

## MSC Notice 2002-17

### NOTICE OF NATIONAL INSTRUMENT 54-102 INTERIM FINANCIAL STATEMENT AND REPORT EXEMPTION

The Manitoba Securities Commission (the "Commission") has, under section 149.1 of *The Securities Act* (Manitoba) (the "Act"), made National Instrument 54-102 *Interim Financial Statement and Report Exemption* ("the Instrument") as a rule under the Act. The full text of the Instrument can be found on the Commission's website at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca).

This Instrument deals with the sending of interim financial statements by a reporting issuer to registered and beneficial owners of its securities and is a reformulation of the portions of National Policy Statement No. 41 *Shareholder Communication* ("NP41") that pertain to supplemental mailing lists, including related blanket rulings, rules and other exemptions

#### **Effective Date**

The Instrument will come into force on July 1, 2002.

The Commission has, concurrently with making the Instrument a rule, also made as a rule National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (including Forms 54-101F1 through 54-101F9) ("NI 54-101") and adopted Companion Policy 54-101CP *Communication with Beneficial Owners of Securities of a Reporting Issuer*, all of which collectively replace the provisions of NP41 pertaining to communication with beneficial owners of securities of a reporting issuer. NI 54-101 will also come into force on July 1, 2002.

Each of the Instrument and NI 54-101 is expected to be also implemented as a rule in each of British Columbia, Alberta, Ontario, Newfoundland, Nova Scotia and Quebec, as Commission regulation in Saskatchewan and as a policy in all other jurisdictions represented by the CSA.

#### **Purpose of Instrument**

The Instrument provides to a reporting issuer an exemption from the requirement in securities legislation to send interim financial statements or reports to holders of the issuer's securities if the reporting issuer satisfies alternative requirements of the Instrument related to: (i) the release and filing of a news release containing a summary of the information contained in the statement or report (if the reporting issuer is not a mutual fund), (ii) the filing of the statement or report with the securities regulatory authority, (iii) the filing of the statement or report on all exchanges on which securities of the reporting issuer are listed, and (iv) the sending of the statement or report to persons or companies on a supplemental list that is established by the reporting issuer in accordance with the Instrument.

The exemption in the Instrument is substantially similar to the arrangement currently in place under NP41 and its related blanket rulings, deemed rules and other exemptions.

### **Previous Version Published for Comment**

The Instrument was published for comment by other jurisdictions on February 27, 1998 (the “1998 Proposal”). It was first published by the Commission on September 15, 2000. Following publication, three comments were received and were considered. The names of the commenters, a summary of their comments and our responses are contained in Appendix “A” and Appendix “B” to this Notice. We thank all of those who made comments.

### **Summary of Changes to Instrument**

The Instrument has been revised from the 1998 Proposal, but is essentially the same. We are of the view that republication of the Instrument for comment is not required.

The following changes have been made:

- Paragraph 1.1(1) has been changed to include a definition of “supplemental list”;
- Section 1.2 has been deleted as it merely restates general principles of agency law;
- Paragraph 2.1(a) has been revised to eliminate from the conditions to the exemption the condition that a news release be issued in the case of a reporting issuer that is a mutual fund and to clarify that a reporting issuer must comply with the timing requirements of securities legislation for filing and sending interim financial statements to be entitled to rely on the exemption;
- Section 2.2 clarifies that a reporting issuer relying on the exemption must send the interim financial statements to the holders set out in the supplemental list;
- Part 3 has been added to provide for transitional arrangements for a reporting issuer that has sent a return card to its security holders in accordance with NP 41 before the coming into force of the Instrument; and
- Part 4 has been added to provide for the effective date.

### **Rescission of NP41**

Effective the date the Instrument and NI 54-101 come into force, NP41 will be rescinded.

## Questions

Questions may be referred to staff of the Commission or to the CSA staff who developed the Instrument:

Diane Joly  
Directrice de la recherche et du développement des marchés  
Commission des valeurs mobilières du Québec  
(514) 940-2150  
Diane.Joly@cvmq.com

Glenda A. Campbell  
Vice Chair  
Alberta Securities Commission  
(403) 297-6454  
Glenda.Campbell@seccom.ab.ca

Veronica Armstrong  
Senior Policy Advisor  
British Columbia Securities Commission  
(604) 899-6738  
or (800) 373-6393 (in B.C.)  
varmstrong@bcsc.bc.ca

Robert F. Kohl  
Senior Legal Counsel, Registrant Regulation  
Capital Markets Branch  
Ontario Securities Commission  
(416) 593-8233  
rkohl@osc.gov.on.ca

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