

BULLETIN TYPE: POLICY AMENDMENT

BULLETIN DATE: August 29, 2000

Re: Private Placements - Appendix 2C and Sponsorship Policy Statements

A number of amendments and clarifications have been made to Policy 4.1, Private Placements, and Rule B.2.00, Policy Statement CR 12 which are reproduced in Appendix 2C of the Manual. This Bulletin provides a summary of the material changes, however, in order to ensure compliance with the Exchange Requirements, please refer to the complete text of the Policies, available in the Corporate Finance Manual at www.cdnx.ca/Listing/CorpFinancePPManual/Default.htm.

Policy 4.1 Private Placements

The procedure for pricing and filing a private placement has changed so that Issuers may reserve the price of a placement by either issuing a news release on the Agreement Day, or filing a Price Reservation Form with the Exchange and issuing a news release no later than 3 days after such form is filed. In addition, an Issuer is no longer required to close the placement in trust where the closing takes place prior to the final acceptance of the private placement.

The new procedure requires that a Private Placement Notice Form must be filed within 14 days of the news release or Price Reservation Form used to reserve the price. The Notice must contain the details of the placement, including disclosure of any Insiders, Pro Group members and placees who will hold in excess of 5% of the issued and outstanding securities of the Issuer at the time the placement is closed. Once the Notice has been conditionally accepted by the Exchange, the Issuer may close the placement, but the Exchange will not issue a final acceptance of the transaction until the Issuer files the post closing documents, including the Summary Form which discloses all of the placees.

The Forms 4A,4B,4C,4E,4F, and 4N accompanying the Policy, and the definitions of Discounted Market Price and Market Price in Policy 1.1 *Interpretation*, have also been amended to reflect these changes.

Form 4D, *Corporate Placee Registration Form* has been amended to reflect the content of a BCSC Blanket Order, *Trust Companies, Insurers, and Portfolio Managers in Other Provinces and Territories of Canada and Foreign Portfolio Managers*, and the accompanying Certification by a Foreign Portfolio Manager. This Blanket Order will replace former Blanket Order #97/4, and will be published by the BCSC shortly. Issuers are advised to use the current Form 4D until the Blanket Order is published by the BCSC. Once the Blanket Order has been published, Issuers must use the revised Forms 4D1, *Corporate Placee Registration Form*, and 4D2, *Portfolio Manager: Additional Undertaking and Certification*.

Appendix 2C – Policy Statement CR 13

Sponsorship Policy Statement 1 – Requirement for a Sponsor Report

Section 4 has been amended to indicate that a Sponsorship Acknowledgement Form is not required pursuant to an IPO transaction where a preliminary prospectus has been filed with the Exchange.

Provisions have been added to indicate that a final executed Sponsor Report is required to be filed with the Exchange prior to the filing of the final prospectus on an IPO transaction, and prior to the mailing of the Information Circular pursuant to an Reverse Takeover or Qualifying Transaction. For other transactions requiring Sponsorship, the final executed Sponsor Report must be filed with the Exchange prior to the issuance of the Exchange Bulletin confirming acceptance of the transaction.

Sponsorship Policy Statement 2 – Qualifications to Act as Sponsor

The Policy Statement has been renumbered, and Section 1 now indicates that a Sponsor must be a Member and unless specifically waived or agreed to by the Exchange must meet all of the minimum specifications set forth the Policy Statement.

Former section 1(d)(3) has been amended to clarify that the required a list of connected parties and related parties as defined in BCSC Rule 75(1) also means connected issuers and related issuers as defined in ASC policy 7.1 and the Proposed Multi-Jurisdictional Instrument 33-105.

Former sections 1(d)(4)(f) (8), (9), and (10) relating to grey lists and restricted lists have been deleted in their entirety, and replaced with the following provisions:

5. When engaged as Sponsor in regard to an issuer, the Sponsor is required to assess and determine whether it is appropriate and advisable to monitor, restrict or discontinue certain activities of itself and of its employees in relation to the securities of such issuer, including, trading, advising and dissemination of research material.
6. Without limiting any other obligation or restriction under applicable Securities Law or Exchange Requirements, the Sponsor shall have policies and procedures which provide that once the Sponsor has agreed to act as Sponsor of an issuer and until such time as the applicable information circular, prospectus, filing statement or other disclosure document is properly filed and disseminated:
 - a. the Corporate Finance Persons are prohibited from purchasing or selling any of the securities of such issuer;
 - b. all partners, directors, officers, approved persons and employees of the Sponsor, who by virtue of their position with the Sponsor or involvement with the issuer have or can reasonably be expected to gain access to Confidential Information in regard to the issuer are prohibited from:
 - 1) soliciting purchase orders of the issuer's securities; or
 - 2) purchasing or selling the issuer's securities for accounts beneficially owned or controlled by them.
 - c. the Sponsor is prohibited from: disseminating research reports relating to the issuer; buying, selling or otherwise trading the issuer's securities for its own account, except for permitted transactions and stabilizing bids contemplated by Rule F.2.09; and, further, in regard to Capital Pool Companies, the exercise of an agent's option and sale of securities issued to the Sponsor by the issuer pursuant to the exercise of a previously issued agent's option to the extent specifically permitted by section 6.2 of Policy 2.4; and
 - d. trading in the securities of the issuer by all partners, directors, officers and employees and approved persons shall be monitored by a designated and duly qualified officer of the Sponsor to assess whether trading has or might reasonably appear to have occurred based on access to Confidential Information.

Sponsorship Policy Statement 3 – Minimum Review Required for Preparation of Sponsor Report

Section 10, Minimum Listing Requirements and Exchange Requirements has been deleted and replaced with:

Minimum Listing Requirements and Exchange Requirements

10. The Sponsor shall consider whether the issuer at the time of listing or completion of the applicable transaction will meet applicable Minimum Listing Requirements, Tier Maintenance Requirements and other Exchange Requirements and in doing so the Sponsor shall make a determination as to whether:
 - a. the listed issuer, upon completion of any New Listing will meet the applicable Minimum Listing Requirements of the Exchange as described in Exchange Policy 2.1 (except in regard to distribution requirements on Reverse Take-Overs and Qualifying Transactions of Capital Pool Companies, in regard to which the listed issuer need only comply with paragraph b., below);
 - b. the listed issuer will meet the applicable distribution requirements described in Exchange Policy 2.5, Tier Maintenance Requirements; and
 - c. the listed issuer and its directors and officers are in compliance with the applicable provisions of Exchange Policy. 3.1, Directors, Officers and Corporate Governance.

Sponsorship Policy Statement 4 – Disclosure Required in Sponsorship Report

Section 1(d) has been amended so that the Member must confirm that it has met the criteria to qualify as a Sponsor, rather than identifying the criteria that it meets.

Section 1(g) has been amended so that in addition to the name, address and occupation and relevant educational background the of each consultant or specialist upon whom the Sponsor has relied in preparation of the Sponsor Report, the Sponsor must also provide:

- 1) relevant employment history, including a description as to how it relates to the material aspects of the principal business of the listed issuer;
- 2) membership in any professional organization; and
- 3) the period during which the review procedures were carried out.

If you have any questions relating to this Bulletin, please contact Susan Copland, Manager, Policy at (604) 643-6531.
