

**ALBERTA SECURITIES COMMISSION NOTICE #51-506 (AB)**  
**Continuous Disclosure Obligations for CDNX Companies**

We are issuing this notice to remind certain issuers listed on the Canadian Venture Exchange Inc. (CDNX) that their transitional relief from certain Alberta and BC continuous disclosure filing requirements and fees expires on **June 30, 2001**. After June 30, those issuers must comply with the relevant filing and fee requirements for reporting issuers in Alberta and BC and, in most cases, for exchange issuers in BC.

The Commission granted transitional relief in Fall 2000 to certain issuers that previously traded on the Vancouver Stock Exchange, the Canadian Dealing Network Inc. (CDN), The Toronto Stock Exchange Inc. (TSE) or The Winnipeg Stock Exchange (WSE) and that became listed on CDNX in connection with the restructuring of the Canadian exchanges. The British Columbia Securities Commission (BCSC) granted similar relief to certain issuers that formerly traded on The Alberta Stock Exchange, CDN, TSE or the WSE.

We are publishing with this notice an **Appendix** that summarizes many of the continuous disclosure filing obligations under Alberta and BC securities law. The Appendix is only a summary of some of the continuous disclosure requirements under Alberta and BC securities laws and is only current to June 15, 2001. It does not contain an exhaustive list of the continuous disclosure requirements in Alberta and BC nor does it contain a discussion of the specific filing obligations of mutual funds or the financial statement requirements applicable to finance or investment companies.

Issuers and their legal counsel **must not rely** on the Appendix and should review all relevant provisions of the two provinces' securities laws before preparing their disclosure materials.

This notice is the second reminder of the June 30, 2001 expiry date. The first notice highlighted some of the unique filing requirements in Alberta and BC. See *ASC Notice #51-505* and *BC Notice 2001/38*.

For further guidance on the continuous disclosure requirements in Alberta and BC, please see:

In Alberta: *Regulation Update, February 2001* which can be found on the ASC's website at [www.albertasecurities.com](http://www.albertasecurities.com) under the heading "Capital Markets - Accounting"

In BC: *Continuous Disclosure Review Program – April 2000 Staff Report* (BCN 51-701) and *Continuous Disclosure Update No. 1* (BCN 51-702), both of which can be found on the Industry Information section of the BCSC's website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

June 22, 2001

## Appendix

### Summary of Some Common Continuous Disclosure Filing Requirements in Alberta and BC

This Appendix is only a summary of some of the continuous disclosure requirements under Alberta and BC securities laws applicable to reporting issuers and, in BC, “exchange issuers”. It is current to June 15, 2001. This Appendix does not contain an exhaustive list of the continuous disclosure requirements in Alberta and BC nor does it contain any discussion of the specific filing obligations of mutual funds or the financial statement requirements applicable to finance or investment companies. Issuers and their legal counsel must not rely on this Appendix and should review all relevant provisions of Alberta and BC securities law.

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
<b>Material Changes</b>				
<b>News Releases</b>	s. 118(1)(a) ASA  s.1(k.1) ASA	Ž Promptly -issue a news release (authorized by a senior officer) disclosing the nature and substance of the material change -file (via SEDAR) with the ED Ž “material change” defined	s.85(1)(a) BCSA  s.1(1) BCSA	Ž As soon as practicable, -issue a press release (authorized by a senior officer) that discloses the nature and substance of the change -file (via SEDAR) Ž “material change” defined
<b>Material Change Reports</b>	s.118(1)(b) ASA s.143(1) AB Rules ASC Form 27	Ž Within 10 days from the day on which the material change occurs, prepare and file (via SEDAR) with the ED, a report of the material change in ASC Form 27	s.85(1)(b) BCSA BC Form 53–901F (formerly Form 27)	Ž As soon as practicable, but in any event no later than 10 days after the date on which the change occurs file (via SEDAR) the required report in BC Form 53-901F
<b>Confidential Reporting</b>	s.118(2) ASA s.143(2) AB Rules	Ž In certain circumstances the material change can be reported on a confidential basis	ss.85(2) & (3) BCSA s.151 BC Rules	Ž In certain circumstances the material change can be reported on a confidential basis
<b>Financial General</b>				
<b>Change in Year End</b>	No local requirement	Ž See NP 51 Ž In addition, s.196 AB Rules requires that the document filed with BCSC be concurrently filed with the ASC	s. 146 BC Rules	Ž Must file (via SEDAR) notice of change and reasons for it on or before the earlier of the new date elected for the financial year end or the 360 <sup>th</sup> day after the end of the latest financial year Ž See also NP 51
<b>Development Stage Issuers: Cost analysis</b>	s.145(b) AB Rules	Ž Industrial and natural resource issuers in the promotional, exploratory and development stage must make additional disclosure of investments and deferred charges	s.3(9) BC Rules	Ž Development stage issuers must make additional disclosure for investments and expenditures. (See also, Quarterly Report and Year End Report, below)

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
<b>Quarterly and Year End Report</b>	N/A	<p>Ž There is no equivalent AB requirement. However, s.196 AB Rules requires that the document filed with the BCSC be concurrently filed with the ASC</p>	<p>BC Form 51-901F (formerly Form 61) s.152 BC Rules s.149(a) BC Rules</p> <p>BOR 96/3 s.149(b) BC Rules</p>	<p>Ž Requires an analysis of expenditures and deferred costs, disclosure of related party transactions, summary of securities issued and outstanding, names of directors and officers and managements' discussion and analysis</p> <p>Ž Form must be approved by the board of directors which must be evidenced by the signature of 2 directors</p> <p>Ž File with BCSC (via SEDAR) and with CDNX on or before the 60<sup>th</sup> day after the end of each of the issuer's 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> financial quarters and on or before the 140<sup>th</sup> day after the issuer's year end</p> <p>Ž Concurrently, subject to BOR 96/3</p> <ul style="list-style-type: none"> <li>- send to shareholders in BC</li> <li>- file (via SEDAR) confirmation of sending*</li> </ul>
<b>Annual Financial Statements</b>				
<b>Contents</b>	s.144(1) AB Rules s.121(1) ASA	<p>Ž In accordance with GAAP</p> <p>Ž Must include:</p> <ul style="list-style-type: none"> <li>-balance sheet</li> <li>-income statement</li> <li>-statement of retained earnings</li> <li>-statement of changes in financial position (cash flow statement)</li> </ul> <p>Ž Comparative to previous financial years</p>	s. 3(3) BC Rules s.145(1) & 145(2)(b) BC Rules	<p>Ž In accordance with GAAP</p> <p>Ž Must include:</p> <ul style="list-style-type: none"> <li>-balance sheet</li> <li>-income statement</li> <li>-statement of retained earnings</li> <li>-statement of changes in financial position (cash flow statement)</li> </ul> <p>Ž Comparative to previous financial years</p>
<b>Auditor's Report and Auditor's Qualifications</b>	s.121(2)ASA ss.144(2) & (5) AB Rules s.121(3) ASA ASC Notice 28	<p>Ž Must be accompanied by an auditor's report prepared in accordance with GAAS</p> <p>Ž Auditor qualification requirements specified</p>	ss.3(4), (6) & (5) BC Rules	<p>Ž Must include an auditor's report prepared by a person qualified under s.3(5) of BC Rules.</p> <p>Ž Auditor must perform the audit and prepare report in accordance with GAAS</p> <p>Ž Auditor qualification requirements specified</p>
<b>Board and committee approval</b>	s.160 AB Rules	<p>Ž Must be approved by the board and evidenced on the balance sheet by the signatures of 2 authorized directors</p>	ss.3(13) & (12) BC Rules	<p>Ž Must be approved by the directors and evidenced by the signature or facsimile of the signature of 2 authorized directors</p> <p>Ž If an issuer is required to have an audit committee, the annual financial statements must be reviewed by the audit committee before being submitted to the board</p>

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
<b>Filing with securities commission and sending to shareholders</b>	s.121 ASA s.122 ASA	<p>Ž File (via SEDAR) within 140 days from the end of last financial year</p> <p>Ž Concurrently send to shareholders in AB</p>	s.145(2)(a) BC Rules  s.149(a) & (b) BC Rules	<p>Ž File (via SEDAR) on or before the 140<sup>th</sup> day after the end of the latest financial year</p> <p>Ž Concurrently</p> <p>-send to shareholders in BC</p> <p>-file (via SEDAR) confirmation of sending *</p>
<b>Interim Financial Statements</b>				
<b>Contents</b>	s.144(1) AB Rules s.120(1) ASA  ss.146 & 147 AB Rules ASC Staff Notice 52-101  s.148 AB Rules	<p>Ž In accordance with GAAP</p> <p>Ž Made up to the end of each of the 3 month, 6 month and 9 month periods of the current financial year that commenced immediately following the last financial year, including a comparative statement to the end of each of the corresponding periods in the last financial year</p> <p>Ž Components statements specified. See also CICA Handbook and ASC Staff Notice 52-101</p> <p>Ž Not required to be audited</p>	s.3(3) BC Rules ss.144(1), (4) & (3) BC Rules	<p>Ž In accordance with GAAP</p> <p>Ž For the periods commencing at the end of its last financial year and ending 3, 6 and 9 months after the financial year end. Comparative financial statements for the preceding year's corresponding period</p> <p>Ž Component statements specified. See also CICA Handbook.</p> <p>Ž Not required to be audited but if an accountant has been associated with the statements, the appropriate communication must accompany the statements</p>
<b>Board and Committee Review/Approval</b>	N/A	N/A	ss.3(13) & (12) BC Rules BCI 52-502 & BCI 52-504 BC Form 51-901F (formerly Form 61)	<p>Ž If the issuer is not an "exchange issuer", ss. 3(12) and (13) of the BC Rules do not apply to interim financial statements</p> <p>-for periods that end on or before June 30, 2001</p> <p>-for periods that end after June 30, 2001, <u>provided that</u> the directors or audit committee review the statements</p> <p>Ž If the issuer is an "exchange issuer", statements must be approved by the directors and evidenced by the signature (or facsimile) of 2 authorized directors and, if the issuer is required to have an audit committee, reviewed by that committee before submission to board</p>
<b>Filing with securities commission and sending to shareholders</b>	s.120(1) ASA s.122 ASA Blanket Order 88/03/09	<p>Ž File (via SEDAR) within 60 days of being made up</p> <p>Ž Concurrently send to shareholders in AB subject to NP 41 and Blanket Order 88/03/09</p>	s.144(1) BC Rules ss.149(a) & (b) BC Rules BOR 96/3	<p>Ž File (via SEDAR) on or before 60<sup>th</sup> day after the ending date of the interim period</p> <p>Ž Concurrently, subject to BOR 96/3</p> <p>- send to shareholders in BC, subject to NP</p> <p>-file (via SEDAR) confirmation of sending *</p>
<b>Shareholder Meetings</b>				
<b>Information Circular</b>	ASC Form 30	<p>Ž Disclosure requirements are specified</p> <p>Ž Where a reorganization or similar restructuring</p>	BC Form 54-901F (formerly Form	<p>Ž Disclosure requirements are specified</p> <p>Ž Specific prospectus level disclosure required in the case</p>

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
(con't)	s.169 AB Rules ss.163-167 AB Rules ASC Policy 1.2	occurs, reference to the applicable prospectus form should be made Ž The information circular requires a certificate in a prescribed form certifying the accuracy of the disclosure Ž Every management information circular must be signed by the CEO and CFO Ž Requirements for the form of proxy are specified Ž Disclosure of restricted shares is required	30)  ss.183(2) & 184 (3) BC Rules	of amalgamations, mergers, arrangements, reorganizations and reverse take-overs Ž Extensive disclosure of directors' and officers' indebtedness, including guarantees, support agreements, letters of credit and financial assistance to purchase securities Ž The circular or report must be certified by the signature or facsimile of the signature of an officer or director
<b>Executive Compensation</b>	ASC Form 40 Blanket Order 93/11/17	Ž Aggregate executive compensation disclosure is required by ASC Form 40 for all "executive officers" Ž Exemption from ASC Form 40 for disclosure that complies with OSC Form 40	BC Form 51-904F (formerly Form 41)	Ž BC Form 54-901F must include or have attached to it, a Statement of Executive Compensation in BC Form 51-904F providing extensive disclosure for each "Named Executive Officer" (ie. CEO and the four most highly compensated executive officers)
<b>Filing with securities commission and sending to shareholders</b>	ss.127 & 128(1) ASA s. 124(1) ASA s.168 AB Rules s.124(2) ASA ASC Form 28	Ž Must send an information circular in ASC Form 30 to each shareholder whose proxy is solicited Ž If an information circular is sent, it, the proxy and any other material sent must be promptly filed (via SEDAR) Ž If an issuer is not required to file an information circular, it must file (via SEDAR) annually within 140 days from the end of its last financial year, an annual report in ASC Form 28	s.117 BCSA  s.183 & 184 BC Rules BC Form 51-903F (formerly Form 28)	Ž Must send information circular in BC Form 54-901F to each shareholder whose proxy is solicited Ž Must, without delay, file (via SEDAR) a copy of the form of proxy or information circular or both, along with any other materials sent to shareholders Ž If an issuer is not required to send an information circular, it must file (via SEDAR) a BC Form 51-903F, on or before the 140 <sup>th</sup> day after the end of its financial year
<b>Persons Involved with the Issuer</b>				
<b>Insider Trade Reports</b>	ss.1(i) and 8 ASA s.147 ASA ss. 182, 183, 185 & 190 AB Rules ASC Form 36 ss.186.1-186.3 AB Rules Blanket Order 96/12/05	Ž "insider" defined Ž Every insider is required to file an initial insider report on ASC Form 36 (in paper format, can be by fax) within 10 days of becoming an insider (unless no securities are held) Ž Further ASC Form 36 report required within 10 days of any change (trade) Ž See also NI 55-101 which exempts certain directors and senior officers of subsidiaries and affiliates from filing insider reports	ss.1(1), 2(2) & 2(3) BCSA S.87(2), (3) & (4) BCSA BC Form 55-901F (formerly Form 36) BCI 55-501	Ž "insider" defined Ž Every insider is required to file an initial insider report in BC Form 55-901F (in paper format, can be by fax) within 10 days of becoming an insider (unless no securities held). Ž Further report in BC Form 55-901F required within 10 days after the end of the month in which any subsequent change (trade) takes place, if person an insider at any time during that month Ž See also NI 55-101 which exempts certain directors and senior officers of subsidiaries and affiliates from filing insider reports

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
<b>Insider Reports on Issuer Events (eg. stock splits, consolidations, dividends, stock purchase plans, amalgamations)</b>	N/A	<p>Ž See NI 55-101 which permits</p> <ul style="list-style-type: none"> <li>-insiders to wait until their next insider report to report changes in their holdings resulting from certain issuer events, and</li> <li>-certain insiders to annually report acquisitions under automatic securities purchase plans</li> </ul>	N/A	<p>Ž See NI 55-101 which permits</p> <ul style="list-style-type: none"> <li>-insiders to wait until their next insider report to report changes in their holdings resulting from certain issuer events, and</li> <li>-certain insiders to annually report acquisitions under automatic securities purchase plans</li> </ul>
<b>Early Warning Acquisition Reports</b>	ss. 141-142 ASA ss.181.5 & 181.6 AB Rules	<p>Ž Press releases and reports required on acquisition at certain thresholds</p> <p>Ž See also NI 62-103 which allows eligible institutional investors to file an alternative monthly report</p>	ss.111 & 112 BCSA s.174 BC Rules	<p>Ž Press releases and reports required on acquisition at certain thresholds</p> <p>Ž See also NI 62-103 which allows eligible institutional investors to file an alternative monthly report</p>
<b>Control Person Reports</b>	s.1(c.2) ASA s.112 ASA s.133 AB Rules ASC Form 23	<p>Ž “control person” defined</p> <p>Ž Sales by control persons are distributions</p> <p>Ž Control persons relying on a prospectus exemption in AB must file a notice and declaration in ASC Form 23 within a specified time period prior to the first trade</p> <p>Ž ASC Form 23 must be renewed by 60<sup>th</sup> day after initial notice and then within 28 days thereafter</p> <p>Ž Insider report must be filed on or before the 3<sup>rd</sup> day after the distribution</p> <p>Ž See also NI 62-101 which provides an exemption for eligible institutional investors</p>	s.1(1) BCSA ss.136 & 137 BC Rules BCSC Form 23	<p>Ž “control person” defined</p> <p>Ž Sales by control persons are distributions</p> <p>Ž Control persons relying on an exemption in BC must file a notice and declaration in BCSC Form 23 within a specified time period prior to the first trade</p> <p>Ž BCSC Form 23 must be renewed by 60<sup>th</sup> day after initial notice and then within 28 days thereafter</p> <p>Ž Insider report must be filed on or before the 3<sup>rd</sup> day after the distribution</p> <p>Ž See also NI 62-101 which provides an exemption for eligible institutional investors</p>
<b>Personal Information Form</b>	s. 187.1 ASA ASC Form 4B	<p>Ž The ASC or ED may require directors, officers and promoters or control persons to file personal information forms</p> <p>Ž A continuous disclosure requirement has not yet been mandated</p>	s.90 BCSA BC Form 51-902F (formerly Form 4B) NIN 2000/29 BC Policy 41-601 BC Policy 12-603 (formerly LPS 3-35)	<p>Ž Directors, officers, promoters and control persons are required to file personal information in BC Form 51-902F in circumstances specified in NIN 2000/29. For example, persons who become directors or officers of an “exchange issuer” or of an issuer that is a reporting issuer in BC but in no other Canadian jurisdiction must file within 30 days of assuming that position</p>

Filing	AB Reference	Alberta Requirement	BC Reference	BC Requirement
<b>General</b>				
<b>Alternative Compliance</b>	s.184 ASA Blanket Order 87/02/05	Ž Unless otherwise provided, compliance with the laws of the issuer's home jurisdiction will be deemed to be compliance with Alberta securities laws if the requirements of the home jurisdiction are substantially the same and the documents required in the home jurisdiction are promptly filed with the ED	s.154 BC Rules	Ž If the laws of the issuer's home jurisdiction require the reporting issuer to file substantially the same information in that jurisdiction, the BC Rules can be complied with by filing a copy of the press release, timely disclosure report, information circular or financial statements and auditor's report required by that jurisdiction, provided that the record is signed and certified in accordance with s.189 of the BC Rules
<b>Filing of Documents Filed with Other Jurisdictions or Exchanges or Sent to Shareholders</b>	s.196 AB Rules	Ž A copy of all materials sent to shareholders must be filed with the ED within 24 hours of being sent Ž Any document filed with a government or government agency in another jurisdiction or with an exchange must be concurrently filed with the ED if it has not already been filed and contains information that is material to purchasers of securities	s.153 BC Rules	Ž Issuers must file with BCSC within 7 days, a copy of any record sent to shareholders or filed with the government or an agency of a government in another jurisdiction or with any exchange that is not already filed with the BCSC and is material to investors

\* Note: BCSC staff are currently considering whether the confirmation of sending requirement should be eliminated.

#### **Abbreviations and Definitions**

"ASA" means the *Securities Act* (Alberta)

"ASC" means Alberta Securities Commission

"AB Rules" means the *ASC Rules*

"BCI" means a British Columbia Instrument

"BC Rules" means the British Columbia *Securities Rules*

"BCSC" means the British Columbia Securities Commission

"BOR" means a Blanket Order of the BCSC instrument of the BCSC

"BCSA" means the *Securities Act* (British Columbia)

"CDNX" means the Canadian Venture Exchange Inc.

"CICA" means the Canadian Institute of Chartered Accountants

"ED" means the Executive Director

"exchange issuer" means an issuer that has securities listed and posted for trading on CDNX but not on any other Canadian exchange or quotation system

"GAAP" means Canadian generally accepted accounting principles

"GAAS" means Canadian generally accepted auditing standards

"LPS" means a BCSC local policy statement

"NP" means National Policy

"NI" means National Instrument

"NIN" means a notice or interpretation note of the BCSC

"SEDAR" means the System for Electronic Document Analysis and Retrieval