

NPS 44 Rules for Shelf Prospectus Offerings

Rules for Shelf Prospectus Offerings and for Pricing Offerings after the Prospectus is Received

[QL note: a Table of Contents corresponding to the hard copy of the OSC Bulletin is included as APPENDIX "E".]

1. INTRODUCTION AND PURPOSE

1.1 This Policy statement provides for:

- (a) the creation of a Canadian shelf prospectus system; and
- (b) rule for the pricing of offerings after the prospectus is received.

The shelf system is available only for prospectuses filed under the prompt offering qualification ("POP") system. The rules for the pricing of offerings after the prospectus is received are available for offerings under the POP system, offerings of securities of issuers which have equity securities outstanding that are listed on a Recognized Stock Exchange and offerings of non-convertible Approved Rating debt or preferred shares of other issuers. The shelf system and the rules for the pricing of offerings after the prospectus is received are available for offerings of derivative securities only with prior regulatory approval. The shelf system and rules for pricing of offerings after the prospectus is received are not available for rights offerings.

- 1.2 The rules for shelf prospectus offerings and for pricing of offerings after the prospectus is received are intended to provide more flexibility and reduce the burdens, costs and time pressures for issuers seeking to raise capital under changing market conditions while maintaining investor protections.

2. GENERAL PROVISIONS

2.1 Definitions

As used in this Policy Statement, unless the subject matter or context otherwise requires, the following terms shall have the following meanings:

- (a) "AIF" means the annual information form required to be filed by POP Issuers under the POP System;
- (b) "Approved Rating", where used to describe debt or preferred shares means that such securities have received at the time the receipt for the prospectus is issued a provisional rating by an Approved Rating Organization in one of the generic categories applicable to debt or preferred shares, as the case may be, that is set out opposite the Approved Rating Organization's name:

Approved Rating Organization	Debt Shares	Preferred
Canadian Bond Rating Service Inc.	A++, A+, A or B++	P-1+, PI, P-2 or P-3
Dominion Bond	AAA, AA, A	Pfd-1, Pfd-2 or

Rating Service Limited	or BBB	Pfd-3
Moody's Investors Service, Inc.	Aaa, Aa, A or Baa "a"	"aaa", "aa", or "baa"
Standard & Poor's Corporation	AAA, AA, A or BBB	AAA, AA, A or BBB

- (c) "Approved Rating Organization" means each of Canadian Bond Rating Service Inc., Dominion Bond Rating Service Limited, Moody's Investors Service, Inc. and Standard & Poor's Corporation;
- (d) "at-the-market", where used to describe an offering of equity securities, means that the securities are being offered for sale into an existing trading market for outstanding securities of the same class at other than a fixed price on or through the facilities of a stock exchange or to or through a market maker otherwise than on an exchange;
- (e) "equity securities" means securities of an issuer that carry a residual right to participate in earnings of the issuer and, upon liquidation or winding up of the issuer, in its assets;
- (f) "lapse date" means the date which is 24 months after the date of the issuance by a securities regulatory authority of a province or territory of a receipt for the prospectus for an offering under the Shelf Procedures;
- (g) "Method 1" means the first of the two alternative methods of providing prospectus certificates under the Shelf Procedures as described in Section 3.9 of this Policy statement;
- (h) "Method 2" means the second of the two alternative methods of providing prospectus certificates under the Shelf Procedures as described in Section 3.9 of this Policy statement;
- (i) "MTN Program" means a continuous offering of debt securities in which the specific variable terms of the individual debt securities and the offering thereof are determined at the time of sale;
- (j) "MTN Terms" means the specific variable terms of the individual debt securities and the offering thereof under an MTN Program;
- (k) "non-convertible", where used to describe debt or preferred' shares, means that the rights and attributes attaching to such securities do not include any right or option to purchase, convert or exchange or otherwise acquire any equity securities of the issuer or of any other issuer, or any other security which itself has a right to purchase, convert or exchange or otherwise acquire any equity securities of the issuer or any other issuer;
- (l) "POP Issuers" means the issuers using the POP System in the applicable jurisdiction;
- (m) "POP System" means the prompt offering qualification system for the distribution of securities of certain issuers established pursuant to the securities laws or policies of a province or territory;

- (n) "PREP Changes" means the changes that are permitted or required to be made to a prospectus filed under the PREP Procedures as defined in Section 4.3(b) of this Policy statement;
- (o) "PREP Information" means the information which may be omitted from a prospectus filed under the PREP Procedures as defined in section 4.3(a) of this Policy statement;
- (p) "PREP Procedures" means the rules and procedures established pursuant to this Policy statement for the pricing of securities in certain prospectus offerings after a receipt has been obtained for the prospectus;
- (q) "Pricing Supplement" means the special form of prospectus supplement which may be used in MTN Programs as defined in Section 3.4(f) of this Policy Statement;
- (r) "Recognized Stock Exchange" means a stock exchange recognized by the Canadian Securities Administrators for the purpose of this Policy Statement, all such stock exchanges being listed in Appendix "A" of this Policy Statement;
- (s) "Shelf Information" means the information that may be omitted from a prospectus filed under the Shelf Procedures as defined in Section 3.3(c) of this Policy Statement;
- (t) "Shelf Procedures" means the rules and procedures established pursuant to this Policy Statement for the distribution of securities of POP Issuers on a continuous or delayed basis; and
- (u) "Supplemented PREP Prospectus" means a supplemented prospectus used under the PREP Procedures as defined in Section 4.3(b) of this Policy Statement.

2.2 Election to Use the Shelf Procedures and/or PREP Procedures

- (a) Where an issuer satisfies the criteria set forth in Sections 3.1 and 3.2 of this Policy Statement, the issuer may elect to use the Shelf Procedures for an offering of its securities. Where an issuer satisfies the criteria set forth in Sections 4.1 and 4.2, the issuer may elect to use the PREP Procedures for an offering of its securities. All such elections shall be communicated to the applicable securities regulatory authorities at the time of filing the preliminary prospectus.
- (b) An issuer that has elected to use the Shelf Procedures or PREP Procedures may change its election, upon notice to the applicable securities regulatory authorities, prior to filing the prospectus. An issuer which elects no longer to use the Shelf Procedures must file and distribute an amended preliminary prospectus.

2.3 Form of Prospectus and Disclosure Requirements

- (a) The short form prospectus prescribed under the POP System shall be used for all offerings under the Shelf Procedures and for all offerings under the POP System where the PREP Procedures are being used. Where the PREP Procedures are being used in connection with an offering that is not under the POP System, the form of prospectus prescribed by applicable securities laws shall be used. Unless otherwise expressly provided in this Policy statement, the prospectus disclosure requirements applicable to any such offering of securities are unaltered.
- (b) Each prospectus from which Shelf Information or PREP Information is omitted shall have printed in red ink on the outside front cover page the following statement:

"This prospectus has been filed under procedures in [insert names of the provinces and territories where qualified] which permit certain information with respect to these securities to be determined after the prospectus has become final and permit the omission from this prospectus of such information. Such procedures require the delivery to purchasers of a prospectus or a prospectus supplement containing this omitted information within a specified period of time after agreeing to purchase any of these securities."

2.4 Incorporation by Reference

- (a) Issuers using the shelf Procedures and/or the PREP Procedures for an offering under the POP System shall incorporate by reference into the short form prospectus for each offering the documents required to be incorporated into a short form prospectus under the POP system [NOTE 1: Where applicable securities laws permit, issuers which are registrants with the Securities and Exchange Commission of the United States may satisfy certain of their continuous disclosure and incorporation by reference obligations through the use of disclosure documents that have been prepared in accordance with the securities laws of the United States], which include:
- (1) the issuer's latest AIF;
 - (2) the following continuous disclosure documents that at the date of -- the prospectus have been filed by the issuer since the commencement of the issuer's financial year in which its latest AIF was filed:
 - i. material change reports (excluding confidential reports) [NOTE 2: An issuer is not entitled to file a confidential material change report or to maintain an already filed material change report as confidential during the period of distribution of securities pursuant to a final prospectus unless distribution is suspended until the material change is generally disclosed or the decision to implement such material change has been rejected.];
 - ii. interim financial statements;
 - iii. comparative financial statements for the issuer's last completed financial year, together with the auditor's report thereof; and
 - iv. the portion of the issuer's information circulars incorporated by reference into the issuer's latest AIF.
- (b) There shall be deemed to be incorporated into the short form prospectus of an issuer using the Shelf Procedures and/or the PREP Procedures for an offering under the POP System any documents of the type referred to in Sections 2.4(a) (1) and 2.4(a)(2) of this Policy Statement that are filed by the issuer subsequent to the date of the prospectus and prior to the completion or withdrawal of the offering. A statement to that effect shall be contained in the short form prospectus.
- (c) Issuers also shall be deemed to have incorporated by reference into the prospectus for an offering under the Shelf Procedures, the documents deemed to be incorporated therein pursuant to Section 3.4(c) of this Policy Statement.

- (d) Issuers also shall be deemed to have incorporated by reference into the prospectus for an offering under the PREP Procedures, the information deemed to be incorporated therein pursuant to Section 4.3(c) of this Policy Statement.
- (e) Any statement contained in a document incorporated or deemed to be incorporated by reference into a prospectus or contained in the prospectus itself shall be deemed to be modified or superseded, for purposes of the prospectus, to the extent that a statement contained in the prospectus or any other subsequently filed document which also is or is deemed to be incorporated by reference into the prospectus modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of the prospectus.
- (f) Upon a new AIF and the related annual financial statements being filed by an issuer with, and where required, accepted by, the applicable securities regulatory authorities during the currency of a prospectus, the previous AIF, the previous annual financial statements, all interim financial statements, material change reports and information circulars filed prior to the commencement of the issuer's financial year in which the new AIF was filed shall be deemed no longer to be incorporated into the prospectus for purposes of future offers and sales of securities thereunder.

2.5 Prospectus Amendments

Except as expressly provided in Section 3.8 of this Policy Statement, the requirements of applicable securities laws, which apply to preliminary prospectuses (including preliminary short form prospectuses) and prospectuses (including final short form prospectuses):

- (a) to amend a preliminary prospectus where a material adverse change occurs after the receipt is obtained;
- (b) to amend a prospectus where a material change occurs after the receipt is obtained;
- (c) to amend a prospectus if the issuer increases the amount of securities being offered;
- (d) to file prospectus amendments, together with supporting documentation, with the securities regulatory authorities; and
- (e) to deliver prospectus amendments to purchasers, are unaltered.

2.6 Civil Liability

- (a) Nothing in this Policy Statement shall be construed to provide relief from statutory civil or quasicriminal liability arising under the provisions of the securities laws of each province or territory in which a prospectus for an offering pursuant hereto is filed.
- (b) An issuer's prospectus certificate contained in an amendment to a prospectus filed under the Shelf Procedures supersedes and replaces the issuer's certificate contained in the prospectus. Accordingly, an officer who signed the later dated certificate and the directors

at the time such certificate was filed would be subject to statutory civil liability for subsequent purchases of securities under the prospectus.

- (c) An issuer's prospectus certificate contained in a prospectus supplement filed under the Shelf Procedures supersedes and replaces the issuer's certificate contained in the prospectus for purposes of the distribution of securities under that supplement. Accordingly, an officer who signed the later dated certificate and the directors at the time such certificate was filed would be subject to statutory civil liability to purchasers of securities under such supplement.

2.7 Other Regulatory Matters

- (a) The procedures for review and filing of prospectuses under the POP System apply to offerings under the POP System where the Shelf Procedures and/or the PREP Procedures are being used. The procedures for review and filing of prospectuses under National Policy Statement No. 1 are available for offerings not being made under the POP System for which the PREP Procedures are being used.
- (b) Certain securities legislation provides that the prospectus for the distribution of securities underwritten on a firm commitment basis, other than securities to be distributed continuously, shall indicate that the securities are to be taken up by the underwriter, if at all, on or before a date not later than a specified number of days after the date of the final receipt. This requirement is waived for offerings filed under the Shelf Procedures or PREP Procedures, provided that:
 - (1) for distributions under the Shelf Procedures, prospectus supplement for the distribution of securities underwritten on a firm commitment basis, other than securities to be distributed continuously, indicates that the securities offered thereby are to be taken up by the underwriter, if at all, on or before a date not later than that same specified number of days after the date of the prospectus supplement; and
 - (2) for distributions under the PREP Procedures of securities underwritten on a firm commitment basis, the Supplemented PREP Prospectus or the amendment to the prospectus providing the PREP Information indicates that the securities offered thereby are to be taken up by the underwriter, if at all, on or before a date not later than that same specified number of days after the date of the supplemented PREP Prospectus or amendment, as the case may be.
- (c) Certain securities legislation provides that, where a minimum amount of funds are required by an issuer, the prospectus for the distribution of securities on a best efforts basis, other than securities to be distributed continuously, shall indicate that the offering may not continue for more than a specified number of days where such minimum amount of funds are not subscribed within the specified period without regulatory consent and the consent of those persons or companies who subscribed within such period. This requirement is waived for offerings filed under the Shelf Procedures or PREP Procedures, provided that:
 - (1) for distributions under the Shelf Procedures, each prospectus supplement for the distribution of securities underwritten on a best efforts basis where a minimum amount of funds are required indicates that the offering may not continue for more than that same specified number of days from the date of the prospectus supplement where such minimum amount of funds are not subscribed within

such period without regulatory consent and the consent of those persons or companies who subscribed within such period; and

- (2) for distributions under the PREP Procedures of securities underwritten on a best efforts basis where a minimum amount of funds are required, the Supplemented PREP Prospectus or the amendment to the prospectus providing the PREP Information indicates that the offering may not continue for more than that same specified number of days from the date of the Supplemented PREP Prospectus or amendment providing the PREP Information, as the case may be, where such minimum amount of funds are not subscribed within such period without regulatory consent and the consent of those persons or companies who subscribed within such period.

3. SHELF PROCEDURES

3.1 Eligibility Criteria

- (a) To be eligible to use the Shelf Procedures for the distribution in a province or territory by or on behalf of an issuer or a selling security holder of securities of an issuer, the issuer must:
 - (1) satisfy the eligibility criteria to use the POP System for the distribution of such securities in such province or territory (including, if relevant, the alternative eligibility criteria relating to issues of non-convertible Approved Rating debt or preferred shares and to issuers which subsist after a business reorganization); or
 - (2) have obtained a ruling or order from the securities regulatory authority for such province or territory that permits it to use the POP System for the distribution of such securities and be in compliance with the terms of such ruling or order.
- (b) If after the filing of a prospectus for an offering of securities under the Shelf Procedures the issuer ceases to satisfy the foregoing criteria, further distribution of such securities under such prospectus shall not be made in the applicable province or territory. [NOTE 3: For example, if an issuer is relying on the alternative POP System eligibility criteria to make a shelf offering of non-convertible Approved Rating debt securities or preferred shares and the securities being offered are downgraded after the prospectus is filed to have a rating that does not qualify as an Approved Rating, further distribution of such securities under the prospectus shall not be made.] An issuer that has filed a prospectus under the Shelf Procedures shall, however, have sixty business days after the end of its most recently completed financial year in which to determine whether it has ceased to satisfy any such eligibility criteria (applicable either under the POP System or pursuant to a ruling or order of the type referred to in Section 3.1(a)(2) of this Policy Statement) that requires it to have an aggregate market value of certain securities held by certain persons of not less than a specified amount during the last calendar month of its most recently completed financial year. Where it has ceased to satisfy such criteria, it shall cease further distribution under the prospectus no later than sixty business days after the end of its most recently completed financial year.

3.2 Types of Permissible Shelf Offerings

- (a) Subject to Sections 3.2(b) and 3.2(c) of this Policy Statement, issuers which meet the eligibility criteria set forth in Section 3.1 of this Policy Statement may use the Shelf Procedures to offer securities of one basic type (i.e. debt, preferred shares or common

shares) for cash on a continuous or delayed basis. The Shelf Procedures may also be used for such offerings by selling security holders.

- (b) The Shelf Procedures may not be used for rights offerings. [NOTE 4: Right offerings include: i. the distribution by an issuer to holders of its securities of a right to purchase additional securities of its own issue and the distribution of securities pursuant to the exercise of that right; and ii. the distribution by an issuer to holders of its securities of a right to purchase additional securities of an issuer held by it and the distribution of securities pursuant to the exercise of that right. END OF NOTE 4]
- (c) Special considerations apply to offerings of derivative securities (5) as such offerings may involve novel or complex issues, particularly with respect to the terms of the securities, that require case-by-case analysis. [NOTE 5: Derivative securities generally include securities the value of or return from which is based upon the market price, value or return of one or more underlying securities or commodities or upon the level of one or more financial benchmarks such as interest rates, foreign exchange rates or stock market indices. For purposes of this Policy Statement, derivative securities do not include securities issued by mutual funds or non-redeemable investment funds or warrants or other securities exchangeable for, or convertible into securities issued by the issuer of the derivative securities or an affiliate or affiliated company thereof. Accordingly, issuers do not require prior regulatory approval to use the procedures established under this Policy Statement for offerings of such warrants or exchangeable or convertible securities. Issuers which are uncertain as to whether securities which they propose to issue are derivative securities should consult with the applicable securities regulatory authorities. END OF NOTE 5] It may or may not be appropriate in such an offering for the Shelf Procedures to be used. Accordingly, the Shelf Procedures may be used for an offering of derivative securities only with prior approval of the appropriate securities regulatory authorities. As a condition of granting such approval, among other things, the securities regulatory authorities may require that prospectus supplements for the distribution of derivative securities be pre-cleared with them and that the issuer undertake in writing at the time of filing the prospectus that it will distribute derivative securities under the prospectus only pursuant to prospectus supplements pre-cleared with, and accepted by, the appropriate securities regulatory authorities.
- (d) A prospectus filed under the Shelf Procedures shall cover no more than the amount of securities the issuer or selling security holder reasonably expects to offer and sell within two years from the date of filing the prospectus. Reasonable expectation shall be measured at the time the prospectus is filed. Securities remaining unsold at the expiration of the two-year period shall not thereafter be offered for sale under the prospectus, but may be offered under the next prospectus that is filed upon the expiry of the prospectus.
- (e) Provided that the requirements set forth in Section 3.5 of this Policy Statement are complied with, non-fixed price offerings of non-convertible Approved Rating debt or preferred shares and at-the-market equity offerings may be made under the Shelf Procedures.
- (f) Offerings of securities on a delayed basis may only be made by eligible POP issuers in accordance with the Shelf Procedures.

3.3 Disclosure in Shelf Offering Prospectuses

- (a) The prospectus shall set forth the aggregate amount of securities offered and shall contain all other non-variable information with respect to such securities and the offering thereof. It shall, if applicable, contain disclosure of asset and earnings coverage ratios

and dilution in accordance with Sections 3.6 and 3.7, respectively, of this Policy Statement.

- (b) The prospectus may set forth a description of two or more alternative methods of distribution (such as underwriting on a firm commitment or agency basis or direct sales) provided that the description is not so complex as to reduce substantially the effectiveness of the disclosure.
- (c) Subject to Section 3.2(c) of this Policy statement, there may be omitted from the prospectus, to the extent only that such information is not known at the date the prospectus is filed:
 - (1) the variable terms of the securities, including:
 - i. the amount of each tranche of securities that will be offered and sold under the prospectus; and
 - ii. the other specific terms of each such tranche of securities, including, as applicable, the designation of such tranche, maturities, denominations, interest or dividend provisions, purchase or redemption provisions, retraction provisions, conversion or exchange provisions, the terms for extension or early repayment, the currencies in which the securities' are issued or payable, sinking fund provisions and any special covenants or other terms applicable to the securities of such tranche;
 - (2) the variable terms of the plan of distribution of the securities, including:
 - i. if the prospectus sets forth alternative methods of distribution, which method will be applicable to each tranche of securities offered and sold under the prospectus; and
 - ii. for each such tranche, the specific terms not included in the description of the applicable method of distribution in the prospectus, including, as applicable, the names of any underwriters, the distribution spread and underwriting fees, discounts and commissions;
 - (3) for any underwriter that is not named in the prospectus, disclosure of any conflicts of interest and prospectus certificates of such underwriter; and
 - (4) other specific transaction information, including the public offering price, delivery dates, legal opinions regarding the eligibility for investment of the securities and tax matters, statements regarding listing of the securities, actual amount of proceeds and, if applicable, more specific information about the use of proceeds.

The information that may be omitted from the prospectus pursuant to this Section 3.3(c) is referred to in this Policy Statement as the "Shelf Information".
- (d) The prospectus shall indicate that all Shelf Information will be set forth in one or more prospectus supplements that will be delivered to purchasers together with the prospectus.

3.4 Supplement Procedure

- (a) If securities are being offered and sold under a prospectus from which Shelf Information is omitted, a prospectus supplement containing:
- (1) all such omitted Shelf Information with respect to the tranche of securities being offered;
 - (2) if applicable, prospectus certificates pursuant to Section 3.9 of this Policy Statement;
 - (3) if applicable, disclosure of asset and earnings coverage ratios pursuant to Section 3.6 of this Policy Statement;
 - (4) if applicable, disclosure of dilution pursuant to Section 3.7 of this Policy Statement;
 - (5) if applicable, in the case of the financing of the acquisition of a business, financial statements pursuant to Section 3.10 of this Policy Statement;
 - (6) if applicable, in the case of a natural resource issuer, disclosure relating to a particular resource property pursuant to Section 3.11(b) of this Policy Statement; and
 - (7) a list identifying and briefly describing each document then incorporated by reference into the prospectus (other than prospectus supplements and documents already listed in the prospectus or any other prospectus supplement to be delivered together with such prospectus supplement), shall be filed with the securities regulatory authority of the principal jurisdiction no later than the second business day following the date of determination of the offering price of such securities. Such supplement shall be filed, as nearly as practicable, contemporaneously with the securities regulatory authority for each other jurisdiction in which securities are being offered pursuant to such supplement. The supplement shall state on the cover page thereof the name of the issuer and the date of the prospectus and/or the supplement(s) to which it relates. The prospectus supplement may also contain such additional information as the issuer may elect to include therein provided that such information does not describe a material change that has not already been the subject of a material change report or prospectus amendment.
- (b) In addition to prospectus supplements required by Section 3.4(a) of this Policy Statement, a supplement to the prospectus may be used:
- (1) to establish an MTN Program in accordance with Section 3.4(f) of this Policy Statement;
 - (2) as a Pricing Supplement in an MTN Program in accordance with Section 3.4(f) of this Policy Statement;
 - (3) to provide updated disclosure of asset and earnings coverage ratios as provided in Section 3.6 of this Policy Statement;
 - (4) to provide revised disclosure of dilution as provided in Section 3.7 of this Policy Statement;

- (5) as a preliminary form of the supplement to be used to describe a tranche of securities in accordance with Section 3.4(g) of this Policy Statement; and
- (6) to supply any additional or updated information as the issuer may elect to include provided that such information does not describe a material change that has not already been the subject of a material change report or prospectus amendment.

Each such supplement, other than Pricing Supplements, shall be filed with the securities regulatory authority of the principal jurisdiction within two business days of its first use and, as nearly as practicable, contemporaneously with:

- (7) in the case of supplements referred to in Sections 3.4(b)(1), 3.4(b)(3) and 3.4(b)(4), the securities regulatory authority for each other jurisdiction in which securities are being distributed under the MTN Program or the continuous offering, as the case may be;
- (8) in the case of supplements referred to in Section 3.4(b)(5), the securities regulatory authority for each other jurisdiction in which securities covered by that supplement are proposed to be distributed; and
- (9) in the case of supplements referred to in Section 3.4(b)(6), the securities regulatory authority for each other jurisdiction where the prospectus was filed.

Each Pricing Supplement shall be filed with the securities regulatory authority for each jurisdiction in which securities have been offered pursuant to such Pricing Supplement within five business days of the end of the month in which such Pricing Supplement was first used.

- (c) Each prospectus supplement shall be deemed to be incorporated by reference into the prospectus as of the date of such supplement. A prospectus supplement will not be considered to be an amendment within the meaning of applicable securities laws. To avoid affecting subsequent offerings, unless otherwise expressly provided herein or by the issuer, a prospectus supplement will be deemed to be incorporated into the prospectus only for purposes of the offering of the securities covered by that prospectus supplement.
- (d) The prospectus supplement generally will take the form of a "sticker", a "wrap-around" or a one or more page supplement to the prospectus. All prospectus supplements applicable to any securities being sold, except for any preliminary form of the supplement to be used to describe a tranche of securities in accordance with Section 3.4(g) of this Policy Statement, must be attached to, or included with, the prospectus that is delivered to purchasers of such securities in accordance with applicable securities laws.
- (e) Prospectus supplements will not be subject to prior review by the securities regulatory authorities, but each such authority reserves the right to require an issuer to provide a prospectus amendment to purchasers in circumstances where it considers:
 - (1) the issuer to have failed to comply with the supplement procedure prescribed by this Policy Statement; or
 - (2) the use of a prospectus supplement in the circumstances not to be in the public interest.

(f) MTN Programs may be established by a prospectus or under a prospectus by a prospectus supplement. In MTN Programs, the MTN Terms are determined at the time of sale. The MTN Terms for each security sold may be set forth in a special form of prospectus supplement (a "Pricing Supplement") provided that:

- (1) the prospectus or prospectus supplement establishing the MTN Program sets forth a complete description of the options and parameters for the MTN Terms (e.g., the range of maturities of the securities being offered, any interest rate options and any currency options) [NOTE 6: Specific variable terms of individual debt securities and the offering thereof that are not within the options and parameters set forth in the prospectus or supplement establishing the MTN Program may be set forth in a Pricing Supplement, provided the issuer has reserved the ability so to do.]
- (2) such prospectus or prospectus supplement sets forth a complete description of the applicable method of distribution that includes the name of any underwriter through which the securities are being sold and the amount of any underwriting fees, discounts or commissions (or a narrow range thereof); and
- (3) such prospectus or prospectus supplement contains all required prospectus certificates in accordance with Method I.

Pricing Supplements shall contain:

- (4) the MTN Terms for the securities covered thereby; and
- (5) a list identifying and briefly describing each document then incorporated by reference into the prospectus (other than prospectus supplements and documents already listed in the prospectus or any prospectus supplement to be delivered together with such Pricing Supplement).

Pricing Supplements need not contain prospectus certificates or disclosure of asset and earnings coverage ratios.

Prospectus supplements used to establish an MTN Program shall contain:

- (6) to the extent known, all Shelf Information as to the offering covered thereby;
- (7) the issuer's certificate in accordance with Method 1 as required by Section 3.9 of this Policy Statement;
- (8) where there is an underwriter, the underwriter's prospectus certificate in accordance with Method 1 as required by Section 3.9 of this Policy Statement; and
- (9) a list identifying and briefly describing each document then incorporated by reference into the prospectus (other than prospectus supplements and documents already listed in the prospectus or any other prospectus supplement to be delivered together with such prospectus supplement).

(g) An issuer may prepare a preliminary form of the prospectus supplement to be used to describe a tranche of securities for use in marketing such securities before the public offering price is determined or to pre-clear a prospectus supplement for the distribution of derivative securities. This preliminary form of prospectus supplement may omit, at the

issuer's election, any one or more of the items required by Sections 3.4(a)(1), 3.4(a)(3) or 3.4(a)(4) of this Policy Statement and, if Method 1 of providing prospectus certificates has been complied with, the certificates required by Section 3.4(a)(2) of this Policy Statement.

- (h) The prospectus supplement procedures set forth in Section 3.4 of this Policy Statement are not intended to prevent the filing of prospectus amendments to supply some or all of the information that is permitted to be included in a prospectus supplement.

3.5 Non-fixed Price Offerings

- (a) Disclosure of the following additional information shall be made on the cover page of the prospectus or a prospectus supplement for the offering of securities on a non-fixed-price basis:

- (1) the discount allowed to the underwriters or the commission payable to the underwriters and any other compensation payable to the underwriters, including, if applicable, a reference to the fact that the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to the issuer [NOTE 7: For non-fixed price offerings that are being made on a best efforts basis, the disclosure of the discount allowed to the underwriters or the commission or other compensation payable to the underwriters may be set forth as a percentage or a range of percentages and the distribution spread need not be set forth in tabular form.]
- (2) the proceeds or, where applicable, in the case of an offering to be made on a best efforts basis, the minimum amount of proceeds to be received by the issuer;
- (3) how the price at which the securities will be offered and sold will be determined, specifically that the securities will be offered either at prices determined by reference to the prevailing price of a specified security in a specified market, at market prices prevailing at the time of sale, or at prices to be negotiated with purchasers;
- (4) that the price at which the securities will be offered and sold may vary as between purchasers and during the distribution period;
- (5) where the price of the securities is to be determined by reference to prevailing prices of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date; and
- (6) where the price of the securities will be the market price prevailing at the time of sale, the market price of the security at the latest practicable date.

- (b) In addition, for at-the-market offerings of equity securities:

- (1) the amount of equity securities offered on an at-the-market basis must not exceed 10 per cent of the aggregate market value of the issuer's outstanding equity securities of that class held by security holders of the issuer none of whom (together with its respective associates, affiliates and affiliated companies) beneficially own, directly or indirectly, or exercise control or direction over, more than 10 per cent of the issued and outstanding equity securities of the issuer (calculated as of a date within 60 days prior to the date of filing of the prospectus);

- (2) the securities must be sold through an underwriter acting as principal or agent;
- (3) such underwriter must be named in, and must sign a prospectus certificate for, the prospectus or an amendment thereto; and
- (4) it shall be disclosed in the prospectus or prospectus supplement establishing the at-the-market offering that none of the underwriters and dealers involved in the distribution or any affiliates of any of them, or any person or company acting jointly or in concert with any of the foregoing have or will in connection with the offering over-allot the securities or effect any other transactions which are intended to stabilize or maintain the market price of the securities.

3.6 Disclosure of Asset and Earnings Coverage Ratios

- (a) Subject to Section 3.6(b) of this Policy Statement, issuers using the Shelf Procedures to offer debt or preferred shares having a term to maturity of more than one year shall:
 - (1)
 - i. disclose in the prospectus, historical asset and earnings coverage ratios based on the twelve month period ended on the date of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority; and
 - ii. disclose in the prospectus, historical asset and earnings coverage ratios based on the twelve month period ended on the date of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority, provided that such period is subsequent to the date of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority;
 - (2) disclose in each prospectus supplement filed to describe a particular tranche of securities offered under the prospectus:
 - i. asset and earnings coverage ratios that are based on the twelve month period ended on the date of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority;
 - ii. asset and earnings coverage ratios that are based on the twelve month period ended on the date of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority, provided that such period is subsequent to the date of the most recently completed period for which audited annual financial statements of the issuer have been, or are required to have been, filed with any securities regulatory authority; and
 - iii. the ratios in Sections 3.6(a)(2)i. and 3.6(a)(2)ii. shall be adjusted to reflect:

- A. the issuance of all long term debt and, in addition in the case of an issue of preferred shares, all preferred shares issued since the date of such annual or interim financial statements;
 - B. the issuance of the specific tranche which is the subject of the prospectus supplement; and
 - C. the repayment or redemption of all long term debt since the date of such annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds realized from the sale of securities under the prospectus supplement and, in addition in the case of an issue of preferred shares, all preferred shares repaid or redeemed since the date of such annual or interim financial statements and all preferred shares to be repaid or redeemed from the proceeds realized from the sale of securities under the prospectus supplement.
- (b) Disclosure of the type required by Section 3.6(a)(2) of this Policy Statement shall not be required for MTN Programs or other continuous offerings. Instead, an issuer making such an offering shall, concurrently with filing its interim and audited annual financial statements, provide, either as an exhibit to such financial statements or in a prospectus supplement filed with the applicable securities regulatory authorities updated historical asset and earnings coverage ratios, based on the twelve month period ended on the date of such financial statements. Such exhibit need not be audited. If such coverage ratios are provided in a prospectus supplement, such supplement shall, until such time as more recently updated coverage ratios are available to purchasers pursuant to this Section 3.6(b):
- (1) be deemed to be incorporated into the prospectus for purposes of the offering of securities thereunder; and
 - (2) be attached to, or delivered with, the prospectus delivered to purchasers.

3.7 Disclosure of Dilution

- (a) Issuers using the Shelf Procedures to offer equity securities shall disclose in each prospectus supplement filed to describe a particular tranche of securities offered and sold under the prospectus the dilution which would result from the issuance of the securities offered in such tranche. The calculation of dilution shall be based upon the financial statements of the issuer for the most recently completed period for which audited annual financial statements have been, or are required to have been, filed with any securities regulatory authority.
- (b) For at-the-market offerings of equity securities, dilution shall be set forth in the prospectus or the prospectus supplement establishing the at-the-market offering. Such disclosure shall be based upon a reasonable range of the selling terms. Where appropriate, the dilution may also be set forth as a range. If during the distribution of the securities the dilution differs from that disclosed in the prospectus or prospectus supplement, a prospectus supplement to revise the range of selling terms and dilution shall be filed with the applicable securities regulatory authorities and delivered to purchasers. Any such revision shall be based upon the financial statements of the issuer for the most recently completed period for which audited annual financial statements have been, or are required to have been, filed with any securities regulatory authority.

3.8 Amendments

(a) Changes in the Plan of Distribution

An amendment to a prospectus shall be filed and cleared with the applicable securities regulatory authorities to reflect any new material information relating to, or any material change in, the plan of distribution described in the prospectus before further distributions under the prospectus may proceed. For example, a prospectus amendment would be required to include information regarding a new method of distribution not previously described in the prospectus. Where a method of distribution is described in the prospectus, the variable terms of the distribution of a specific tranche of securities under such method (i.e., the information referred to in Section 3.3(c)(2) of this Policy Statement) may be set forth in the prospectus supplement relating to such securities.

(b) Other Amendments

- (1) Amendments to a prospectus of the type referred to in Section 2.5(b) of this Policy Statement are required in respect of material changes only if such changes occur during a period when actual offers and sales of securities pursuant thereto are being made. Thus, an issuer using the Shelf Procedures to make a series of discrete, delayed offerings is not required to file amendments in respect of material changes which occur during the periods between offerings when securities are not being offered and sold. [NOTE 8: Such an issuer would not, however, be relieved of its obligation under applicable securities laws to issue and file forthwith a press release and report describing such material change, to publish where required such press release and to incorporate by reference any such report into the prospectus for the purposes of future offers and sales.]
- (2) An amendment to a prospectus required to describe a material change which occurred during a period when actual offers and sales are being made, may take the form of a material change report with prospectus certificates in the form set out in Section 3.9 of this Policy Statement added thereto.
- (3) Offers and sales of securities of an issuer may not be made as part of a continuous shelf offering or during a delayed offering if the issuer has filed a report of a material change on a confidential basis unless such material change has been generally disclosed or the decision to implement such material change has been rejected.

3.9 Prospectus Certificates

Except as set forth herein, issuers, promoters and underwriters may choose between two alternative methods of providing prospectus certificates in shelf offerings. Either method can be substituted for the other until the filing of the prospectus. The method chosen for the provision of an issuer's, promoter's and underwriter's prospectus certificates need not be the same.

Method 1 allows the use of prospectus supplements that do not contain prospectus certificates, provided a "forward-looking" prospectus certificate has been included in the prospectus. For an MTN Program established by a prospectus supplement, Method 1 allows the use of Pricing Supplements that do not contain prospectus certificates, provided a "forward-looking" prospectus certificate has been included in the prospectus supplement establishing such program: Method 2 requires the inclusion of prospectus certificates in each prospectus supplement filed under the Shelf Procedures. The forms of prospectus certificates under Method 1 and Method 2 are set

forth in Appendix "B" hereto. All such prospectus certificates shall be signed in accordance with applicable securities law.

3.10 Acquisitions

(a) Where the proceeds of securities offered pursuant to the shelf Procedures are to be applied in whole or in part, directly or indirectly, to finance the acquisition of a business, by a purchase of assets or shares, and such acquisition is material [NOTE 9: Investors, analysts and other users of financial information are interested in information that may affect their decision making. Materiality should be determined in the context of the overall financial position of the issuer, both prior to and after such acquisition, taking into account both quantitative and qualitative factors. Materiality is a matter of judgment in the particular circumstances and should generally be determined in relation to the significance of the acquisition to investors, analysts and other users of financial statement information. The acquisition of a business is considered material to an issuer if it is probable that its omission from the financial statement information would influence or change a decision. Measures of materiality would generally include gross revenues, expenses, net income, shareholders' equity and total assets of the acquired business relative to those of the issuer. While this concept of materiality is broader than the definition of "material change" contained in securities legislation of various provinces and territories, it is consistent with the financial reporting notion of materiality contained in the Canadian Institute of Chartered Accountants' Handbook. END OF NOTE 9] to the issuer, the prospectus for the offering of such securities or an amendment or supplement thereto shall include:

- (1) a balance sheet of the acquired business:
 - i. as at the date of the last financial year end of the acquired business and as at the corresponding date of the immediately preceding financial year; and
 - ii. if such last financial year end date is more than 120 days prior to the date of the prospectus supplement or amendment setting the terms of the securities, as at a date that is not more than 120 days prior to the date of such supplement or amendment;
- (2) an income statement, a statement of retained earnings and a statement of changes in financial position (or where the acquired business is primarily engaged in the business of investing, a statement of changes in net assets) of the acquired business:
 - i. for each of the last three financial years of the acquired business; and
 - ii. for any part of a subsequent financial year of the acquired business to the date at which the balance sheet required by Section 3.10(a)(1)ii. is made up and for the comparative period in the immediately preceding financial year;
- (3) a pro forma balance sheet combining the assets and liabilities of the issuer with the assets and liabilities of the acquired business as shown by their respective balance sheets each as at the date of their respective last financial year ends; and

- (4) pro forma financial statements combining, in respect of the last financial year of each of the acquired business and the issuer:
 - i. the income or losses of the issuer with the income or losses of the acquired business; and
 - ii. the changes in financial position of the issuer with the changes in financial position of the acquired business.
- (b) Each financial statement required pursuant hereto, other than a financial statement that relates to any part of a financial year subsequent to the last audited financial year, shall be accompanied by an auditors report. An auditor's report prepared in connection with any pro forma financial statements required pursuant hereto may be solely a compilation report.
- (c) Consent and comfort letters with respect to the financial statements required pursuant hereto shall be provided in accordance with Sections 3.11(c) and 3.11(d) of this Policy Statement.

3.11 Filing Packages and Commercial Copies

All documents required to be filed with a preliminary short form prospectus, a short form prospectus and a prospectus amendment under the POP System shall be filed in connection with preliminary prospectuses, prospectuses and prospectus amendments filed under the Shelf Procedures, subject to the following:

(a) Directors' Resolutions

The directors' resolution filed with the prospectus also shall authorize the filing and, if Method 2 is being used, the signing of prospectus supplements or a separate directors' resolution shall be filed with each prospectus supplement.

(b) Natural Resource Issuers

The provisions of the securities laws of certain provinces and territories which require the filing of an engineering report and the inclusion of prescribed disclosure in a short form prospectus where a significant portion of the proceeds of the offering are to be expended on a particular resource property shall be satisfied for each tranche of securities offered under the prospectus by:

- (1) filing such report with the applicable securities regulatory authorities at the time of filing the prospectus supplement describing the securities in the related tranche; and
- (2) including in such supplement the prescribed disclosure.

(c) Consent Letters

- (1) If an expertised statement appears in the preliminary prospectus, prospectus or a document which is incorporated by reference into the prospectus and was filed prior to the filing of such prospectus, the related consent letter shall be filed at the time of filing the prospectus.

- (2) If an expertised statement appears in an AIF, a prospectus supplement or other disclosure document which is incorporated by reference into a prospectus and is filed after the filing of such prospectus, the related consent shall be filed:
 - i. where the offering is being made on a continuous basis, at the time of filing such disclosure document; and
 - ii. where the offering is not being made on a continuous basis, at the time of the filing of the prospectus supplement or amendment to disclose the terms of securities in the first tranche to be offered pursuant to the prospectus after the filing of such disclosure document.
- (3) If an expertised statement appears in a prospectus amendment, the related consent shall be filed at the time of filing such amendment.

(d) Comfort Letters

Comfort letters shall be required in connection with offerings under the Shelf Procedures in jurisdictions where comfort letters are required to be filed under the POP System. In such jurisdictions the following procedures apply:

- (1) If unaudited financial statements appear in the prospectus or are incorporated by reference into such prospectus and were filed prior to the filing of such prospectus, any required auditor's comfort letter shall be filed at the time of filing the prospectus.
- (2) If unaudited financial statements appear in a prospectus supplement or amendment, any required auditor's comfort letter shall be filed at the time of filing such prospectus supplement or amendment, as the case may be.
- (3) If unaudited financial statements are otherwise incorporated by reference into a prospectus after the filing of such prospectus, any required auditor's comfort letter in respect thereof shall be filed:
 - i. where the offering is being made on a continuous basis, at the time of filing such unaudited financial statements; and
 - ii. where the offering is not being made on a continuous basis, at the time of the filing of the prospectus supplement or amendment to disclose the terms of securities in the first tranche of securities to be offered pursuant to the prospectus after the filing of such unaudited financial statements and such comfort letter need only address the most recent unaudited financial statements in or incorporated by reference into the prospectus.

(e) Material Contracts

The underwriting or agency agreement and any other material contract required to be filed that cannot be completed until a specific tranche of securities is offered shall be filed in final form, signed or notarized, together with the prospectus supplement containing the Shelf Information.

(f) Certificate Regarding the Portion of a Distribution Underwritten by each Underwriter.

The provisions of the securities laws of certain provinces and territories require the filing of a certificate which sets forth certain information about the amount of a distribution underwritten by each underwriter. The certificate shall be filed for each tranche of a delayed offering under the Shelf Procedures together with the prospectus supplement containing the Shelf Information.

(g) Commercial Copies

Commercial copies of the prospectus and prospectus supplements and amendments shall be filed only if they are used in connection with offers or sales. Once a commercial copy of a prospectus, prospectus supplement or amendment has been filed, it need not be refiled when it is used, without change, in offers or sales of additional tranches of securities.

(h) Green Sheets

The green sheets and other marketing material required to be filed with certain securities regulatory authorities shall be filed for each tranche of a delayed offering under the Shelf Procedures together with the prospectus supplement containing the Shelf Information.

3.12 Other Matters

(a) Refiling of Shelf Prospectuses

In order to maintain the uninterrupted ability to offer securities under the Shelf Procedures in a province or territory the following procedures for the refiling of a shelf prospectus with the securities regulatory authority in such province or territory may be followed. The issuer must:

- (1) file with such securities regulatory authority for such province or territory not less than twenty business days prior to the lapse date a preliminary prospectus prepared in accordance with this Policy Statement;
- (2) file with such securities regulatory authority not later than five business days prior to the lapse date a prospectus prepared in accordance with this Policy Statement; and
- (3) have obtained a receipt from such securities regulatory authority on or before the lapse date.

(b) Underwriters' Conflicts of Interest

The provisions of the securities laws of certain provinces and territories regarding relationships between an underwriter or selling group member and the issuer must be satisfied for delayed offerings under the Shelf Procedures for each tranche and required disclosure, if any, to the extent not previously provided in the prospectus, shall be included in the prospectus supplement for such tranche. Such provisions may be satisfied for continuous offerings under the Shelf Procedures on the basis of the total amount of securities covered by the prospectus.

(c) Transition Rules for Existing MTN Programs

The distribution of a security pursuant to a prospectus for an MTN Program, for which a receipt has been issued prior to the effectiveness of this Policy Statement, may continue

until such prospectus is required to be refiled pursuant to applicable securities law. In order to continue distribution of such security after such date, a prospectus must be filed in accordance with this Policy Statement.

3.13 Shelf Fees

Fees shall be paid upon filing a preliminary prospectus, prospectus, amendment or prospectus supplement in a province or territory under the Shelf Procedures in accordance with the requirements of such jurisdiction. Appendix "C" hereto sets forth a description of the fees currently payable in the various provinces and territories for filings under such procedures.

4. PREP PROCEDURES

4.1 Eligibility for the PREP Procedures

Subject to Section 4.2(a) of this Policy Statement, to be eligible to use the PREP Procedures for the distribution of securities by or on behalf of an issuer or a selling security holder of securities of an issuer, the issuer must:

- (a) satisfy the eligibility criteria to use the POP System for the distribution of such securities in such province or territory (including, if relevant, the alternative eligibility criteria relating to issues of non-convertible Approved Rating debt or preferred shares and to issuers which subsist after a business reorganization);
- (b) have obtained a ruling or order from the securities regulatory authority for such province or territory that permits it to use the POP System for the distribution of such securities and be in compliance with the terms of such ruling or order; or
- (c) have equity securities outstanding which are listed and posted for trading on a Recognized Stock Exchange.

4.2 Types of Permissible PREP Offerings

- (a) Subject to Sections 4.2(c) and 4.2(d), issuers which meet the eligibility criteria set forth in Section 4.1 of this Policy Statement may use the PREP Procedures to offer securities for cash and issuers which do not satisfy such eligibility criteria may use the PREP Procedures to offer non-convertible Approved Rating debt or preferred shares for cash. The PREP Procedures may also be used for such offerings by selling security holders.
- (b) Provided that the requirements of Section 4.3(1) are complied with, non-fixed price offerings of non-convertible Approved Rating debt or preferred shares may be made under the PREP Procedures.
- (c) The PREP Procedures may not be used for rights offerings. [NOTE 10: Supra, note 4].
- (d) Special considerations apply to offerings of derivative securities [NOTE 11: Supra, note 5] as such offerings may involve novel or complex issues, particularly with respect to the terms of the securities, that require case-by-case analysis. It may or may not be appropriate in such an offering to allow some or all of the PREP Information to be omitted from the prospectus and therefore not subject to prior regulatory review. Accordingly, the PREP Procedures may be used for an offering of derivative securities only with prior approval of the appropriate securities regulatory authorities. As a condition of granting such approval, among other things, the securities regulatory authorities may restrict the information that may be omitted from the prospectus.

4.3 PREP Prospectus Disclosure

- (a) The following information (the "PREP Information") may be omitted from the prospectus:
- (1) public offering price;
 - (2) dividend or interest rate;
 - (3) cash underwriting fees, discounts and commissions;
 - (4) actual amount of proceeds;
 - (5) redemption, purchase for cancellation, conversion and exchange prices;
 - (6) dividend or interest payment dates, record dates and the dates from which dividends or interest accrue;
 - (7) redemption, purchase for cancellation, conversion and exchange dates;
 - (8) delivery dates; and
 - (9) other terms of the securities dependent upon the offering date or offering price.
- (b) The PREP Information omitted from the prospectus shall be set forth in a supplemented prospectus (the "Supplemented PREP Prospectus") and shall be filed with the securities regulatory authority of the principal jurisdiction no later than the second business day following the date of the determination of the information omitted from the prospectus and, as nearly as practicable, contemporaneously with each other applicable securities regulatory authority. The Supplemented PREP Prospectus shall take the form of the prospectus modified:
- (1) to include the PREP Information that was omitted from the prospectus;
 - (2) to include disclosure of asset and earnings coverage ratios and/or dilution in accordance with Section 4.3(g) of this Policy Statement;
 - (3) to be dated the date that the public offering price of the securities was determined;
 - (4) to delete the legend required by Section 2.3(b) of this Policy Statement;
 - (5) to delete the prospectus certificate required under Section 4.3(i) and to include an issuer's prospectus certificate and, where there is a promoter, a promoter's prospectus certificate in the following form:

"The foregoing [insert, in the case of POP System offerings -- ", together with the documents incorporated herein by reference,] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this [insert, in the case of POP System offerings -- "short form"] prospectus as required by [insert applicable references] [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (6) to delete any prospectus certificate required under Section 4.3(j) and to include an underwriter's prospectus certificate in the following form:

"To the best of our knowledge, information and belief, the foregoing [insert, in the case of POP System offerings --",together with the documents incorporated herein by reference,"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this [insert, in the case of POP System offerings -- "short form"] prospectus as required by (insert applicable references) [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (7) to add a list identifying and briefly describing each document which has been incorporated by reference into the prospectus since the issuance of the receipt; and

- (8) to include any other information specifically permitted to be included in the Supplemented PREP Prospectus by the applicable securities regulatory authorities. The changes made to a prospectus in accordance with this Section 4.3(b) are referred to as the "PREP Changes".

- (c) The PREP Changes contained in the Supplemented PREP Prospectus shall be deemed to be incorporated by reference into the prospectus as of the date of the Supplemented PREP Prospectus. A statement to that effect shall be contained in the prospectus. The Supplemented PREP Prospectus will not be considered to be a prospectus amendment within the meaning of applicable securities laws.

- (d) It is expected that offerings under the PREP Procedures will be priced shortly after the prospectus is filed and a receipt obtained. Accordingly, subject to Section 4.3(f) of this Policy Statement, if the PREP Information is not provided in a Supplemented PREP Prospectus that is filed with the applicable securities regulatory authorities within five business days after the date of the receipt for the prospectus and it is desired that the offering proceed:

- (1) such information shall be provided in an amendment to the prospectus that is filed with the applicable securities regulatory authorities; or
- (2) an amended prospectus shall be filed as a prospectus amendment to commence a new five business day period for filing a Supplemented PREP Prospectus.

Any such amendment or amended prospectus shall update the disclosure contained in the prospectus.

- (e) When updating the disclosure contained in a prospectus pursuant to Section 4.3(d) of this Policy Statement, the issuer shall, among other things, amend the disclosure contained in the prospectus so that all disclosure requirements are complied with as if the prospectus had been filed on the date of the filing of such amendment or amended prospectus. Where disclosure is to be provided with reference to the date of the receipt for the preliminary prospectus, the date of the preliminary prospectus, the date of the receipt for the prospectus or the date of the prospectus, such disclosure shall be updated to be provided as if the reference was to the date of the amendment or amended prospectus, as the case may be.

- (f) If the PREP Information omitted from the prospectus has not been provided in a Supplemented PREP Prospectus or an amended prospectus that is filed within 75 days

of the date of the receipt for the prospectus, no distribution of a security under the prospectus may be made.

- (g) Asset and earnings coverage ratios and dilution, where required, shall be set forth in the prospectus based on a reasonable estimate of the PREP Information. The estimated PREP Information, asset and earnings coverage ratios and dilution may be set forth as ranges which are disclosed in the prospectus. Where the actual coverage ratios or dilution differ from the estimates contained in the prospectus, the actual coverage ratios or dilution, as the case may be, shall be included in the supplemented PREP Prospectus, unless such difference constitutes a material change, in which case a prospectus amendment must be filed.
- (h) The procedures set forth in Section 4.3 of this Policy statement for a Supplemented PREP Prospectus are not intended to prevent the filing of prospectus amendments to make some or all of the changes to the prospectus that are permitted to be made by a Supplemented PREP Prospectus.
 - (i)
 - (1) Each preliminary prospectus and prospectus filed under the PREP Procedures;
 - (2) each amendment to a preliminary prospectus filed under the PREP Procedures;
 - (3) each amended prospectus filed under the PREP Procedures of the type referred to in Section 4.3(d) (2); and
 - (4) each amendment to a prospectus filed under the PREP Procedures before the PREP Information has been filed in either a Supplemented PREP Prospectus or an amendment;

shall contain an issuer's prospectus certificate and, where there is a promoter, a promoter's certificate in the following form:

"The foregoing, together with the documents incorporated herein by reference and the information deemed to be incorporated herein by reference, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, will constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by [insert applicable references] [if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (j) Where there is an underwriter,
 - (1) each preliminary prospectus and prospectus filed under the PREP Procedures;
 - (2) each amendment to a preliminary prospectus filed under the PREP Procedures;
 - (3) each amended prospectus filed under the PREP Procedures of the type referred to in Section 4.3(d)(2); and
 - (4) each amendment to a prospectus filed under the PREP Procedures before the PREP Information has been filed in either a Supplemented PREP Prospectus or an amendment;

shall contain a certificate in the following form signed by the underwriter or underwriters who, with respect to the securities offered by the prospectus, are in a contractual relationship with the issuer:

"To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference and the information deemed to be incorporated herein by reference, as of the date of the supplemented prospectus providing the information permitted to be omitted from this prospectus, will constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by [insert applicable references] [if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (k) Each amendment to a prospectus filed under the PREP Procedures after the PREP Information has been filed in either a Supplemented PREP Prospectus or an amended prospectus shall contain prospectus certificates in the form set forth in Sections 4.3(b)(5) and 4.3(b)(6).
- (l) Disclosure of the following additional information shall be made on the cover page of the prospectus or Supplemented PREP Prospectus for the offering of non-convertible Approved Rating debt or preferred shares on a non-fixed price basis:
 - (1) the discount allowed to the underwriters or the commission payable to the underwriters and any other compensation payable to the underwriters, including, if applicable, a reference to the fact that the underwriters' compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters to the issuer [NOTE 12; Supra, note 7];
 - (2) the proceeds or, where applicable, in the case of an offering to be made on a best efforts basis, the minimum amount of proceeds to be received by the issuer;
 - (3) how the price at which the securities will be offered and sold will be determined, specifically that the securities will be offered either at prices determined by reference to the prevailing price of a specified security in a specified market, at market prices prevailing at the time of sale, or at prices to be negotiated with purchasers;
 - (4) that the price at which the securities will be offered and sold may vary as between purchasers and during the distribution period;
 - (5) where the price of the securities is to be determined by reference to prevailing prices of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date; and
 - (6) where the price of the securities will be the market price prevailing at the time of sale, the market price of the security at the latest practicable date.

4.4 Filing Packages and Commercial Copies

All documents required to be filed with a preliminary short form prospectus, a short form prospectus and a prospectus amendment under the POP System shall be filed in connection with

preliminary short form prospectuses, short form prospectuses and prospectus amendments filed in respect of offerings under the POP System for which the PREP Procedures are being used. All documents required to be filed with a preliminary prospectus, prospectus and prospectus amendment under applicable securities requirements shall be filed in connection with preliminary prospectuses, prospectuses and prospectus amendments filed in respect of offerings not under the POP System for which the PREP Procedures are being used. In either case, the above-described requirements are subject to the following:

(a) Directors' Resolutions

The directors' resolution filed with the prospectus and any amended prospectus of the type referred to in Section 4.3(d) (2) shall authorize the filing and the signing of the Supplemented PREP Prospectus or a separate directors' resolution shall be filed with the Supplemented PREP Prospectus.

(b) Consent Letters

- (1) If an expertised statement appears in the preliminary prospectus, prospectus or a document which is incorporated by reference into the prospectus and was filed prior to the filing of the prospectus, the related consent letter shall be filed at the time of filing the prospectus.
- (2) If an expertised statement appears in an AIF, the Supplemented PREP Prospectus or other disclosure document which is incorporated by reference into a prospectus and is filed after the filing of such prospectus, the related consent shall be filed at the time of filing the Supplemented PREP Prospectus or prospectus amendment to disclose the PREP Information.
- (3) If an expertised statement appears in an amendment to a prospectus, the related consent shall be filed at the time of filing such amendment.

(c) Comfort Letters

Comfort letters shall be required in connection with offerings made under the PREP Procedures in jurisdictions where comfort letters are required to be filed under applicable securities requirements. In such jurisdictions the following procedures apply:

- (1) If unaudited financial statements appear in the prospectus or are incorporated by reference into such prospectus and were filed prior to the filing of such prospectus, any related auditor's comfort letter shall be filed at the time of filing the prospectus.
- (2) If unaudited financial statements are incorporated by reference into a prospectus after the filing of such prospectus, any related auditor's comfort letter shall be filed at the time of filing the Supplemented PREP Prospectus or prospectus amendment to disclose the PREP Information or, if such Supplemented PREP Prospectus or prospectus amendment has already been filed, at the time of filing such unaudited financial statements.

(d) Material Contracts

The underwriting or agency agreement and any other material contract required to be filed that cannot be completed until the offering is priced shall be filed with the, prospectus in draft form and may omit PREP Information. Any such document filed with

the prospectus in draft form shall be refiled in final form, signed or notarized, together with the Supplemented PREP Prospectus or prospectus amendment containing the PREP Information and a black-lined copy of such agreement.

(e) Commercial Copies

Commercial copies of the Supplemented PREP Prospectus shall be filed.

4.5 Delivery Obligations

The Supplemented PREP Prospectus shall be delivered to purchasers, in lieu of the prospectus, in accordance with applicable securities laws. Statutory rights of rescission or withdrawal thus shall commence from the time of the purchaser's receipt of such Supplemented PREP Prospectus.

4.6 Where PREP Offering is Part of a Larger Shelf Offering

Where an issuer proposes to offer any securities for sale, on other than a continuous basis, within two business days of filing the prospectus for a shelf offering, the Shelf Procedures will not be available for such initial offering and instead a combination of the PREP Procedures and Shelf Procedures must be used. The unavailability of the Shelf Procedures in such circumstances is intended to prevent issuers from filing non-delayed, discrete offerings as shelf offerings under the Shelf Procedures. Such initial offering may, however, be made under the PREP Procedures by filing and clearing with the applicable securities regulatory authorities, contemporaneously with the prospectus filed under the Shelf Procedures, a prospectus supplement for the purpose of describing the terms of the securities being initially offered. When taken together, the prospectus and such supplement shall not omit any information with respect to the offering of such securities other than the PREP Information. The PREP Information shall be contained in a final form of such supplement that is filed with the securities regulatory authorities and delivered to purchasers in accordance with Section 4.3 of this Policy Statement. The prospectus certificates for such an initial offering shall be provided in accordance with the Shelf Procedures.

If, having taken steps to effect part of a shelf offering under the PREP Procedures, such offering is in fact not made immediately after filing the prospectus, it is not necessary for the issuer to file a prospectus amendment or an amended prospectus. Instead, all securities to be offered pursuant to such prospectus, including the securities that were to be offered under the PREP Procedures, may be offered in compliance with the Shelf Procedures.

4.7 PREP Fees

Fees shall be paid upon filing a preliminary prospectus, prospectus, amendment or Supplemented PREP Prospectus in a province or territory under the PREP Procedures in accordance with the requirements of such jurisdiction. Appendix "D" hereto sets forth a description of the fees currently payable in the various provinces and territories for filings under such procedures.

* * * * *

APPENDIX "A" TO NATIONAL POLICY STATEMENT NO. 44
RECOGNIZED STOCK EXCHANGES

The following stock exchanges are recognized for the purposes of National Policy Statement No. 44:

1. the "Exempt Companies" designation of The Alberta Stock Exchange";

2. the American Stock Exchange;
3. The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;
4. The Montreal Exchange;
5. the National Market System of the National Association of Securities Dealers Automated Quotation System;
6. the New York Stock Exchange;
7. The Toronto Stock Exchange; and
8. the "Senior Board" of the Vancouver Stock Exchange.

* * * * *

APPENDIX "B" TO NATIONAL POLICY STATEMENT NO. 44 FORMS OF PROSPECTUS CERTIFICATES

1. Method 1: Supplements Without Prospectus Certificates

1.1 Issuer's Certificates

- (a) To use Method 1, the prospectus filed under the Shelf Procedures must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The foregoing, together with the documents incorporated herein by reference, as of the date of each supplement hereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and such supplement as required by [insert applicable references] [insert if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

The preliminary prospectus shall contain the same certificate if Method 1 has been elected at the time the preliminary prospectus is filed.

- (b) To use Method 1 for an MTN Program established under a prospectus by a prospectus supplement, where a prospectus certificate of the issuer of the type referred to in Paragraph 1.1(a) of this Appendix was not included in the prospectus, the supplement establishing such program must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The prospectus dated ***, [insert if applicable -- "as amended,"] together with the documents incorporated therein by reference, as supplemented by the foregoing, as of the date of each supplement hereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered hereby and by such supplement as required by (insert applicable references) [insert if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (c) To use Method 1, each amendment to a prospectus filed under the Shelf Procedures, where the prospectus contained a certificate of the type referred to in Paragraph 1.1(a) of this Appendix, must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The prospectus dated ***, as amended, together with the documents incorporated therein by reference, as of the date of each supplement thereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered by such

prospectus and supplement as required by [insert applicable references) [insert if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

1.2 Underwriters' Certificates

- (a) To use Method 1, each underwriter who, at the time of filing a prospectus under the Shelf Procedures, is, or who it is known will be, in a contractual relationship with the issuer with respect to the securities to be offered thereby must sign a certificate in such prospectus in the following form:

"To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, as of the date of each supplement hereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and such supplement as required by [insert applicable references) [insert if offering made in Quebec --"and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

The preliminary prospectus shall contain the same certificate if Method 1 has been elected at the time the preliminary prospectus is filed.

- (b) To use Method I for an MTN Program established under a prospectus by a prospectus supplement, where a prospectus certificate of the type referred to in Paragraph 1.2(a) of this Appendix of an underwriter who, with respect to the securities being offered pursuant to such supplement, is, or will be, in a contractual relationship with the issuer was not included in the prospectus, the supplement establishing such program must contain a certificate in the following form signed by such underwriter:

"To the best of our knowledge, information and belief, the prospectus dated ***, [insert if applicable -- "as amended,"] together with the documents incorporated therein by reference, as supplemented by the foregoing, as of the date of each supplement hereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered hereby and by such supplement as required by [insert applicable references] [insert if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (c) To use Method 1, each amendment to a prospectus filed under the Shelf Procedures, where the prospectus contained a certificate of an underwriter of the type referred to in Paragraph 1.2(a) of this Appendix, shall contain a certificate in the following form signed by such underwriter:

"To the best of our knowledge, information and belief, the prospectus dated ***, as amended, together with the documents incorporated therein by reference, as of the date of each supplement thereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and supplement as required by insert applicable references) [insert if offering made in Quebec -- "and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

2. Method 2: Prospectus Certificates in Each Supplement

2.1 Issuer's Certificates

- (a) To use Method 2, the prospectus filed under the Shelf Procedures must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to such securities as required by the securities laws of [insert applicable references) [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed")."

The preliminary prospectus shall contain the same certificate if Method 2 has been elected at the time the preliminary prospectus is filed.

- (b) To use Method 2, each prospectus supplement filed under the Shelf Procedures must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The prospectus dated ***, [insert if applicable -- "as amended,") together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this supplement as required by [insert applicable references] [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (c) To use Method 2, each amendment to a prospectus filed under the Shelf Procedures must contain an issuer's certificate and, where there is a promoter, a promoter's certificate in the following form:

"The prospectus dated ***, as amended, together with the documents incorporated therein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered thereby as required by [insert applicable references) [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed")."

2.2 Underwriters' Certificates

- (a) To use Method 2, each underwriter who, at the time of filing a prospectus under the Shelf Procedures, is, or who it is known will be, in a contractual relationship with the issuer with respect to the securities to be offered thereby must sign a certificate in such prospectus in the following form:

"To the best of our knowledge, information and belief, the foregoing, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to such securities as required by (insert applicable references) [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

The preliminary prospectus shall contain the same certificate if Method 2 has been elected at the time the preliminary prospectus is filed.

- (b) To use Method 2, each prospectus supplement filed under the Shelf Procedures shall contain a certificate in the following form signed by the underwriter(s) who, with respect to the securities being offered thereby, are in a contractual relationship with the issuer:

"To the best of our knowledge, information and belief, the prospectus dated ***, [insert if applicable -- "as amended,"] together with the documents incorporated therein by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such prospectus and this supplement as required by [insert applicable references) [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (c) To use Method 2, each amendment to a prospectus filed under the Shelf Procedures, where the prospectus contained a certificate of an underwriter of the type referred to in Paragraph 2.2(a) of this Appendix, shall contain a certificate in the following form signed by such underwriter:

"To the best of our knowledge, information and belief, the prospectus dated ***, as amended, together with the documents incorporated therein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered thereby as required by [insert applicable references] [insert if offering made in Quebec -- "and does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed"]."

- (d) If:
- (1) Method 2 is being used;
 - (2) an amendment to a prospectus is filed with respect to a material change that occurred during a period when offers and sales of securities are being made by an underwriter; and
 - (3) such prospectus did not contain a certificate of such underwriter of the type referred to in Paragraph 2.2(a) of this Appendix, such underwriter shall sign, as of the date of the amendment, a certificate in the form that it previously provided pursuant to Paragraph 2.2(b) of this Appendix in the prospectus supplement describing the securities being so offered (except that such certificate shall refer to the amendment). This certificate shall be separately filed with the securities regulatory authorities concurrently with the amendment.

* * * * *

APPENDIX "C" TO NATIONAL POLICY STATEMENT NO. 44 SHELF PROCEDURES FILING FEES

1. British Columbia

The fee payable in British Columbia upon the filing of a preliminary prospectus under the Shelf Procedures shall be the same as the fee then payable upon the filing of a preliminary prospectus qualifying one class of securities which, at the date of this Policy Statement, is \$2,500.

An additional fee is payable in British Columbia based upon the proceeds realized in British Columbia. At the date of this Policy statement, such additional fee is equal to the amount, if any, by which 0.03 percent of the proceeds realized in British Columbia exceeds the \$2,500 fee paid upon the filing of the preliminary prospectus.

For continuous offerings under the Shelf Procedures, other than MTN Programs, any additional fee shall be paid within five business days after the end of each month with respect to the securities sold during that month. For MTN Programs, any additional fee shall be paid together with the monthly filing of Pricing Supplements, with respect to the sale of securities covered by such Pricing Supplements. For delayed offerings under the Shelf Procedures, any additional fee shall be paid within 30 days after the completion of the offering of securities for each tranche. A written notice stating the relevant proceeds realized in British Columbia shall be filed with each payment of an additional fee and within 30 days after the earlier of (i) the completion of the offering of securities under the prospectus, and (ii) the second anniversary of the filing of the prospectus.

At the time an issuer files a prospectus under the Shelf Procedures, the issuer must also file an undertaking that such additional fees will be paid in accordance with this Policy

2. Ontario

2.1 The fee payable in Ontario upon the filing of a preliminary prospectus under the Shelf Procedures shall be \$250.

2.2 No fee shall be payable in Ontario upon the filing of a prospectus under the Shelf Procedures.

2.3 Subject to Sections 2.4 and 2.5 of this Appendix, each prospectus supplement filed under the Shelf Procedures to describe the terms of securities distributed or to be distributed in Ontario shall be accompanied by a fee equal to the amount calculated using the formula,

A - B

where,

"A" is 0.03 per cent of the aggregate gross proceeds realized, or the maximum aggregate gross proceeds to be realized, from the distribution of securities under the prospectus supplement, and

"B" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related preliminary prospectus, to the extent that such fee previously has not been applied toward the payment of fees under this Section or Sections 2.4, 2.5 or 2.6 of this Appendix,

provided that, where the issuer and any selling security holder certify the aggregate gross proceeds realized from the distribution in Ontario of securities under the prospectus supplement, "A" may be 0.03 per cent of the aggregate gross proceeds realized in Ontario from such distribution.

2.4 Where an MTN Program has been established under the Shelf Procedures, each monthly filing of Pricing Supplements describing the terms of securities distributed or to be distributed in Ontario shall be accompanied by a fee equal to the amount calculated using the formula,

A - B

where,

"A" is 0.03 per cent of the aggregate gross proceeds realized, or the maximum aggregate gross proceeds to be realized, from the distribution of securities under such Pricing Supplements, and

"B" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related preliminary prospectus, to the extent such fee previously has not been applied toward the payment of fees under this Section or Sections 2.3, 2.5 or 2.6 of this Appendix,

provided that, where the issuer and any selling security holder certify the aggregate gross proceeds realized from the distribution in Ontario of securities under such Pricing Supplements, "A" may be 0.03 per cent of the aggregate gross proceeds realized in Ontario from such distribution.

- 2.5 Except as set forth in Section 2.4 of this Appendix, where pursuant to a prospectus filed under the Shelf Procedures securities are distributed on a continuous basis in Ontario, there shall be paid by the issuer or the selling security holder, as applicable, within five business days of the end of each month a fee equal to the amount calculated using the formula,

A - B

where,

"A" is 0.03 per cent of the aggregate gross proceeds realized, or the maximum aggregate gross proceeds to be realized, from the distribution of securities under such continuous offering program during such month, and

"B" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related preliminary prospectus, to the extent that such fee previously has not been applied toward the payment of fees under this Section or Sections 2.3, 2.4 or 2.6 of this Appendix,

provided that, where the issuer and any selling security holder certify the amount of the aggregate gross proceeds realized from the distribution in Ontario during the month under such continuous offering program, "A" may be 0.03 per cent of the aggregate gross proceeds realized in Ontario from such distribution.

- 2.6 An amendment to a prospectus filed under the Shelf Procedures shall be accompanied by a fee equal to the greater of:

- (a) \$250; and
- (b) where the amendment is used instead of a supplement to describe the terms of a tranche of securities to be distributed in Ontario, the amount calculated using the formula,

X - Y

where,

"X" is 0.03 per cent of the maximum aggregate gross proceeds to be realized from the distribution of securities in the tranche described by the amendment, and

"Y" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related preliminary prospectus, to the extent that such fee previously has not been applied towards the payment of fees under this Section or Sections 2.3, 2.4, or 2.5 of this Appendix.

- 2.7 An issuer that has filed a prospectus under the Shelf Procedures and any selling security holder shall file within ninety days after the earlier of:

- (a) the completion of the distribution of securities under the prospectus; and

(b) the date that is 24 months after the date of the receipt for the prospectus, a written notice stating the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus.

2.8 Subject to Section 2.9 of this Appendix, if the written notice filed under Section 2.7 of this Appendix discloses that the aggregate of the fees paid under Sections 2.3, 2.4, 2.5 and 2.6 of this Appendix exceeds the fees that would have been paid had the payments been based upon the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus, the Director shall authorize the payment of a refund equal to the amount calculated using the formula,
 $A \text{ [plus-sign] } B - C$

where,

"A" is the aggregate of the fees paid under Sections 2.3, 2.4 and 2.5 of this Appendix with respect to the related prospectus,

"B" is the aggregate of each fee paid under Section 2.6 of this Appendix in respect of an amendment used instead of a prospectus to describe the terms of a tranche of securities; and

"C" is the amount calculated using the formula,

$X - Y$

where,

"x" is 0.03 per cent of the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus, and

"y" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related prospectus.

2.9 Upon request, any refund payable under Section 2.8 of this Appendix may be credited towards the fee payable in respect of a prospectus subsequently filed under the Shelf Procedures.

2.10 If the written notice filed under Section 2.7 of this Appendix discloses that the aggregate of the fees paid under Sections 2.3, 2.4, 2.5 and 2.6 of this Appendix is less than the fees that should have been paid, the written notice shall be accompanied by a fee equal to the amount calculated using the formula,

$A - B - C$

where,

"A" is the amount calculated using the formula,

$X - Y$

where,

"X" is 0.03 per cent of the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus, and

"Y" is the amount of any fee paid under Section 2.1 of this Appendix with respect to the related prospectus,

"B" is the aggregate of the fees paid under sections 2.3, 2.4 and 2.5 of this Appendix with respect to the related prospectus, and

"C" is the aggregate of each fee paid under Section 2.6 of this Appendix in respect of an amendment used instead of a prospectus supplement to describe the terms of a tranche of securities.

3. Quebec

The fee payable in Quebec upon the filing of a preliminary prospectus under the Shelf Procedures shall be the same as the fee then ordinarily payable upon the filing of a preliminary prospectus, which is \$500 at the date of this Policy Statement.

The fee payable in Quebec upon the filing of a prospectus under the Shelf Procedures shall be the fee then ordinarily payable upon the filing of a prospectus and shall be paid based on a bona fide estimate of the maximum offering price for the securities being offered. For a distribution made in Quebec and elsewhere by an issuer with its head office outside of Quebec and not qualified for the Quebec Share Saving Plan, such fee is equal to the amount, if any, by which 0.03 per cent of 25 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus. For a distribution made in Quebec and elsewhere by an issuer with its head office in Quebec and not qualified for the Quebec Share Savings Plan such fee is equal to the amount, if any, by which 0.03 per cent of 50 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus. For a distribution made in Quebec and elsewhere and qualified for the Quebec Share Savings Plan such fee is equal to the amount by which 0.03 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus.

A written notice stating the total gross proceeds realized in Quebec from the distribution under the Shelf prospectus shall be filed within 15 business days after the earlier of (i) the completion of the offering of securities under the prospectus and (ii) the second anniversary of the filing of the prospectus. The fee for a distribution of securities is set at the excess over \$500 of 0.03 per cent of the total gross proceeds of the issue, including any over-allotment, realized in Quebec. The balance payable or the refund requested is equal to the difference between that figure and the total fee paid upon the filing of the preliminary prospectus and the prospectus. Where that figure is less than \$500 the issuer is only entitled to a refund of the amount paid upon filing of the prospectus.

4. Provinces Which Do Not Assess Fees Based on Proceeds

The fee payable upon the filing of a preliminary prospectus under the Shelf Procedures in any province or territory which does not assess fees based on the proceeds of the distribution (which at the date of this Policy Statement are all of the provinces and territories other than British Columbia, Ontario and Quebec) shall be the same as the fee then ordinarily payable upon the filing of a Preliminary prospectus. No fee shall be payable upon the filing of a prospectus. The fee payable upon the filing of a prospectus supplement (other than a Pricing Supplement) shall be the same as the fee then ordinarily payable upon the filing of a preliminary prospectus. No fee shall be payable upon the filing of a Pricing Supplement.

* * * * *

1. British Columbia

The fee payable in British Columbia upon the filing of a preliminary prospectus under the PREP Procedures shall be the same as the fee then ordinarily payable upon the filing of a preliminary prospectus, which at the date of this Policy Statement is \$2,500 for each class of securities.

An additional fee may be payable in British Columbia based upon the proceeds realized in British Columbia. At the date of this Policy Statement, such additional fee is equal to the amount, if any, by which 0.03 per cent of the proceeds realized in British Columbia exceeds the \$2,500 fee paid upon the filing of the preliminary prospectus.

Upon filing of a prospectus under the PREP Procedures, an undertaking that such additional fees will be paid must be filed with the British Columbia Securities Commission. Not more than 30 days after the completion of the distribution under the PREP Prospectus, a written notice stating the relevant proceeds realized in the British Columbia, together with the additional fees, must be filed with the British Columbia Securities Commission.

2. Ontario

2.1 The fee payable in Ontario upon the filing of a preliminary prospectus under the PREP Procedures shall be \$250.

2.2 Each prospectus filed under the PREP Procedures shall be accompanied by, a fee equal to the amount calculated using the formula,

A - B

where,

"A" is 0.03 per cent of the maximum aggregate gross proceeds to be realized from the distribution of securities under the prospectus, based on a bona fide estimate of the maximum offering price for the securities being distributed, and

"B" is the fee paid under Section 2.1 of this Appendix with respect to the related preliminary prospectus.

2.3 An amendment to a prospectus for a distribution of securities where the securities are to be priced after a receipt for the final prospectus has been issued shall be accompanied by a fee equal to the greater of:

(a) \$250; and

(b) 0.03 per cent of the maximum aggregate gross proceeds to be realized from the distribution of additional securities under the prospectus as a result of the amendment, based on a bona fide estimate of the maximum offering price for the additional securities being distributed.

2.4 An issuer that has filed a prospectus under the PREP Procedures and any selling security holder shall file a written notice stating the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus within twelve months after the date of the receipt for the prospectus.

- 2.5 If the written notice filed under Section 2.4 of this Appendix discloses that the aggregate gross proceeds realized in Ontario were less than the maximum aggregate gross proceeds to be realized from the distribution of securities under the prospectus, the Director shall authorize the payment of a refund equal to the amount calculated using the formula,

$A + B - C$

where,

"A" is the fee paid under Section 2.2 of this Appendix, with respect to the related prospectus,

"B" is the aggregate of each fee paid under Section 2.3 of this Appendix in respect of an amendment for the purpose of distributing securities in addition to the securities previously disclosed in the prospectus or an amendment to the prospectus, and

"C" is the fee that would have been payable had the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus been used in making the calculation in Section 2.2 of this Appendix.

- 2.6 If the written notice filed under Section 2.4 of this Appendix discloses that the aggregate gross proceeds realized in Ontario exceeded the maximum aggregate gross proceeds to be realized from the distribution of securities under the prospectus, the written notice shall be accompanied by a fee equal to the amount calculated using the formula,

$A - B - C$

where,

"A" is the fee that would have been payable had the aggregate gross proceeds realized in Ontario from the distribution of securities under the prospectus been used in making the calculation under Section 2.2 of this Appendix,

"B" is the fee paid under Section 2.2 of this Appendix with respect to the related prospectus, and
"C" is the aggregate of each fee paid under Section 2.3 of this Appendix in respect of an amendment for the purpose of distributing securities in addition to the securities previously disclosed in the prospectus or an amendment to the prospectus.

3. Quebec

The fee payable in Quebec upon the filing of a preliminary prospectus under the PREP Procedures shall be the same as the fee then ordinarily payable upon the filing of a preliminary prospectus, which is \$500 at the date of this Policy Statement.

The fee payable in Quebec upon the filing of a prospectus under the PREP Procedures shall be the fee then ordinarily payable upon the filing of a prospectus and shall be paid based on a bona fide estimate of the maximum offering price for the securities being offered. For a distribution made in Quebec and elsewhere by an issuer with its head office outside of Quebec and not qualified for the Quebec Share Saving Plan, such fee is equal to the amount, if any, by which 0.03 per cent of 25 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus. For a distribution made in Quebec and elsewhere by an issuer with its head office in Quebec and not qualified for the Quebec Share Savings Plan such fee is equal to the amount, if any, by which 0.03 per cent of 50 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus. For a distribution made in Quebec and elsewhere and qualified for the Quebec Share Savings Plan

such fee is equal to the amount by which 0.03 per cent of the estimated total gross proceeds exceeds the \$500 fee paid upon the filing of the preliminary prospectus.

A written notice stating the total gross proceeds realized in Quebec from the distribution under the PREP prospectus shall be filed within 15 business days after the completion of the offering under the prospectus. The fee for a distribution of securities is set at the excess over \$500 of 0.03 per cent of the total gross proceeds of the issue, including any overallocation, realized in Quebec. The balance payable or the refund requested is equal to the difference between that figure and the total fee paid upon the filing of the preliminary prospectus and the prospectus. Where that figure is less than \$500 the issuer is only entitled to a refund of the amount paid upon filing of the prospectus.

4. Provinces Which Do Not Assess Fees Based on Proceeds

The fee payable upon the filing of a preliminary prospectus under the PREP Procedures in any province or territory which does not assess fees based on the proceeds of the distribution (which at the date of this Policy Statement are all of the provinces and territories other than British Columbia, Ontario and Quebec) shall be the same as the fee then ordinarily payable upon the filing of a preliminary prospectus. No fee shall be payable upon the filing of a prospectus or a Supplemented PREP Prospectus.