

Alberta Securities Commission Notice

Amendments to Alberta Securities Commission Rule 41-501 *Use of Prospectus Complying with Ontario Securities Commission Requirements*

On December 31, 2000, ASC Rule 41-501 *Use of Prospectus Complying with Ontario Securities Commission Requirements* became effective ("ASC Rule 41-501"). That rule permits issuers to satisfy certain of the prospectus requirements under Alberta securities law by complying with Ontario Securities Commission ("OSC") Rule 41-501 *General Prospectus Requirements* (the "OSC Rule"). Essentially, issuers filing a prospectus with the Commission were provided with the option of either fully complying with the existing requirements under Alberta securities law or the requirements under the OSC Rule.

Effective March 15, 2002 the Commission amended ASC Rule 41-501. The full text of the consolidated amendments are attached as Appendix A. The amendments are summarized below.

1. ***Amendment for Capital Pool Companies*** - Section 6.4 of the OSC Rule requires an issuer to provide financial statements in its prospectus for any "significant probable acquisition". A "significant probable acquisition" refers generally to a proposed acquisition of a business that satisfies certain significance tests and "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high".

The amendment is intended to provide an exemption for the initial public offering prospectus of a Capital Pool Company (as defined in Policy 2.4 of the Canadian Venture Exchange Inc.) from the requirement under section 6.4 of the OSC Rule to provide financial statements for a significant probable acquisition and from the requirement under section 5.2(1)(a) of OSC Form 41-501F to provide specified disclosure of a significant probable acquisition for which financial statements are required.

The rationale for the exemption is that Capital Pool Companies are subject to their own unique regulatory regime, including a requirement that in order to be eligible to use the Capital Pool Company program, they must conclude that they have not yet reached an Agreement in Principle (as defined in Policy 2.4 of the Canadian Venture Exchange Inc.).

2. ***Extension of 90 Day Offering Period*** - The amendment is intended to indicate that an issuer complying with the OSC Rule is not required to obtain prior consent of the Executive Director in connection with an extension of a 90 day offering period under a best efforts offering.

However, issuers are reminded that the Executive Director generally considers an extension of the offering period to be a material change requiring the filing of a prospectus amendment.

Issuers are also reminded that the Executive Director assesses whether the extension of the offering period is not in the public interest. In order to expedite the assessment process, we

recommend that issuers that are complying with the OSC Rule and intending to extend their best efforts offering period beyond 90 days(i) explain in the cover letter accompanying their prospectus amendment why the extension is necessary and (ii) confirm that they have complied with section 19.5 of OSC Form 41-501F.

3. ***Mutual Funds*** - The amendment clarifies that a mutual fund cannot satisfy the requirements of Alberta securities law by complying with the OSC Rule.
4. ***Filings with Executive Director*** - The amendment clarifies that certain filings and deliveries are required to be made with the Executive Director.

Appendix A

CONSOLIDATED AMENDMENTS TO ALBERTA SECURITIES COMMISSION RULE 41-501 *USE OF PROSPECTUS COMPLYING WITH ONTARIO SECURITIES COMMISSION REQUIREMENTS*

PART 1 DEFINITIONS

1.1 Definition

In this Rule, "OSC Rule 41-501" means Rule 41-501 *General Prospectus Requirements* of the Ontario Securities Commission, made effective December 31, 2000.

PART 2 PROSPECTUS FORM AND CONTENT REQUIREMENTS

2.1 Alternative Prospectus Form and Content Requirements

Notwithstanding Part 8 of the Alberta Securities Commission Rules ("ASC Rules"), and subject to sections 2.2, 2.3 and 2.4 of this Rule, the requirements under Part 8 [now Part 9] of the Act as to the form and content of a preliminary prospectus, a prospectus or an amendment to a prospectus, accompanying filings or deliveries to the Commission or Executive Director, and consents to extensions of time under subsection 92(2)(i) of the ASC Rules may be satisfied, in respect of

- (a) any distribution, other than by a mutual fund, by complying with the requirements under OSC Rule 41-501 as to form, content and accompanying filings or deliveries to the Commission or Executive Director applicable to a preliminary prospectus, a prospectus or an amendment to a prospectus, as the case may be; or
- (b) the initial public distribution by prospectus by a "capital pool company", as that term is defined in Policy 2.4 of the Canadian Venture Exchange Inc., by complying with the requirements, except section 6.4(1), under OSC Rule 41-501, as to form, content and accompanying filings or deliveries to the Commission or Executive Director applicable to a preliminary prospectus, a prospectus or an amendment to a prospectus, as the case may be.

2.2 Interpretation and Variation of OSC Rule

- (a) For the purpose of section 2.1, references in OSC Rule 41-501, or in the form referred to in section 1.1 of OSC Rule 41-501, to the provisions of securities

legislation of Ontario set out in column I of the table below shall be interpreted as references to the corresponding provisions of securities legislation of Alberta set out in column II of the table below.

I	II
<i>Securities Act (Ontario)</i>	<i>Securities Act (Alberta)</i>
subsection 57(1)	subsection 85(1) or 89(1) [now ss.114(1) or 115(1)], as the case may be
section 58	section 90 [now s.116]
subsection 58(1)	subsection 90(1) [now s.116(1)]
section 59	section 91 [now s.117]
subsection 61(2)	subsection 96(2) [now s.120(2)]
section 62	section 97 [now s.121]
subsection 65(1)	no equivalent
section 67	section 101 [now s.125]
Forms	Forms
Item 30 of former Form 12	Item 29A of Form 12 as varied by Commission Policy 7.1 <i>Conflicts of Interest</i>

- (b) For the purpose of section 2.1, Part 15 of OSC Rule 41-501 shall be varied by replacing or supplementing references to the "Director" under securities legislation of Ontario by references to the "Executive Director" under securities legislation of Alberta.
- (c) For the purpose of section 2.1, the form referred to in paragraph 13.2(2)2 of OSC Rule 41-501 shall be varied by replacing or supplementing
- (i) references to the "Director" under securities legislation of Ontario by references to the "Executive Director" under securities legislation of Alberta, and
 - (ii) the information concerning the public official set out in paragraph (a)(iv) of the form by the following:

Executive Director
Alberta Securities Commission
4th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta T2P 3C4
Telephone: (403) 297-6454

- (d) For the purposes of section 2.1, the forms referred to in paragraphs 13.3(1)2 and 3 of OSC Rule 41-501 shall be varied by replacing or supplementing references to "Ontario" and to "Ontario securities law" by references to "Alberta" and "Alberta securities laws", as the case may be.

2.3 Certification Requirements

Except as they are supplemented by sections 12.1 and 12.2 of OSC Rule 41-501, this Rule does not affect the requirements of Part 8 [now Part 9] of the Act concerning the inclusion and content of certificates in a preliminary prospectus, a prospectus or an amendment to a prospectus.

2.4 Notification

An issuer that intends to rely on this Rule in respect of a distribution shall state that intention in a covering letter filed prior to or concurrently with the filing of the preliminary prospectus for that distribution.

PART 3 EFFECTIVE DATE

3.1 Effective Date

The Rule first came into force December 31, 2000. The amendment is effective March 15, 2002.