirement**

Section 3.4 of the Instrument provides an exemption from the non-harmonized prospectus requirements listed in Appendix C of the Instrument in the local jurisdiction if a person or company files a preliminary prospectus or prospectus under a national prospectus requirement in the local jurisdiction and one or more other jurisdictions, including the principal jurisdiction for the prospectus filing.

This means that a person or company that files a preliminary prospectus or prospectus in more than one jurisdiction is exempt from any non-harmonized prospectus requirements that remain in each jurisdiction in which the preliminary prospectus or prospectus is filed, including its principal jurisdiction. Consequently, the only requirements that will apply are the prospectus requirements contained in the harmonized provisions of securities legislation.

Appendix C of the Instrument contains all the non-harmonized prospectus requirements of the local jurisdiction, except for the requirement to pay fees. A person or company filing a preliminary prospectus and prospectus must continue to pay the related fees in the jurisdictions where the preliminary prospectus and prospectus are filed. We do not anticipate adopting any further requirements that would result in non-harmonized requirements applying to issuers that file a preliminary prospectus or prospectus in more than one jurisdiction.

## **PART 4      REGISTRATION**

### **4.1      Principal regulator for registration**

For the purpose of Part 4 of the Instrument, a firm or individual must identify its principal regulator. The securities regulatory authority or regulator of each jurisdiction acts as principal regulator for registration.

Under section 4.1 of the Instrument, the principal regulator of a firm is the securities regulatory authority or regulator in the jurisdiction where the firm has its head office, unless the head office is not in Canada. The principal regulator of an individual is the securities regulatory authority or regulator in the jurisdiction where the individual has its working office, unless the working office is not in Canada. The working office of an individual is the office of the firm where the individual does most business.

If the head office of a firm, or the working office of an individual, is not in Canada, the principal regulator is the securities regulatory authority or regulator in the jurisdiction with which the firm or individual has the most significant connection. For firms, except as provided below, it is the jurisdiction where the firm has the highest volume of business by assets under management. For individuals, except as provided below, it is the jurisdiction where the individual has the highest volume of business by number of clients. For firms or individuals with no operations in Canada, it is the jurisdiction in which they expect to have the highest volume of business by assets (for firms) or by number of clients (for individuals).

See Appendix B to this Policy entitled *Passport system process for registration* for guidance on the following: review of materials and registration.

The securities regulatory authority or regulator in some jurisdictions has delegated to or authorized a self-regulatory organization to perform all or part of its registration function. For example, the IDA registers firms as investment dealers and individuals as dealing representatives of IDA member firms in Alberta and British Columbia; in Ontario and Québec, the IDA registers individuals as dealing representatives of IDA member firms.

Under the Instrument, the IDA continues to perform these registration functions. This means that

- (a) IDA member firms whose principal regulator is in a jurisdiction where the IDA registers firms deal with the office of the IDA, instead of the securities regulatory authority or regulator, in that jurisdiction to become registered in a non-principal jurisdiction,
- (b) IDA member firms whose principal regulator is in jurisdictions where the IDA registers only individuals deal with the securities regulatory authority or regulator in that jurisdiction to become registered in a non-principal jurisdiction, and
- (c) all IDA member firms acting as sponsoring firms for individuals whose principal regulator is in a jurisdiction where the IDA registers individuals deal with the office of



the IDA, instead of the securities regulatory authority or regulator, in that jurisdiction to register those individuals in a non-principal jurisdiction.

For example,

- (a) If British Columbia is an investment dealer firm's principal jurisdiction and the firm files a Form 11-102F1 under section 4.2 of the Instrument to become registered as an investment dealer in Manitoba, the firm may file the form with the Pacific District office of the IDA instead of the Manitoba Securities Commission. Similarly, the firm may send the cheque for the initial registration fee due in Manitoba to the Pacific District office of the IDA instead of the Manitoba Securities Commission. The Pacific District of the IDA will transmit the form and initial registration fee to the Manitoba Securities Commission. The firm will pay any annual registration fee owed in Manitoba in accordance with NI 31-102.
- (b) If Québec is an individual's principal jurisdiction, a sponsoring firm that makes the required filing for an individual to become registered as a dealing representative in Alberta under section 4.2 of the Instrument must do so in accordance with NI 31-102. The sponsoring firm must pay the individual's initial registration fee and annual fees payable in Alberta under applicable law in accordance with NI 31-102.

## **4.2 Registration**

Section 4.2 of the Instrument is available for firms or individuals required to be registered under securities legislation. CSA expects that, if a firm relies on section 4.2(1) of the Instrument to become registered in a non-principal jurisdiction, the firm will cause any individual acting on its behalf who wants to become registered in any non-principal jurisdiction to rely on section 4.2(3) of the Instrument.

Firms and individuals who become registered in a local jurisdiction under section 4.2 of the Instrument are subject to NI 31-103 and the registration requirements contained in the harmonized provisions of securities legislation in the local jurisdiction. NI 31-103 specifies the categories of registration and the on-going registration requirements applicable in all jurisdictions.

A firm or individual who becomes registered in a local jurisdiction under section 4.2 of the Instrument must pay the applicable registration fees in that jurisdiction because the effect of section 4.2 of the Instrument is that the law of the local jurisdiction, including the obligation to pay fees, applies to the firm or individual. Section 4.6 of the Instrument does not exempt firms or individuals from the obligation to pay fees in the local jurisdiction.

A firm that becomes registered in a non-principal jurisdiction under section 4.2 of the Instrument must pay the applicable initial registration fee to the non-principal regulator. The firm may send the cheque for the non-principal jurisdiction's fees to its principal regulator and the principal regulator will send the cheque to the non-principal regulator. The firm must pay subsequent annual registration fees payable to the non-principal regulator in accordance with NI 31-102.

Individuals must pay all applicable registration fees in accordance with NI 31-102.

*To become registered*

Under section 4.2(1) of the Instrument, a firm that is registered in its principal jurisdiction becomes registered in a non-principal jurisdiction upon filing a completed Form 11-102F1. An individual that is registered in its principal jurisdiction becomes registered in a non-principal jurisdiction under section 4.2(3) of the Instrument upon its sponsoring firm filing the information under item 5 and item 9 of Form 33-109F4 in accordance with NI 31-102. Before making a filing under section 4.2(1) or (3) of the Instrument, a firm or an individual's sponsoring firm should ensure that it or the individual complies with NI 31-103 in that jurisdiction (e.g., the bonding and insurance requirements).

Under section 4.2(2) of the Instrument, a firm may file a Form 11-102F1 only with its principal regulator instead of the non-principal regulator. In a jurisdiction where the principal regulator has delegated to or authorized a self-regulatory organization to perform registration functions, the firm would file the form with the relevant office of the self-regulatory organization. The principal regulator or relevant office of the self-regulatory organization in the firm's principal jurisdiction will provide the form to the non-principal regulator or the relevant office of the self-regulatory organization in the non-principal jurisdiction. We encourage firms to send Form 11-102F1 by e-mail at the address set out below:

British Columbia	[IDA e-mail address] (for filings relating to investment dealers only) <a href="mailto:registration@bcsc.bc.ca">registration@bcsc.bc.ca</a> (for all other filings)
Alberta	[IDA e-mail address] (for filings relating to investment dealer only) <a href="mailto:asc.nrd.inquiries@seccom.ab.ca">asc.nrd.inquiries@seccom.ab.ca</a> (for all other filings)
Saskatchewan	<a href="mailto:registration@sfsc.gov.sk.ca">registration@sfsc.gov.sk.ca</a>
Manitoba	<a href="mailto:securities@gov.mb.ca">securities@gov.mb.ca</a>
Ontario	
Québec	<a href="mailto:inscription@lautorite.qc.ca">inscription@lautorite.qc.ca</a>
New Brunswick	<a href="mailto:nrs@nbsc-cvmnb.ca">nrs@nbsc-cvmnb.ca</a>
Nova Scotia	<a href="mailto:nrs@gov.ns.ca">nrs@gov.ns.ca</a>
Prince Edward Island	<a href="mailto:ccis@gov.pe.ca">ccis@gov.pe.ca</a>
Newfoundland & Labrador	<a href="mailto:scon@gov.nl.ca">scon@gov.nl.ca</a>
Yukon	<a href="mailto:corporateaffairs@gov.yk.ca">corporateaffairs@gov.yk.ca</a>
Northwest Territories	<a href="mailto:SecuritiesRegistry@gov.nt.ca">SecuritiesRegistry@gov.nt.ca</a>
Nunavut	<a href="mailto:legal.registries@gov.nu.ca">legal.registries@gov.nu.ca</a>

*Effect of registration*

Under sections 4.2 (1) and (3), a firm that files a Form 11-102F1 and an individual whose sponsoring firm files the information in item 5 and item 9 of Form 33-109F4 in accordance with NI 31-102 is registered in the local jurisdiction in the same category as in the principal jurisdiction.

### **4.3 Terms and conditions of registration**

Section 4.3(1) of the Instrument provides that, if the principal regulator of a firm or individual imposes terms, conditions, restrictions and requirements, they apply to the registration of the firm or individual in any non-principal jurisdiction where the firm or individual becomes registered under section 4.2(1) or (3). These terms, conditions, restrictions and requirements continue to apply until the principal regulator revokes them under section 4.3(2) of the Instrument.

Despite a change in principal regulator, a firm or individual's terms, conditions, restrictions or requirements continue to apply to the firm or individual's registration in a non-principal jurisdiction. Section 4.3(3) of the Instrument makes it clear that the firm or individual should look only to its new principal regulator in relation to any changes to its terms, conditions, restrictions and requirements.

The principles outlined above apply if the principal regulator amends or adds to the terms, conditions, restrictions and requirements of registration of a firm or an individual registered under section 4.2(1) or (3) of the Instrument.

### **4.4 Suspension, cancellation, termination, revocation and surrender**

Under section 4.4(1) of the Instrument, if the principal regulator suspends the registration of a firm or individual, the firm or individual's registration is automatically suspended in the non-principal jurisdiction.

Section 4.4(2) makes clear that, if the principal regulator cancels, terminates, revokes or accepts a surrender of registration, the registration is automatically cancelled, terminated, revoked or surrendered in the non-principal jurisdiction.

### **4.5 Application to surrender registration**

A firm registered under section 4.2(1) of the Instrument may file an application to surrender registration only with the principal regulator under section 4.5 of the Instrument. In a jurisdiction where the principal regulator has delegated to or authorized a self-regulatory organization to perform registration functions, a firm would file its application with the relevant office of the self-regulatory organization. A sponsoring firm would make the filing required for an individual registered under section 4.2(3) of the Instrument to surrender registration in accordance with NI 31-103. The application must indicate the jurisdictions where the firm or individual is applying to surrender registration.

If a firm or individual applies to surrender its registration in the principal jurisdiction, the principal regulator may suspend the registration pending surrender or impose terms, conditions, restrictions or requirements.

If the principal regulator suspends registration, section 4.4(1) of the Instrument provides that the registration is automatically suspended in every non-principal jurisdiction where the firm or individual was registered under section 4.2(1) or (3) of the Instrument.

If the principal regulator imposes terms, conditions, restrictions or requirements, section 4.3 of the Instrument provides that the terms, conditions, restrictions or requirements apply in every non-principal jurisdiction where the firm or individual is registered under section 4.2(1) or (3) of the Instrument.

When the principal regulator accepts the firm or individual's surrender of registration, section 4.4(2) of the Instrument provides that the surrender is effective in every non-principal jurisdiction where the firm or individual was registered under section 4.2(1) or (3) of the Instrument.

If a firm wants to surrender registration only in a non-principal jurisdiction, the application may still be filed only with the principal regulator or the relevant office of the self-regulatory organization in the principal jurisdiction. If an individual wants to surrender registration only in a non-principal jurisdiction, the application should be filed in accordance with NI 31-102. The application must indicate that the firm or individual is applying for surrender of registration only in the non-principal jurisdiction. The principal regulator or the relevant office of the self-regulatory organization in the principal jurisdiction of a firm will provide the application to the firm's non-principal regulator or the relevant office of the self-regulatory organization in the non-principal jurisdiction and the appropriate entity will make a decision whether to accept the surrender of registration. The fact that a securities regulatory authority, regulator or self-regulatory organization accepts the surrender of registration of a firm or individual in a non-principal jurisdiction does not affect the registration of the firm or individual in another jurisdiction.

In the unusual circumstance where a firm or individual wants to surrender registration in its principal jurisdiction and not all non-principal jurisdictions, the firm or the individual's sponsoring firm should request a discretionary change in principal regulator at least 30 days before filing its application for surrender.

#### **4.6 Transition to passport for registered firms**

Section 4.6(1) of the Instrument automatically transforms the registration of a firm in a non-principal jurisdiction into registration under section 4.2(1) of the Instrument unless the firm gives written notice that it is opting out of section 4.6(1) and therefore does not wish to be registered under section 4.2(1) of the Instrument. The notice must be given before [insert date [30] days after Part 4 of the Instrument comes into force].

Under section 4.6(2) of the Instrument, a firm may give written notice only to the principal regulator instead of the non-principal regulator. In a jurisdiction where the principal regulator has delegated to or authorized a self-regulatory organization to perform registration functions, the firm would give written notice to the relevant office of the self-regulatory organization. We suggest firms provide this notice by e-mail at the address listed in section 4.2 of this Policy. The

principal regulator or the relevant office of the self-regulatory organization in the principal jurisdiction will provide the notice to the non-principal regulator or the relevant office of the self-regulatory organization in the non-principal jurisdiction.

Section 4.6(3) provides that, unless a sponsoring firm for an individual gives notice that the firm is opting-out of section 4.6(1), the registration of the individual in a non-principal jurisdiction is transformed into registration under section 4.2(3) of the Instrument in that jurisdiction.

Section 4.6(4) of the Instrument provides that a firm that does not give the notice referred to above and any individual for whom the firm is the sponsoring firm are no longer subject to the terms, conditions, restrictions and requirements imposed on registration in the non-principal jurisdiction except those imposed under a settlement agreement with the firm or individual or in a decision relating to the firm or individual following a hearing.

The terms, conditions, restrictions and requirements of registration that apply in the non-principal jurisdiction to a firm that does not give the notice referred to above or any individual for whom the firm is the sponsoring firm are those imposed by the firm or individual's principal regulator. This means that, in most instances, a firm or individual that is registered in multiple jurisdictions through the application of section 4.6 of the Instrument will be subject to a single set of terms, conditions, restrictions and requirements in all those jurisdictions, i.e., those imposed by the principal regulator. A principal regulator may subsequently add, amend or revoke terms, conditions, restrictions or requirements. In that case, section 4.3 of the Instrument provides that the revised terms, conditions, restrictions or requirements apply in every non-principal jurisdiction in which the firm or individual is registered under section 4.2(1) or (3) of the Instrument.

#### **4.7 Notice of change of principal regulator for registration**

Section 4.7 of the Instrument requires a firm or individual registered under section 4.2(1) or (3) of the Instrument to file a notice of change of principal regulator if the principal regulator changes.

Under section 4.7(2)(b), a firm may provide notice by filing a Form 33-109F5 only with its current principal regulator instead of the non-principal regulator. In a jurisdiction where the principal regulator has delegated to or authorized a self-regulatory organization to perform registration functions, the firm would file Form 33-109F5 with the relevant office of the self-regulatory organization. We encourage firms to provide this notice by e-mail at the address listed in section 4.2 of this Policy.

The sponsoring firm for an individual must provide notice by updating item 9 of Form 33-109F4 in accordance with NI 31-102 unless the sponsoring firm is relying on a temporary hardship exemption under NI 31-102. In that case, notice may be given by filing with the current principal regulator or relevant office of the self-regulatory organization a completed Form 33-109F5 and complying with the other requirements of NI 31-102 for temporary hardship exemptions. We encourage sponsoring firms filing a Form 33-109F5 under a temporary hardship exemption to send it by e-mail to the address listed in section 4.2 of this Policy.

The current principal regulator or relevant office of the self-regulatory organization in the current principal jurisdiction who receives a Form 33-109F5 will provide the form to the firm or individual's non-principal regulator or the relevant office of the self-regulatory organization in the non-principal jurisdiction.

#### **4.8 Discretionary change of principal regulator for registration**

Section 4.8 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for the purpose of Part 4 of the Instrument on its own motion or on application.

If a securities regulatory authority or regulator thinks that the principal regulator identified under section 4.1 of the Instrument is inappropriate, the securities regulatory authority or regulator will give the firm or individual written notice under section 4.8 of the Instrument of the appropriate principal regulator for the firm or individual and the reasons for the change. A written notice under section 4.8 of the Instrument relating to the principal regulator of an individual will be given to the individual's sponsoring firm. The securities regulatory authority or regulator specified in the notice will be the firm or individual's principal regulator as of the later of the date the firm or individual receives the notice and the effective date specified in the notice, if any.

A firm or an individual's sponsoring firm may request a discretionary change of principal regulator for the purpose of Part 4 of the Instrument if the firm or the individual's sponsoring firm believes that the firm or individual's principal regulator under section 4.1 of the Instrument is not the appropriate regulator. We do not anticipate changing a principal regulator except in exceptional circumstances. We will give a written notice under section 4.8 of the Instrument when we approve a request.

A firm or an individual's sponsoring firm that requests a discretionary change of principal regulator prior to making a filing under section 4.2(1) or (3) of the Instrument must do so at least 30 days in advance of making the filing. If the request is not resolved before the filing is made, the principal regulator under section 4.1 will be the principal regulator for the firm or individual. If the change requested is granted, we will give notice under section 4.8 of the Instrument.

Factors that may be persuasive in assessing an application for a change of principal regulator are:

- (a) for a firm, location of management, operational headquarters, business office, workforce and clients, and
- (b) for an individual, location of clients.

Any request for a change in principal regulator should be made in writing to the current principal regulator and include the reasons for the change. In a jurisdiction where the principal regulator has delegated to or authorized a self-regulatory organization to perform registration functions, the request should be made to the relevant office of the self-regulatory organization. The current principal regulator or relevant office of the self-regulatory organization in the principal

jurisdiction will advise the potential principal regulator or relevant office of the self-regulatory organization in the potential principal jurisdiction of the request.

#### **4.9 Exemption from non-harmonized registration requirements**

Section 4.9 of the Instrument exempts in the local jurisdiction a firm or individual that is registered in more than one jurisdiction from the non-harmonized registration requirements listed in Appendix D to the Instrument. This means that a firm or individual that is registered in more than one jurisdiction is exempt from most non-harmonized registration requirements in all jurisdictions, including its principal jurisdiction. Consequently, the requirements that will apply are the registration requirements contained in the harmonized provisions of securities legislation and a few other requirements in each local jurisdiction in which a firm or individual is registered under section 4.2 of the Instrument.

Appendix D of the Instrument contains the non-harmonized registration requirements of local jurisdictions from which a firm or individual is exempted under section 4.9 of the Instrument. Appendix C of this Policy contains substantive local registration requirements that continue to apply to firms or individuals registered in more than one jurisdiction under section 4.2 of the Instrument. Fees continue to be payable in accordance with the applicable requirements of the local jurisdiction.

We do not anticipate adopting any further requirements that would result in non-harmonized requirements applying to firms or individuals registered in more than one jurisdiction.

### **PART 5 DISCRETIONARY EXEMPTIONS**

Part 5 of the Instrument applies to applications for discretionary exemptions from the equivalent requirements of the principal jurisdiction set out in Appendix E of the Instrument. Part 5 does not apply to other types of discretionary exemption applications, including applications to be or not to be a reporting issuer, mutual fund, non-redeemable investment fund or insider. National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* exists to deal with those applications. We encourage filers to apply under Part 5 of the Instrument when seeking an exemption from the provisions set out in Appendix E of the Instrument.

#### **5.1 Principal regulator for general discretionary exemption applications**

Under Part 5 of the Instrument, a filer must identify its principal regulator for a general discretionary exemption application from among the securities regulatory authorities or regulators of “participating principal jurisdictions”. The participating principal jurisdictions are the jurisdictions whose securities regulatory authority or regulator has agreed to act as principal regulator for discretionary exemption applications.

The securities regulatory authority or regulator in Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut does not act as principal regulator for general discretionary exemption applications under Part 5 of the Instrument, except as provided under section 5.2 of the Instrument (see section 5.2 of this Policy).

For applications for discretionary exemptions from insider reporting requirements, it is the head office of the reporting issuer, not the insider, which determines the principal regulator for the application.

For applications for discretionary exemptions from take-over bid requirements, it is the head office of the offeree issuer, not the offeror, which determines the principal regulator for the application.

Except as noted above, if the relevant head office is not in a participating principal jurisdiction, the principal regulator is the securities regulatory authority or regulator in the participating principal jurisdiction with which the person or company has the most significant connection. The factors a filer should consider in identifying its principal regulator based on its most significant connection are, in order of influential weight:

- (a) location of reporting issuer or registration status
- (b) location of management
- (c) location of assets and operations
- (d) location of majority of shareholders or clients
- (e) location of trading market or quotation system in Canada

A filer who applies for multiple exemptions, but does not require all of the exemptions from its principal regulator may request a change in principal regulator under section 5.2 of the Instrument. Alternatively, the filer may make two applications identifying a different principal regulator for each application if the filer does not want the security regulatory authority or regulator in one jurisdiction to deal with all the exemptions requested.

A filer relying on section 5.4 of the Instrument only needs to file its application with its principal regulator. The application should identify

- (a) the basis for identifying of the principal regulator,
- (b) the non-principal jurisdictions in which the filer is seeking an exemption,
- (c) whether any related applications have been filed, and
- (d) that the filer intends to rely on section 5.4 of the Instrument.



We encourage filers to file exemption applications by e-mail. We can process these applications more expeditiously than those filed in paper format. Filers should send their applications to the following addresses:

British Columbia	<a href="mailto:cflegal@bcsc.bc.ca">cflegal@bcsc.bc.ca</a>
Alberta	<a href="mailto:legalapplications@seccom.ab.ca">legalapplications@seccom.ab.ca</a>
Saskatchewan	<a href="mailto:exemptions@sfsc.gov.sk.ca">exemptions@sfsc.gov.sk.ca</a>
Manitoba	<a href="mailto:exemptions.msc@gov.mb.ca">exemptions.msc@gov.mb.ca</a>
Ontario	
Québec	<a href="mailto:dispenses/passeport@lautorite.qc.ca">dispenses/passeport@lautorite.qc.ca</a>
New Brunswick	<a href="mailto:applications@nbsc-cvmnb.ca">applications@nbsc-cvmnb.ca</a>
Nova Scotia	<a href="mailto:nsscexemptions@gov.ns.ca">nsscexemptions@gov.ns.ca</a>

In British Columbia, an electronic filing system is available for applying and tracking exemption applications. Filers may apply using that system instead of filing the application by e-mail.

See Appendix D to this Policy entitled *Passport system process for discretionary exemption application* for guidance on the following: pre-filing, filing of materials and review of materials.

## **5.2 Principal regulator for discretionary exemption applications made with an application for registration**

Under section 5.2 of the Instrument, the principal regulator for a discretionary exemption application from a requirement in Part 4 of NI 31-103 or in Part 2 of NI 33-109 made in connection with an application for registration is the principal regulator determined under section 4.1 of the Instrument.

The principal regulator for a discretionary exemption application made after a firm or individual is registered in its principal jurisdiction is determined under section 5.1 of the Instrument.

## **5.3 Discretionary change of principal regulator for discretionary exemption applications**

Section 5.3 of the Instrument permits the securities regulatory authority or regulator to change the principal regulator for a discretionary exemption application on its own motion or on application.

If a securities regulatory authority or regulator thinks that the principal regulator identified under section 5.1 or 5.2 of the Instrument is inappropriate, the securities regulatory authority or regulator will give the filer a written notice under section 5.3 of the Instrument that specifies the appropriate principal regulator for the application and the reasons for the change.

A filer may request that a regulator change the filer's principal regulator under section 5.3 of the Instrument if:

- (a) the filer believes the principal regulator identified under section 5.1 or 5.2 is inappropriate,
- (b) the location of the filer's head office changes,
- (c) the principal regulator originally identified for an application based on the most significant connection to a participating principal jurisdiction changes over the course of the application,
- (d) the filer withdraws its application in the principal jurisdiction because no exemption is required, or
- (e) the filer does not require all of the exemptions in the principal jurisdiction.

If the request is approved, we will give a written notice under section 5.3 of the Instrument.

Any request for a change of principal regulator for a discretionary exemption application should be made in writing to the current principal regulator and include the reasons for the change. The current principal regulator will advise the potential principal regulator of the request.

#### **5.4 National application of discretionary exemptions**

Section 5.4(1) of the Instrument exempts a person or company from a provision of securities legislation in the local jurisdiction if the principal regulator for the application grants an exemption from an equivalent provision of securities legislation in the principal jurisdiction. For a person or company to benefit from this provision,

- (a) there must be a provision in the securities legislation of the local jurisdiction that is equivalent to a provision in the securities legislation of the jurisdiction of the principal regulator,
- (b) the principal regulator must grant a discretionary exemption from its equivalent provision,
- (c) the filer must give notice in the local jurisdiction that it intends the discretionary exemption to apply in the local jurisdiction, and
- (d) the person or company relying on the exemption must comply with the terms, conditions, restrictions or requirements of the exemption granted by the principal regulator as if they were imposed in the local jurisdiction.

We have identified the equivalent provisions of securities legislation to which section 5.4(1) of the Instrument applies in Appendix E to the Instrument. Equivalent provisions are harmonized provisions of securities legislation.

Section 5.4(2) of the Instrument provides that a person or company may give the notice required under section 5.4(1)(c) of the Instrument only to the principal regulator instead of the non-principal regulator. Notice can be given in the application filed with the principal regulator. The principal regulator will advise the relevant non-principal regulators.

A person or company may apply for an exemption from a national prospectus requirement in the cover letter for the preliminary prospectus. For these types of exemptions, the notice required under section 5.4(1)(c) of the Instrument is the request for the exemption in the cover letter for the preliminary prospectus.

If a firm or individual applies for registration in its principal jurisdiction and simultaneously makes the required filing under section 4.2(1) or (3) of the Instrument to become registered in a non-principal jurisdiction, the notice required under section 5.4(1)(c) of the Instrument is the request for exemption in the firm or individual's application for registration or subsequent correspondence relating to the application. If a firm or individual is registered in its principal jurisdiction and subsequently makes the required filing under section 4.2(1) or (3) of the Instrument to become registered in a non-principal jurisdiction, the principal regulator will give notice to the non-principal regulator that an exemption was granted at the time of registration in the principal jurisdiction and this will serve as the notice required under section 5.4(1)(c) of the Instrument.

An exemption from a requirement in Part 4 of NI 31-103 or in Part 2 of NI 33-109 in a non-principal jurisdiction under section 5.4(1) of the Instrument is evidenced by the registration decision or the written decision of the principal regulator.

The general effect of section 5.4(1) of the Instrument is that a person or company needs to obtain a discretionary exemption only in its principal jurisdiction to have an equivalent exemption in each relevant local jurisdiction.

CSA is not prepared under section 5.4(1) of the Instrument to extend the availability of a non-harmonized NI 45-106 exemption to a non-principal jurisdiction where the exemption is not available under that rule. If a filer makes an application for a discretionary exemption that would have that effect, the principal regulator will request that the filer provide a representation that no person or company will rely on the discretionary exemption in that non-principal jurisdiction. For example, a principal regulator would not grant a discretionary exemption under section 5.4(1) that would have the effect of allowing the use of the offering memorandum exemption, unless the filer gave a representation that no person or company would rely on the discretionary exemption in Ontario.

CSA expects that a filer will identify all the exemptions it requires and all the jurisdictions in which it requires them when it files an application with its principal regulator. If a filer does not do so, and the securities regulatory authority or regulator of the jurisdiction in which a person or company subsequently relies on the exemption determines that the filer may have misled the principal regulator by not identifying the jurisdiction at the time it made the application, the securities regulatory authority or regulator of the jurisdiction will take appropriate action. In

some circumstances, this could include removing the exemption, in which case the filer would have an opportunity to be heard in appropriate circumstances.

## **5.5 Exception from section 5.4(1)(c) notice requirement**

The purpose of section 5.5 of the Instrument is to grandfather any discretionary exemptions from continuous disclosure requirements granted by a principal regulator to a reporting issuer relying on section 3.2 of MI 11-101. That provision eliminated the need for an issuer to obtain discretionary exemptions from the continuous disclosure requirements in non-principal jurisdictions.

Under section 5.5 of the Instrument, an issuer that filed a notice of principal regulator under section 2.2 or 2.3 of MI 11-101 can rely on a discretionary exemption from continuous disclosure requirements the issuer obtained from its principal regulator before [insert effective date of Part 5 of the Instrument] without having to give notice under section 5.4(1)(c).

These are the continuous disclosure requirements from which a reporting issuer could get an exemption under section 3.2 of MI 11-101:

- (a) National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, except as it relates to a prospectus,
- (b) National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, except as it relates to a prospectus,
- (c) National Instrument 51-102 *Continuous Disclosure Obligations*,
- (d) National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* as it applies to a document filed under National Instrument 51-102 *Continuous Disclosure Obligations*,
- (e) National Instrument 52-108 *Auditor Oversight*,
- (f) National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*,
- (g) National Instrument 52-110 *Audit Committees*, except in British Columbia
- (h) BC Instrument 52-509 *Audit Committees*, only in British Columbia
- (i) National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*,
- (j) National Instrument 58-101 *Disclosure of Corporate Governance Practices*,
- (k) section 8.5 of National Instrument 81-104 *Commodity Pools*,

- (l) National Instrument 81-106 *Investment Fund Continuous Disclosure*, and
- (m) Appendix E below the name of the jurisdiction.

## Companion Policy 11-102 Passport System

### Appendix A

#### *Passport system process for prospectus review*

#### **PART A1 OVERVIEW AND APPLICATION**

**A1.1 Scope** – This Appendix describes procedures for the filing and review of prospectuses, including investment fund, short form and shelf prospectuses, prospectus amendments and related materials, filed under the Instrument.

#### **PART A2 DEFINITIONS**

**A2.1 Definitions** – In this Appendix,

“amendment” means an amendment to a preliminary prospectus or prospectus;

“application” means a request for discretionary exemption from or approval under securities legislation, but does not include a waiver application or pre-filing;

“filer” means

- (a) a person or company filing a prospectus, and
- (b) an agent of a person or company referred to in paragraph (a);

“long form prospectus” includes a simplified prospectus and annual information form for a mutual fund;

“materials” means the documents required under the national prospectus requirements for each type of prospectus and the related fees;

“pre-filing” means a consultation with the principal regulator of the issuer for purposes of a prospectus filing under Part 3 of the Instrument regarding the interpretation or application of securities legislation or securities directions to a particular transaction or proposed transaction that is the subject of, or is referred to in, materials, if the consultation is initiated before the filing of those materials;

“preliminary prospectus amendment” means an amendment to a preliminary prospectus;

“prospectus amendment” means an amendment to a prospectus;

“renewal shelf prospectus” means a short form prospectus that is prepared and filed in accordance with the shelf prospectus system to replace a short form prospectus previously filed by the issuer under the shelf prospectus system for which a final receipt was issued;

“seasoned prospectus” means a pro forma or preliminary prospectus of an issuer, if it is filed within two years of the date that a final receipt was issued for a prospectus;

“shelf prospectus” means a prospectus filed under National Instrument 44-102 *Shelf Distributions*;

“short form prospectus” means a prospectus filed under National Instrument 44-101 *Short Form Prospectus Distributions*; and

“waiver application” means a request for an exemption from securities legislation, if the exemption would be evidenced by the issuance of a receipt under this Appendix.

## **PART A3 FILING MATERIALS**

**A3.1 Filing** – If a filer proposes to distribute its securities by prospectus only to purchasers in jurisdictions other than the jurisdiction in which its principal regulator is located, the materials, including the required fees, should also be filed with the principal regulator, and will be reviewed by the principal regulator.

**A3.2 Blacklined document** – Except in the case of short form prospectuses, it is strongly recommended that a filer file through SEDAR a draft prospectus (the French language version, in Québec), blacklined to show changes, as far as possible in advance of filing final materials. This blacklined version is in addition to the blacklined version of the final prospectus to be filed with the final materials.

**A3.3 Seasoned Prospectuses** – If appropriate, a filer (other than for a filing made under National Instrument 81-101 *Mutual Fund Prospectus Disclosure*) may identify a prospectus being filed as a seasoned prospectus. When a seasoned prospectus is filed it should be accompanied by a copy of the seasoned prospectus blacklined against the preceding prospectus of the filer to show all changes made. The prospectus should be accompanied by a certificate of the filer. The certificate should certify that the blacklined prospectus indicates all differences between the content of the seasoned prospectus and that of the previous prospectus of the filer.

## **PART A4 REVIEW OF MATERIALS**

**A4.1 Review by principal regulator** – The principal regulator is responsible for reviewing all materials in accordance with the securities legislation and securities directions, except non-harmonized requirements the issuer is exempt from under section 3.4 of the Instrument, of the jurisdiction in which the principal regulator is located, and in accordance with its review procedures, analysis and precedents. The principal regulator will be responsible for issuing and resolving comments on materials and issuing the prospectus receipt once the relevant conditions have been satisfied.

**A4.2 Review period for long form prospectuses and renewal shelf prospectuses** – The principal regulator will use its best efforts to review the materials and issue a comment letter within 10 working days of the date of the preliminary receipt.

### **A4.3 Review period for short form prospectuses**

(1) The principal regulator will use its best efforts to review materials relating to a preliminary short form prospectus and issue a comment letter within three working days of the date of the preliminary receipt.

(2) Despite the foregoing, if, in the opinion of the principal regulator, a proposed distribution by way of short form prospectus is too complex to be reviewed adequately within the prescribed time-period, the principal regulator may determine that the time-period applicable to long form prospectuses should apply. In that case, the principal regulator will, within one working day of the filing of the preliminary short form prospectus, so notify the filer. The filer is encouraged to submit a pre-filing to resolve any issues that may cause a delay in the prescribed time-period.

**A4.4 Novel structure or issue** – If a prospectus is filed for an offering that involves a novel structure or novel issue and the issues were not resolved in a pre-filing, the complexity of the structure or the issue may affect the prescribed review periods.

**A4.5 Form of response** – The filer should provide to the principal regulator written responses to the comment letter issued by the principal regulator.

## **PART A5 RECEIPTS**

**A5.1 Effect of prospectus receipt** – A filer who receives a receipt for a preliminary prospectus or prospectus from the principal regulator will be deemed to have a receipt for the preliminary prospectus or prospectus in the local jurisdiction, if the filer filed the preliminary prospectus or prospectus in the local jurisdiction under a national prospectus requirement and the securities regulatory authority or regulator of the local jurisdiction is not the principal regulator for the prospectus filing. To assist filers, the principal regulator will list in its receipt the local jurisdictions in which it understands the filer has a deemed receipt.

**A5.2 Conditions to issuance of preliminary receipt** – The principal regulator will issue a preliminary receipt if:

1. the principal regulator has determined that acceptable materials have been filed; and
2. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
  - (a) materials, including all required translations, have been filed with all non-principal regulators;
  - (b) in respect of each jurisdiction in which the materials are filed, the filer is not subject to a cease trade order issued by a local securities regulatory authority;
  - (c) in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered, or has filed an application for registration or an application for exemption from the requirement to be registered. If none of the underwriters that has signed the certificate are registered in a jurisdiction in which the



distribution is being made but one of the underwriters has filed an application for registration or an application for exemption from the requirement to be registered, that underwriter will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration or exemption has been obtained; and

(d) in the case of distributions to be effected by the filer, the filer is registered in each jurisdiction in which the securities will be offered to purchasers, has filed an application for registration or is not required to be registered. If the filer has filed an application for registration in a jurisdiction, the filer will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration is obtained.

**A5.3 Conditions to issuance of final receipt for long form prospectus and renewal shelf prospectus** – The principal regulator will issue a final receipt for a long-form prospectus or a renewal shelf prospectus if:

1. the statutory waiting period between the issuance of the receipt for preliminary materials and final materials, if applicable, has expired;
2. the principal regulator has determined that acceptable materials have been filed; and
3. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:

(a) materials, including all required translations, have been filed with all non-principal regulators;

(b) in respect of each jurisdiction in which the materials are filed, the filer is not subject to a cease trade order issued by a local securities regulatory authority;

(c) in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered or has been exempted from the requirement to be registered;

(d) in the case of distributions to be effected by the filer, the filer is registered in each jurisdiction in which the securities will be offered to purchasers or not required to be registered; and

(e) all necessary exemptions from applicable securities legislation has been applied for and granted by the principal regulator.

**A5.4 Translations** – The filer is responsible for ensuring the accuracy of any required translations.

**A5.5 Conditions to issuance of final receipt for short form prospectus** – The principal regulator will issue a final receipt for a short form prospectus if the conditions specified in section A5.3, other than subsection A5.3(1), have been met and at least two working days have elapsed from the date of the preliminary receipt.

**A5.6 Holidays** - A receipt is deemed to be issued in the local jurisdiction on the date the principal regulator issues the receipt even if the non-principal regulator is not open on the date the principal regulator issues the receipt.

## **PART A6 APPLICATIONS**

**A6.1 Applications** – In many instances, certain exemptions are required by a filer to enable a filing of materials or to facilitate a distribution of securities under materials filed. The following guidelines may assist a filer in ensuring that the review of materials is not unduly delayed if there is a concurrent application that is not subject to Part A7:

1. If the exemption requested in the application is a condition to the issuance of a receipt and if the application is not filed in a timely manner, the issuance of the receipt may be delayed.
2. If an application is filed, the filer should indicate in a cover letter accompanying the application that there is a related filing of materials that has either been filed or will be filed.

## **PART A7 PRE-FILINGS AND WAIVER APPLICATIONS**

### **A7.1 General**

(1) If the resolution of a pre-filing or waiver application is a condition precedent to the issuance of either a preliminary or final receipt, filers are reminded to file the pre-filing or waiver application sufficiently in advance of the filing of the related materials to avoid any delay in the issuance of the receipt.

(2) The review procedures are different for pre-filings and waiver applications that are routine and those that raise novel and substantive issues.

(3) A filer should indicate in a cover letter accompanying a pre-filing or waiver application that there is a related filing of materials that has either been filed or will be filed.

**A7.2 Procedure for routine pre-filings and waiver applications** – A pre-filing or waiver application should be submitted to the principal regulator in the form required by the principal regulator, and the filer will deal only with the principal regulator to resolve the pre-filing or waiver application.

**A7.3 Procedure for novel and substantive pre-filings and waiver applications** – If the principal regulator determines that a pre-filing or waiver application filed, or to be filed, involves a novel and substantive issue or raises a novel public policy concern, the principal regulator will use its best efforts to review the materials within four working days from the date of the receipt of the pre-filing or waiver application.

**A7.4 Filing of related materials** – For any materials filed to which a pre-filing or waiver application relates, the filer should include in the cover letter accompanying the materials a description of the subject matter of the pre-filing or waiver application, including the relevant provisions of the securities legislation in the principal jurisdiction and the proposed disposition of the pre-filing or waiver application by the principal regulator.

## **PART A8 AMENDMENTS**

**A8.1 Conditions to issuance of receipt for preliminary prospectus amendments** – The principal regulator will issue a preliminary prospectus amendment receipt if:

1. the principal regulator has determined that acceptable materials have been filed; and
2. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:

(a) materials, including all required translations, have been filed with all non-principal regulators;

(b) in respect of each jurisdiction in which the materials are filed, the filer is not subject to a cease trade order issued by a local securities regulatory authority; and

(c) if the amendment reflects the removal of an underwriter, in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered, or has filed an application for registration or an application for exemption from the requirement to be registered. If none of the underwriters that has signed the certificate are registered in a jurisdiction in which the distribution is being made, but one of the underwriters has filed an application for registration or an application for exemption from the requirement to be registered, that underwriter will file an undertaking with the principal regulator not to solicit in that jurisdiction until the registration or exemption has been obtained.

**A8.2 Receipt for preliminary prospectus amendments** A filer who receives a receipt for a preliminary prospectus amendment from the principal regulator will be deemed to have a receipt for the preliminary prospectus amendment in the local jurisdiction, if the filer filed the preliminary prospectus amendment in the local jurisdiction under a national prospectus requirement and the securities regulatory authority or regulator in the local jurisdiction is not the principal regulator for the prospectus filing. To assist filers, the principal regulator will list in its receipt the local jurisdictions in which it understands the filer has a deemed receipt.

### **A8.3 Review period for preliminary prospectus amendments**

(1) If a prospectus amendment for a preliminary prospectus is filed before the principal regulator issues its comment letter relating to the preliminary prospectus materials, the principal regulator may be unable to complete its review of the preliminary prospectus materials and issue its comment letter within the time-period indicated in section A4.2 or A4.3, as applicable.

In the case of a long form prospectus, the principal regulator will use its best efforts to issue its comment letter on the later of the date that is five working days after the filing of the amendment and the original due date for the comment letter. In the case of a short form prospectus, the principal regulator will use its best efforts to issue its comment letter on the later of the date that is three working days after the filing of the amendment and the original due date for the comment letter.

(2) If a prospectus amendment for a preliminary long form prospectus is filed after the principal regulator has issued its comment letter, the principal regulator will use its best efforts to review the materials and issue a comment letter within three working days of the date of the preliminary prospectus amendment receipt.

(3) If a prospectus amendment for a preliminary short form prospectus is filed after the principal regulator has issued its comment letter, the principal regulator will use its best efforts to review the materials and issue a comment letter within two working days of the date of the preliminary prospectus amendment receipt.

(4) The time periods in subsections (2) and (3) may not apply in certain circumstances if it would be more appropriate for the principal regulator to review the amendment materials at a different stage of the review process. For example, the principal regulator may wish to defer review of the amendment materials until after receiving and reviewing the filer's responses to comments already issued in respect of the preliminary prospectus materials.

#### **A8.4 Review period for prospectus amendments**

(1) If a prospectus amendment to a long form prospectus, including a prospectus for an investment fund, is filed, the principal regulator will use its best efforts to review the materials and to issue a comment letter within three working days of the date of the receipt of the prospectus amendment.

(2) If a prospectus amendment to a short form prospectus is filed, the principal regulator will use its best efforts to review the materials and to issue a comment letter within two working days of the date of the receipt of the prospectus amendment.

**A8.5 Conditions to issuance of prospectus amendment receipt** – The principal regulator will issue a prospectus amendment receipt if:

1. all comments raised have been resolved to the satisfaction of the principal regulator;
2. the principal regulator has determined that acceptable materials have been filed;  
and
3. the filer has confirmed to the principal regulator in a letter accompanying the materials that, to the best of its knowledge and belief:
  - (a) materials, including all required translations, have been filed with all non-principal regulators;
  - (b) in respect of each jurisdiction in which the materials are filed, the filer is not subject to a cease trade order issued by a local securities regulatory authority;
  - (c) if the amendment reflects the removal of an underwriter, in each jurisdiction in which the securities will be offered to purchasers, at least one underwriter that has signed the certificate is registered, has been exempted from the requirement to be registered or is not required to be registered; and

(d) all necessary exemptions from applicable securities legislation has been applied for and granted by the principal regulator.

**A8.6 Prospectus amendment receipt** – A filer who receives a receipt for a prospectus amendment from the principal regulator will be deemed to have a receipt for the prospectus amendment in the local jurisdiction, if the filer filed the prospectus amendment in the local jurisdiction under a national prospectus requirement and the securities regulatory authority or regulator in the local jurisdiction is not the principal regulator for the prospectus filing. To assist filers, the principal regulator will list in its receipt the local jurisdictions in which it understands the filer has a deemed receipt.

## Appendix B

### *Passport system policy for registration*

#### **PART B1 REVIEW OF MATERIALS**

##### **B1.1 Review by principal regulator**

(1) The principal regulator is responsible for reviewing the application for registration and any supporting materials filed by a firm or the sponsoring firm of an individual who wants to become registered simultaneously in the principal jurisdiction and, relying on section 4.2 of the Instrument, in a non-principal jurisdiction. The firm or individual registers in the principal jurisdiction following the process in NI 33-109 and in a non-principal jurisdiction by filing the appropriate form. For a firm, this is a completed Form 11-102F1. For an individual, the sponsoring firm files the information under item 5 *Registration Jurisdictions* and item 9 *Location of Employment* of Form 33-109F4.

(2) A firm that is registered in its principal jurisdiction and subsequently wants to be registered in a non-principal jurisdiction files a completed Form 11-102F1. The sponsoring firm of an individual, who is registered in its principal jurisdiction and subsequently wants to be registered in a non-principal jurisdiction, files the information under item 5 *Registration Jurisdictions* and item 9 *Location of Employment* of Form 33-109F4 for the individual. The non-principal regulator will not conduct any review in relation to the registration in the non-principal jurisdiction.

(3) A firm may file Form 11-102F1 only with the principal regulator instead of the non-principal regulator. The sponsoring firm of an individual must file the required information in accordance with NI 31-102.

#### **PART B2 REGISTRATION**

##### **B2.1 Effect and substance of decision**

(1) A firm that files a completed Form 11-102F1 is automatically registered in a non-principal jurisdiction in the same category and on the same terms, conditions, restrictions and requirements as in the principal jurisdiction. An individual whose sponsoring firm files the information in item 5 *Registration Jurisdictions* and item 9 *Location of Employment* of Form 33-109F4 is automatically registered in a non-principal jurisdiction in the same category and on the same terms, conditions, restrictions and requirements as in the principal jurisdiction.

(2) The registration decision of the principal regulator will not list the non-principal jurisdictions in which a firm or individual become registered by making the filing referred to in subsection (1) because the registration status of a firm and individual often changes over time and the principal regulator's registration decision would become outdated.

### **B2.2 Decision by principal regulator**

(1) After completing its review of the application, the principal regulator will decide whether to grant, refuse to grant, or impose terms, conditions, restrictions or requirements on the registration.

The principal regulator will issue a registration decision for an application submitted if

- (a) the principal regulator determines that acceptable materials have been filed under NI 33-109,
- (b) the principal regulator has reviewed the materials submitted,
- (c) where the registration sought is to be granted, the principal regulator has determined that the relevant requirements of NI 31-103 are satisfied, or where the registration sought is to be refused, the principal regulator has determined that one or more of these requirements are not satisfied, and
- (d) where the registration sought by an individual is to be granted, the individual's sponsoring firm is registered in all jurisdictions in which the individual is to be registered.

### **B2.3 Effective date of registration**

(1) If a firm or individual applies for registration simultaneously in the principal jurisdiction and a non-principal jurisdiction, the date of registration in the non-principal jurisdiction is the date set out in the registration decision issued by the principal regulator even if the non-principal regulator is not open on that date.

(2) If a firm registered in its principal jurisdiction subsequently files a completed Form 11-102F1 to become registered in a non-principal jurisdiction, the date of registration in the non-principal jurisdiction is the date on which the filing is made. If an individual is registered in its principal jurisdiction and the individual's sponsoring firm subsequently files the information under item 5 *Registration Jurisdictions* and item 9 *Location of Employment* of Form 33-109F4 for the individual to become registered in a non-principal jurisdiction, the date of registration in the non-principal jurisdiction is the date on which the filing is made.

**B2.4 Potential refusal of registration or imposition of terms, conditions, restrictions or requirements** – If, based on the information before it, the principal regulator is not prepared to grant the registration, or if it is prepared to grant the registration with terms, conditions, restrictions or requirements, the principal regulator will notify the firm or the individual's sponsoring firm of its proposed decision.

**B2.5 Opportunity to be heard**

(1) If under the principal jurisdiction's securities legislation, the firm or individual has the right to request the opportunity to appear before or otherwise make submissions to the principal regulator because the principal regulator is considering refusing registration or imposing terms, conditions, restrictions and requirements, the principal regulator will provide the opportunity to be heard on request.

(2) After the principal regulator makes a decision following the opportunity to be heard, the principal regulator will issue a decision, if the securities legislation in the principal jurisdiction requires it.

**B2.6 Non-principal regulator decisions that affect registration**

(1) A non-principal regulator will generally rely on the principal regulator of a firm or individual to lead a compliance review of the firm or take enforcement action against the firm or individual. In those circumstances, the principal regulator may impose terms, conditions, restrictions or requirements on a registration in a decision made after an enforcement hearing or under a settlement agreement. These terms, conditions, restrictions or requirements would apply in the principal jurisdiction and any non-principal jurisdiction in which the firm or individual is registered under section 4.2(1) or (3) of the Instrument.

(2) The non-principal regulator of a firm may participate in a compliance review conducted by the firm's principal regulator by reviewing the firm's offices in the non-principal jurisdiction. This will assist the principal regulator in reviewing the full operations of the firm. It will also allow the non-principal regulator to examine the activities of the firm's representatives located in its jurisdiction, for whom it is the principal regulator.

(3) In exceptional circumstances, a non-principal regulator of a firm or individual might undertake a compliance review of the firm or an enforcement action against the firm or individual. In those circumstances, the non-principal regulator may impose terms, conditions, restrictions or requirements on a registration in a decision made after an enforcement hearing or under a settlement agreement. These terms, conditions, restrictions or requirements would apply only in the non-principal jurisdiction. However, the principal regulator may make a decision to impose terms, conditions, restrictions and requirements based on those imposed by the non-principal regulator if, in the view of the principal regulator, they are appropriate to the continued fitness and suitability for registration of the registrant.



## Companion Policy 11-102 Passport System

### Appendix C

#### *Local registration requirements*

This appendix was prepared on the basis of the provisions we expect will be in force when Part 4 is implemented.

#### **British Columbia:**

*Securities Act:*

*Securities Rules:*

sections 3(5) (*Person qualified to make auditor's report*) and 182 (*Meeting information and voting instructions*)

*BC Instruments:*

sections 6 (*Information about registrant available on client's request*), 7 (*Subordination agreements*), 8 (*Compensation or contingency trust fund*) and 9 (*Confirmation of purchase or sale for exchange contracts*) of proposed BC Instrument 3\*-5\*\*  
*Registration Requirements* (to be implemented with NI 31-103)

#### **Alberta:**

*Securities Act:*

*Securities Commission*

*Rules (General):*

section 90 (*Confirmation of trade*)

section 24 (*Subordination agreements*), sections 28 (*Compensation fund or contingency trust fund*), 71.1 (*Confirmation under section 90(1) of the Act*), 71.2 (*Confirmations of trade*) and 71.3 (*Confirmation of trade*)

#### **Saskatchewan:**

*The Securities Act, 1988:*

*The Securities Regulations:*

*Instruments:*

none

none

Local Instrument 33-502 *Requirements for sale of certain securities*

#### **Manitoba:**

*Securities Act:*

*Securities Regulation:*

sections 7(5) (*Stockbrokers required to be exchange members*), 11 (*Address for service*), 36(4) (*Registrants not to trade prospecting syndicate securities*), 77 (*Margin contracts*) and 79 (*Voting of shares in name of registrant*)

none

#### **Ontario:**

*Securities Act:*

*Securities Regulation:*

**Québec:**

*Securities Act:* sections 149 (para. 2) (*Restriction regarding representative*) and 168.1.1 to 168.1.5 (*Complaint and dispute resolution policy*)

*Distribution of Financial Products and Services Act:*

sections 77 (*Contribution to the Fonds d'indemnisation des services financiers*) and 81 (*Annual fees*)

*Securities Regulation:*

section 239 (*Information about dealer available on client's request*)

*Regulations:*

Q-9 (sections 13 (*Advice on derivatives*) and 44(*Adviser in derivatives*))

**New Brunswick:**

*Securities Act:* none

*Local Rules:*

Local Rule 31-501 (sections 6.1 (*Person qualified to sign an make auditor's report*) and 7.5 (*Subordination agreements*))

**Nova Scotia:**

*Securities Act:* section 37 (*Further information*)

*General Securities Rules:*

sections 11(1)(o), 12 (*Rules for determining market value of unlisted securities by a registrant*), 16(1) (*Investment dealers deemed registered as underwriters*), 27 (*Contingency fund*), 28 (*Subordination agreement*), 29 (*Financial reporting*), 44 (*Full-time employment rule and exceptions*), 49 (*Examination*), 50 and 51 (*Amendments to registration*)

**Prince Edward Island:**

*Securities Act:*

*Securities Regulation:*

**Newfoundland and Labrador:**

*Securities Act:* none

*Securities Regulations:* none

**Yukon:**

*Securities Act:*

**Northwest Territories:**

*Securities Act:*

*Securities Regulation:*

**Nunavut:**

*Securities Act:*

*Securities Regulation:*

## **Companion Policy 11-102 Passport System**

### **Appendix D**

#### *Passport system process for discretionary exemption applications*

#### **PART D1 DEFINITIONS AND INTERPRETATION**

##### **D1.1 Definitions** – In this Appendix

“filer” means

- (a) a person or company filing an application, and
- (b) an agent of a person or company referred to in paragraph (a);

“pre-filing” means a consultation with the principal regulator regarding the interpretation or application of securities legislation or securities directions to a particular transaction or matter or proposed transaction or matter that is the subject of, or is referred to in, an application, if the consultation is initiated before the filing of the application;

#### **PART D2 OVERVIEW AND APPLICATION**

##### **D2.1 Overview and application**

(1) This appendix describes the process for filing and review of applications where a person or company intends to rely on section 5.4(1) of the Instrument in a non-principal jurisdiction.

(2) Filers should ensure that the exemptions sought are both appropriate and necessary in the principal jurisdiction and each non-principal jurisdiction where section 5.4(1) of the Instrument is intended to be relied upon.

(3) The terms, conditions, restrictions and requirements of the decision will reflect the securities legislation and securities directions of the principal jurisdiction.

#### **PART D3 PRE-FILINGS**

##### **D3.1 General**

(1) Filers should use the procedures set out in this Part for any novel pre-filings related to the application.

(2) To comply with sections 5.1, 5.2 and 5.4(1) of the Instrument, a filer should

- (a) identify in the pre-filing the principal regulator for the application and any non-principal jurisdictions where section 5.4(1) of the Instrument is intended to be relied upon, and

- (b) file the pre-filing sufficiently in advance of the application to avoid any delays in the issuance of the decision by the principal regulator.

**D3.2 Disclosure in related application** – In any application filed under this system, the filer should describe the subject matter of any pre-filing and the approach taken on the pre-filing by staff of the principal regulator.

## **PART D4 FILING MATERIALS**

**D4.1 Identification of principal regulator** – When section 5.4(1) of the Instrument is intended to be relied upon in a non-principal jurisdiction, the filer should identify a principal regulator in accordance with section 5.1 or 5.2 of the Instrument and identify all jurisdictions where it intends to rely on section 5.4(1) of the Instrument.

### **D4.2 Materials to be filed**

(1) A filer should file with the principal regulator only, materials consisting of

- (a) a written application drafted in accordance with the procedures of the principal regulator as to format and content in which the filer:
  - (i) states that the application is being filed under the Instrument and identifies the jurisdictions where section 5.4(1) of the Instrument is intended to be relied upon,
  - (ii) identifies whether a separate application in connection with the same transaction or matter has been filed in one or more jurisdictions and the reasons for filing a separate application,
  - (iii) identifies the principal regulator(s) and the basis for that identification under section 5.1 or 5.2 of the Instrument,
  - (iv) sets out, for any pre-filing, the information referred to in section D3.2,
  - (v) sets out under separate headings all of the exemptions sought, including any request for confidentiality, and clearly identifies the jurisdictions in which each exemption would apply if granted based on Appendix E to the Instrument, and
  - (vi) sets out references to previous orders of the principal regulator or other securities regulatory authority or regulator which would support granting the relief or indicates that the relief requested is novel and has not been previously granted;
- (b) supporting materials;
- (c) draft form(s) of decision(s) with terms, conditions, restrictions or requirements, including resale restrictions, based on the securities legislation and securities directions of the principal jurisdiction; and

(d) the fees payable in the principal jurisdiction under securities legislation.

(2) Filers should submit their applications sufficiently in advance of any deadlines to ensure that staff has a reasonable opportunity to complete their review of the application and make recommendations to the principal regulator for a decision.

(3) Filers must ensure that some aspect of the exemption sought is necessary in each jurisdiction where the section 5.4(1) of the Instrument is intended to be relied upon.

(4) The Autorité des marchés financiers (AMF) requires that a French language version of the draft decision be filed in Québec when the AMF is acting as principal regulator.

#### **D4.3 Request for confidentiality**

(1) Filers requesting that the application and supporting material be held in confidence during the application review process must provide a substantive reason for the request.

(2) If a filer is seeking to have any of the application, supporting materials, or the decision held in confidence after the effective date of the decision, the filer should describe its request for confidentiality separately in its application and pay the appropriate fee in the principal jurisdiction.

(3) The filer should provide a rationale for the principal regulator to grant the request for confidentiality under its securities legislation.

(4) The filer should also tell the principal regulator when the decision granting confidentiality could expire.

(5) Staff will normally communicate with the filer using e-mail. If the filer is concerned with this practice, the filer may request in the application that all communications be made by facsimile or telephone.

(6) The principal regulator may provide the application, supporting materials and decision to each non-principal jurisdiction where section 5.4(1) of the Instrument is intended to be relied upon.

**D4.4 Filing** – The principal regulator encourages filers to send their materials by e-mail. This will make it easier for the principal regulator to process the application expeditiously. In British Columbia, an electronic filing system is available for applying and tracking exemption applications. Filers may apply using that system instead of filing the application by e-mail. Applications cannot be filed electronically through SEDAR as the materials filed are not a mandated filing under NI 13-101.

**D4.5 Incomplete or deficient material** – If the filer's materials are deficient or incomplete, staff may ask the filer to file an amended application with the principal regulator.

**D4.6 Acknowledgment of receipt of filing** – After receiving an application, the principal regulator will send the filer an acknowledgment of receipt of the application by e-mail or facsimile. In the acknowledgement, the principal regulator will identify the name, phone number, fax number and e-mail address of the staff member who is reviewing the application.

**D4.7 Withdrawal or abandonment of application**

(1) If an application is withdrawn at any time during the process, the filer is responsible for notifying the principal regulator by e-mail or facsimile and providing an explanation for the withdrawal.

(2) If at any time during the review process, the principal regulator determines that an application has been abandoned by a filer, staff will notify the filer by e-mail or facsimile that the application will be marked “not proceeded with”. In that case, the file will be closed without further notice to the filer unless the filer responds in writing within 10 business days with acceptable reasons as to why the file should remain open. If no response is received from the filer within the 10 business day time period, staff will notify the filer by e-mail or facsimile that the principal regulator has closed the file.

**PART D5 REVIEW OF MATERIALS**

**D5.1 Review by principal regulator**

(1) The principal regulator will review any application filed under the Instrument in accordance with its usual review procedures, analysis and considering previous orders.

(2) The filer will deal only with the principal regulator, who will issue comments to and receive responses from the filer.

**PART D6 DECISION OF PRINCIPAL REGULATOR**

**D6.1 Principal regulator to grant or deny relief** – After completing the review process and after considering the recommendation of its staff, the principal regulator will determine whether it will grant or deny the exemption sought.

**D6.2 Potential denial of discretionary exemption** – If the principal regulator is not prepared to grant the exemption sought based on the information before it, its staff will notify the filer by e-mail or facsimile accordingly.

**D6.3 Opportunity to be heard on a potential denial** – If this process is available in the principal jurisdiction, the filer may request the opportunity to appear and make submissions to the principal regulator if the filer receives a notice under D6.2.

## **PART D7 DECISION**

### **D7.1 Effect of decision**

(1) The decision of the principal regulator evidences that an equivalent exemption is available in any non-principal jurisdiction for which the filer gave notice that section 5.4(1) of the Instrument was intended to be relied upon.

(2) The decision will reflect the securities legislation and securities directions of the principal jurisdiction. This may mean that similar transactions or matters may be subject to different terms, conditions, restrictions or requirements, for example resale restrictions, depending on who acts as the principal regulator for an application.

(3) The decision provides exemptions for the entire transaction or matter that is the subject of the application. This ensures that the exempt transaction or matter is treated in a uniform manner in all jurisdictions where the section 5.4(1) of the Instrument was intended to be relied upon. Consequently, if the transaction or matter is a composite transaction or matter comprised of a series of trades, the filer will look to the decision for all trades in the series and not rely on statutory exemptions for some trades and on the decision for other trades.

**D7.2 Form of Decision** – Except as described below, the decision will be in the form of the decision attached as Schedule A. This will not preclude the issuance of a less formal decision where it is the current practice. If the decision is a denial of the exemption, the decision will set out reasons.

**D7.3 Issuance of Decision** – The principal regulator will send the decision by e-mail or facsimile to the filer and by facsimile, e-mail, or both to the non-principal regulators.

**Schedule A**  
**to Appendix D**

*Passport system process for discretionary exemption applications*

[Citation:[neutral citation]]

[Date of decision]]

In the Matter of  
the Securities Legislation  
of [name of principal jurisdiction(the Jurisdiction)]

and

In the Matter of  
the Passport System for Discretionary Exemption Applications

and

In the Matter of [name(s) of filer(s) and relevant parties,  
including definitions as required, collectively, the Filer]

Decision

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) for [describe the exemption requested (the Requested Exemption) using the relevant requirement(s) or provision(s) in Appendix E of National Instrument 11-102 *Passport System for the principal regulator*]:

Under the Passport System as it applies to Discretionary Exemption Applications

- (a) the [name of the principal regulator] is the principal regulator for this application, and
- (b) the filer has provided notice that section 5.4(1) of National Instrument 11-102 *Passport System* (NI 11-102) is intended to be relied upon in [names of non-principal jurisdictions].

**Interpretation**

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision. [add additional definitions here]



**Representations**

This decision is based on the following facts represented by the Filer(s):

**[Insert material representations necessary to explain why the principal regulator came to this decision and include the location of the Filer’s head office and the jurisdiction(s) where section 5.4(1) of NI 11-102 is intended to be relied upon. Refer to the relevant requirement(s) or provision(s) in the securities legislation of the principal jurisdiction in Appendix E of NI 11-102.]**

**Decision**

The principal regulator is satisfied that the test contained in the Legislation that provides the principal regulator with the jurisdiction to make the decision has been met.

The decision of the principal regulator under the Legislation is that the Requested Exemption is granted provided that:

[Insert numbered terms, conditions, restrictions or requirements. These should include references to the relevant requirement(s) or provision(s) in Appendix E of the NI 11-102 for the principal regulator.]

**[If the effective date of any exemption differs from the date of the decision, state here. ]**

\_\_\_\_\_ **(Name(s) of decision maker)**

\_\_\_\_\_ **(Title)**

\_\_\_\_\_ **(Name of Principal Regulator)**

*(justify signature block)*

## Companion Policy 11-102 Passport System

### Appendix E

#### *Continuous disclosure requirements under MI 11-101*

For ease of reference, this appendix lists the same provisions as in Appendix A of MI 11-101 even though some references might no longer be relevant because sections were repealed after September 19, 2005 when MI 11-101 came into force.

#### **British Columbia:**

*Securities Act:* section 85 and 117  
*Securities Rules:* section 144 (except as it relates to fees), 145 (except as it relates to fees, 152 and 153  
 sections 2, 3 and 189 as they relate to a filing under another CD requirement, as defined in MI 11-101

#### **Alberta:**

*Securities Act:* sections 146, 149 (except as it relates to fees), 150, 152 and 157.1  
*Securities Commission Rules (General):* except as it relates to a prospectus, section 143 – 169, 196 and 197

#### **Saskatchewan:**

*The Securities Act, 1988:* section 84, 86 – 88, 90, 94 and 95  
*The Securities Regulations:* section 117 – 138.1 and 175 as it relates to a filing under another CD requirement, as defined under MI 11-101

#### **Manitoba:**

*Securities Act:* sections 101(1), 102(1), 104, 106(3), 119, 120 (except as it relates to fees) and 121– 130  
*Securities Regulation:* sections 38 – 40 and 80 – 87

#### **Québec:**

*Securities Act:* sections 73 excluding the filing requirement of a statement of material change, 75 excluding the filing requirement, 76, 77 excluding the filing requirement, 78, 80 – 82.1, 83.1, 87, 105 excluding the filing requirement, 106 and 107 excluding the filing requirement  
*Securities Regulation:* sections 115.1 – 119, 119.4, 120 – 138 and 141 – 161  
*Regulations:* No. 14, No. 48, Q-11, Q-17 (Title IV) and 62 – 102

A document filed with or delivered to the Autorité des marchés financiers, delivered to securityholder in Québec or disseminated in Québec under section 3.2 of the

Instrument, is deemed, for the purposes of securities legislation in Québec, to be a document filed, delivered or disseminated under Chapter II of Title III or section 84 of the *Securities Act* (Québec).

**New Brunswick:**

*Securities Act:*

sections 89(1) – (4), 90, 91, 100 and 101

**Nova Scotia:**

*Securities Act:*

section 81, 83, 84 and 91

*General Securities Rules:*

sections 9, 140(2), 140(3) and 141

**Newfoundland  
and Labrador:**

*Securities Act:*

except as they relate to fees, sections 76, 78 – 80, 82, 86  
and 87

*Securities Regulations:*

sections 4 – 14 and 71 – 80

**Yukon:**

*Securities Act:*

section 22(5) except as it relates to filing a new or amended  
prospectus

## Appendix B

### Amendments to National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications*<sup>1</sup>

#### PART 1 AMENDMENTS TO NATIONAL POLICY 12-201

##### 1.1 **Amendments** – National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* is amended by

- (a) adding the following at the end of section 2.1(2):

However, we encourage market participants to rely on the exemption in section 5.4(1) of National Instrument 11-102 *Passport System* (NI 11-102) for any application made in more than one jurisdiction for an exemption from a requirement identified in Appendix E of NI 11-102. Under NI 11-102, a filer needs to obtain a discretionary exemption only in its principal jurisdiction to have an equivalent exemption in each local jurisdiction. This policy is designed primarily to deal with applications for exemptions from requirements not listed in Appendix E of NI 11-102, like an application to cease to be a reporting issuer, mutual fund, non-redeemable investment fund or insider. A filer who wishes to obtain an exemption from a requirement listed in Appendix E of NI 11-102 in multiple jurisdictions does not need to file an application and pay fees in non-principal jurisdictions. See Part 5 and Appendix B of Companion Policy 11-102 *Passport System* for more details.

- (b) repealing section 3.2.2 and substituting the following:

If the head office is not in a participating principal jurisdiction, the filer should select the principal regulator in the jurisdiction in which it has the most significant connection. A filer should consider the following factors, listed in order of influential weight, in identifying its principal regulator based on its most significant connection:

- (a) location of reporting issuer or registration status
- (b) location of management
- (c) location of assets and operations

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<sup>1</sup> In Québec, this policy is adopted as Notice 12-201 Relating to the Mutual Reliance Review System for Exemptive Relief Applications.

- (d) location of majority of shareholders or clients
  - (e) location of trading market or quotation system in Canada
- (c) repealing section 3.2.3.
- (d) adding the following after section 3.2.4:
  - 5. If the application is for exemptive relief from insider reporting requirements, it is the location of the head office of the reporting issuer, not the insider, which determines the principal regulator under section 3.2 for the application.
  - 6. If the application is for exemptive relief from take-over bid requirements, it is the location of the head office of the offeree issuer, not the offeror, which determines the principal regulator under section 3.2 for the application.
- (e) deleting the last paragraph under section 3.2;
- (f) repealing section 3.3(1) and substituting the following:
  - (1) A filer may also apply for a change of principal regulator for an application if:
    - (a) the filer believes the principal regulator identified under section 3.2 is inappropriate,
    - (b) the location of the filer's head office changes,
    - (c) the principal regulator originally selected for an application based on the most significant connection to a participating principal jurisdiction changes over the course of the application,
    - (d) the filer withdraws its application in the principal jurisdiction because no exemptive relief is required, or
    - (e) the filer does not require all of the exemptive relief in the principal jurisdiction.
- (g) repealing section 3.3(5); and
- (h) striking out "(1)(b)" and substituting "(1)" in section 3.3(6).

**PART 2      EFFECTIVE DATE**

2.1      **Effective Date** - This amendment is effective ●.

## Appendix C

### Amendment to National Instrument 14-101 *Definitions*

#### **PART 1      AMENDMENT TO NATIONAL INSTRUMENT 14-101**

- 1.1    **Amendment** – National Instrument 14-101 *Definitions* is amended in Appendix C by striking out “Commission des valeurs mobilières du Québec” opposite the name of Québec and substituting “Autorité des marchés financiers or, where applicable, the Bureau de décision et de révision en valeurs mobilières”.

#### **PART 2      EFFECTIVE DATE**

- 2.1    **Effective Date** - This amendment is effective \_\_.

## **Appendix D**

### **Amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices***

#### **PART 1 AMENDMENTS TO NATIONAL INSTRUMENT 58-101**

1.1 **Amendments** – National Instrument 58-101 *Disclosure of Corporate Governance Practices* is amended

- (a) in the definition of MI 52-110, by striking out “except British Columbia”;
- (b) in section 1.2 (1) by striking out “In a jurisdiction other than British Columbia, a director” and substituting “A director”, and
- (c) by repealing subsection 1.2 (2).

#### **PART 2 EFFECTIVE DATE**

2.1 **Effective Date** - This amendment is effective \_.



**Appendix E**  
**Schedule 1**

**Amendment to**  
**National Instrument 81-104 *Commodity Pools***

**PART 1      AMENDMENT TO NATIONAL INSTRUMENT 81-104**

1.1    **Amendment** - National Instrument 81-104 *Commodity Pools* is amended by repealing sections 3.4 and 4.2.

**PART 2      EFFECTIVE DATE**

2.1    **Effective Date** - This amendment is effective \_\_.

**Appendix E**  
**Schedule 2**

**Amendments to**  
**Companion Policy 81-104CP *Commodity Pools***

**PART 1        AMENDMENTS TO COMPANION POLICY 81-104**

1.1 **Amendment** – Companion Policy **81-104 CP *Commodity Pools*** is amended in section 2.1(2).4 by

- (a) striking out “in all jurisdictions, other than British Columbia. Dealers registered to sell securities (including mutual funds) in British Columbia should look to local British Columbia securities regulations for guidance.”, and
- (b) adding a period after the last reference to “commodity pools”.

**PART 2        EFFECTIVE DATE**

2.1 **Effective Date** - This amendment is effective \_\_.