

BULLETIN TYPE: NOTICE TO ISSUERS

BULLETIN DATE: April 4, 2001

**Re: Issuers with a Significant Connection to Ontario /
Implementation of Policy 5.9: Insider Bids, Issuer Bids, Going Private
Transactions and Related Party Transactions**

This Bulletin is a reminder to Issuers that CDNX Policy 5.9, *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*, ("Policy 5.9") and the amendments relating to Issuers with a Significant Connection to Ontario, will be effective as of June 30, 2001. The Exchange published the initial Bulletin announcing these changes on September 29, 2000.

Policy 5.9 and the amendments relating to Issuers with a Significant Connection to Ontario will be implemented in connection with the OSC order exempting the Exchange from recognition for the purposes of carrying on business as a stock exchange in Ontario.

This Bulletin provides a summary of the material changes in relation to the above noted policies and provisions only. For the complete text of Policy 5.9, and the provisions relating to Issuers with a Significant Connection to Ontario, please see:
<http://www.cdnx.ca/Listing/CorpFinancePPManual/Default.htm>

Issuers with a Significant Connection to Ontario

Effective June 30, 2001, Issuers that are not reporting issuers in Ontario will be required to immediately make an initial assessment of whether they have a Significant Connection to Ontario. Where such a connection exists, Issuers must immediately notify the Exchange and make an application to become a reporting issuer in Ontario. The Issuer must become a reporting issuer in Ontario within six months of becoming aware that it has a Significant Connection to Ontario. All Issuers that are not reporting issuers in Ontario must undertake such a review annually. The Exchange also intends to review Issuers every three years to ascertain whether they have a Significant Connection to Ontario.

An Issuer will have a Significant Connection to Ontario where the Issuer (or a Resulting Issuer following completion of a Reverse Take-Over ["RTO"] or a Qualifying Transaction ["QT"] in the case of a Capital Pool Company):

- (a) has NOBOs* resident in Ontario who beneficially own more than 20% of the number of equity securities beneficially owned by the NOBOs of the Issuer or Resulting Issuer; or
- (b) has its mind and management principally located in Ontario and has NOBOs resident in Ontario who beneficially own more than 10% of the number of equity securities beneficially owned by the NOBOs of the Issuer or Resulting Issuer.

* NOBO is a non-objecting beneficial owner as currently defined in proposed National Instrument 54-101.

In addition to the initial and yearly assessments, certain transactions will trigger a review by the Exchange to ascertain whether an Issuer has a Significant Connection to Ontario. In connection with initial listings, the Exchange will require an Issuer that has a Significant Connection to Ontario to make an application to become a reporting issuer in Ontario. In connection with RTOs and QTs, the Issuer must become a reporting issuer in Ontario at the completion of the RTO or QT.

Failure to comply with a direction by the Exchange to become a reporting issuer in Ontario, or a failure by the Issuer to make application to become a reporting issuer in Ontario upon becoming aware of a Significant Connection to Ontario, may result in the following: (i) suspension or

delisting; (ii) resignation of individuals involved with the Issuer; (iii) remuneration, compensation or incentive applications being declined; or (iv) such other action as the Exchange may, in its discretion, determine.

Policy 5.9 and Incorporation of OSC Rule 61-501

Policy 5.9 will become **effective June 30, 2001**. Policy 5.9 will apply to all Issuers regardless of whether they are reporting issuers in Ontario. This policy incorporates OSC Rule 61-501, *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* ("Rule 61-501") as a policy of the Exchange, subject to certain amendments, including the addition of certain Exchange exemptions.

Where an Issuer is a reporting issuer in Ontario and is therefore directly subject to Rule 61-501, the Issuer cannot rely upon Policy 5.9 to exempt it from the requirements of Rule 61-501 and must make application to the OSC for an exemption.

If you have any questions relating to the content of this Bulletin, please contact:

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