

PROPOSED NATIONAL INSTRUMENT 55-101
EXEMPTION FROM CERTAIN INSIDER
REPORTING REQUIREMENTS

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument

“acceptable summary form”, in relation to the alternative form of insider report described in section 5.3, means an insider report that discloses as a single transaction, using December 31 of the relevant year as the date of the transaction, and providing an average unit price,

- (a) the total number of securities of the same type acquired under all automatic share purchase plans for the calendar year, and
- (b) the total number of securities of the same type disposed of under all specified dispositions of securities for the calendar year.

“automatic securities purchase plan” means a dividend or interest reinvestment plan, a stock dividend plan or any other plan of a reporting issuer or of a subsidiary of a reporting issuer to facilitate the acquisition of securities of the reporting issuer if the timing of acquisitions of securities, the number of securities which may be acquired under the plan by a director or senior officer of the reporting issuer or of the subsidiary of the reporting issuer and the price payable for the securities are established by written formula or criteria set out in a plan document;

“cash payment option” means a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the issuer, securities of the issuer’s own issue, in addition to the securities

- (a) purchased using the amount of the dividend, interest or distribution payable to or for the account of the participant; or
- (b) acquired as a stock dividend or other distribution out of earnings or surplus;

“dividend or interest reinvestment plan” means an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends, interest or distributions paid on the securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer’s own issue;

“investment issuer” in relation to a reporting issuer (the first reporting issuer) means a second reporting issuer

- (a) in respect of which the first reporting issuer is an insider; and
- (b) that is not a subsidiary of the first reporting issuer.

“issuer event” means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

“lump-sum provision” means a provision of an automatic securities purchase plan which allows a director or senior officer to acquire securities in consideration of an additional lump-sum payment, including, in the case of a dividend or interest reinvestment plan which is an automatic securities purchase plan, a cash payment option;

“major subsidiary” means a subsidiary of a reporting issuer if

- (a) the assets of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited balance sheet of the reporting issuer, are 10 percent or more of the consolidated assets of the reporting issuer reported on that balance sheet, or
- (b) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited income statement of the reporting issuer, are 10 percent or more of the consolidated revenues of the reporting issuer reported on that statement;

“normal course issuer bid” means

- (a) an issuer bid which is made in reliance on the exemption contained in securities legislation from certain requirements relating to issuer bids which is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 percent of the securities of that class issued and outstanding at the commencement of the period, or
- (b) a normal course issuer bid as defined in the policies of The Montreal Exchange, The TSX Venture Exchange or The Toronto Stock Exchange, conducted in accordance with the policies of that exchange;

“specified disposition of securities” means a disposition or transfer of securities in connection with an automatic securities purchase plan that satisfies the conditions set forth in section 5.4; and

“stock dividend plan” means an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings or surplus.

PART 2 EXEMPTION FROM INSIDER REPORTING FOR CERTAIN DIRECTORS AND SENIOR OFFICERS

2.1 Reporting Exemption (Certain Directors) - The insider reporting requirement does not apply to a director of a subsidiary of a reporting issuer in respect of securities of the reporting issuer if the director

- (a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;
- (b) is not a director of a major subsidiary; and
- (c) is not an insider of the reporting issuer in a capacity other than as a director of the subsidiary.

2.2 Reporting Exemption (Certain Directors) - The insider reporting requirement does not apply to a director of a subsidiary of a reporting issuer in respect of securities of an investment issuer if the director

- (a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the investment issuer before the material facts or material changes are generally disclosed;
- (b) is not a director of a major subsidiary; and
- (c) is not an insider of the investment issuer in a capacity other than as a director of the subsidiary.

2.3 Reporting Exemption (Certain Senior Officers) - The insider reporting requirement does not apply to a senior officer of a reporting issuer or a subsidiary of the reporting issuer in respect of securities of the reporting issuer if the senior officer

- (a) is not in charge of a principal business unit, division or function of the reporting issuer or a major subsidiary of the reporting issuer;
- (b) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the

material facts or material changes are generally disclosed; and

- (c) is not an insider of the reporting issuer in a capacity other than as a senior officer of the reporting issuer or a subsidiary of the reporting issuer.

2.4 Reporting Exemption (Certain Senior Officers) - The insider reporting requirement does not apply to a senior officer of a reporting issuer or a subsidiary of the reporting issuer in respect of securities of an investment issuer if the senior officer

- (a) is not in charge of a principal business unit, division or function of the reporting issuer or a major subsidiary of the reporting issuer;
- (b) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the investment issuer before the material facts or material changes are generally disclosed; and
- (c) is not an insider of the investment issuer in a capacity other than as a senior officer of the reporting issuer or a subsidiary of the reporting issuer.

PART 3 EXEMPTION FROM INSIDER REPORTING FOR DIRECTORS AND SENIOR OFFICERS OF AFFILIATES OF INSIDERS OF A REPORTING ISSUER

3.1 Québec - This Part does not apply in Québec.

3.2 Reporting Exemption - Subject to section 3.3, the insider reporting requirement does not apply to a director or senior officer of an affiliate of an insider of a reporting issuer in respect of securities of the reporting issuer.

3.3 Limitation - The exemption in section 3.2 is not available if the director or senior officer

- (a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;
- (b) is an insider of the reporting issuer in a capacity other than as a director or senior officer of an affiliate of an insider of the reporting issuer; or
- (c) is a director or senior officer of a company that supplies goods or services to the reporting issuer or to a subsidiary of the reporting issuer or has contractual arrangements with the reporting issuer or a subsidiary of the reporting issuer, and the nature and scale of the supply or the contractual arrangements could

reasonably be expected to have a significant effect on the market price or value of the securities of the reporting issuer.

PART 4 LISTS OF INSIDERS

4.1 Lists of Exempted Insiders - Subject to section 4.2, a reporting issuer shall prepare and maintain

- (a) a list of all insiders of the reporting issuer exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3, 2.4 and 3.2;
- (b) a list of all insiders of the reporting issuer not exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3, 2.4 and 3.2; and
- (c) reasonable policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons with access to material undisclosed information relating to the reporting issuer or to an investment issuer of the reporting issuer.

4.2 Exemption - A reporting issuer may, as an alternative to complying with the requirement to prepare and maintain the lists described in subparagraphs 4.1(a) and 4.1(b), file an undertaking with the regulator or securities regulatory authority that the reporting issuer will, promptly upon request, make available to the regulator or securities regulatory authority a list containing the information described in subparagraphs 4.1(a) and 4.1(b) as at the time of the request.

PART 5 REPORTING OF ACQUISITIONS UNDER AUTOMATIC SECURITIES PURCHASE PLANS

5.1 Reporting Exemption - Subject to section 5.2, the insider reporting requirement does not apply to a director or senior officer of a reporting issuer or of a subsidiary of the reporting issuer for

- (a) the acquisition of securities of the reporting issuer pursuant to an automatic securities purchase plan, other than the acquisition of securities pursuant to a lump-sum provision of the plan; or
- (b) a specified disposition of securities of the reporting issuer pursuant to an automatic securities purchase plan.

5.2 **Limitation**

- (1) The exemption in section 5.1 is not available to an insider that beneficially owns, directly or indirectly, voting securities of the reporting issuer, or exercises control or direction over voting securities of the reporting issuer, or a combination of both, carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer.
- (2) In Québec, subsection (1) does not apply.
- (3) In Québec, the exemption in section 5.1 is not available to a person who exercises control over more than 10 percent of a class of shares of a reporting issuer to which are attached voting rights or an unlimited right to a share of the profits of the reporting issuer and in its assets in case of winding-up.

5.3 Alternative Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 5.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing, on a transaction-by-transaction basis or in acceptable summary form, each acquisition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider, and each specified disposition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider,

- (a) for any securities acquired under the automatic securities purchase plan which have been disposed of or transferred, other than securities which have been disposed of or transferred as part of a specified disposition of securities, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and
- (b) for any securities acquired under the automatic securities purchase plan during a calendar year which have not been disposed of or transferred, and any securities which have been disposed of or transferred as part of a specified disposition of securities, within 90 days of the end of the calendar year.

5.4 Specified Disposition of Securities - A disposition or transfer of securities acquired under an automatic securities purchase plan is a specified disposition of securities if

- (a) the disposition or transfer is incidental to the operation of the automatic securities purchase plan and does not involve a discrete investment decision by the director or senior officer; or

- (b) the disposition or transfer is made to satisfy a tax withholding obligation arising from the distribution of securities under the automatic securities purchase plan and either
 - (i) the director or senior officer has elected that the tax withholding obligation will be satisfied through a disposition of securities, has communicated this election to the reporting issuer or the automatic securities purchase plan administrator not less than 30 days prior to the disposition and this election is irrevocable as of the 30th day before the disposition; or
 - (ii) the director or senior officer has not communicated an election to the reporting issuer or the automatic securities purchase plan administrator and, in accordance with the terms of the automatic securities purchase plan, the reporting issuer or the automatic securities purchase plan administrator is required to sell securities automatically to satisfy the tax withholding obligation.

5.5 Alternative Reporting Exemption - If an insider relies on the exemption from the insider reporting requirement contained in section 5.1, and thereby becomes subject to a requirement under section 5.3 to file one or more reports within 90 days of the end of the calendar year (the alternative reporting requirement), the insider is exempt from the alternative reporting requirement if, at the time the alternative reporting requirement is due,

- (a) the insider has ceased to be an insider; or
- (b) the insider is entitled to a general exemption from the insider reporting requirements under an exemptive relief order or under an exemption contained in Canadian securities legislation.

PART 6 REPORTING FOR NORMAL COURSE ISSUER BIDS

6.1 Reporting Exemption - The insider reporting requirement does not apply to an issuer for acquisitions of securities of its own issue by the issuer under a normal course issuer bid.

6.2 Reporting Requirement - An issuer who relies on the exemption from the insider reporting requirement contained in section 6.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred.

PART 7 REPORTING FOR CERTAIN ISSUER EVENTS

7.1 Reporting Exemption - The insider reporting requirement does not apply to an insider of a reporting issuer whose direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer changes as a result of an issuer event of the issuer.

7.2 Reporting Requirement - An insider who relies on the exemption from the insider reporting requirement contained in section 7.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing all changes in direct or indirect beneficial ownership of, or control or direction over securities by, the insider for securities of the reporting issuer pursuant to an issuer event that have not previously been reported by or on behalf of the insider, within the time required by securities legislation for the insider to report any other subsequent change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer.

PART 8 EFFECTIVE DATE

8.1 Effective Date - This National Instrument comes into force on •.