

BULLETIN TYPE: Policy Amendment

BULLETIN DATE: May 19, 2000

Re: Application of National Policy 43-201, Mutual Reliance Review System ("MRRS") to Capital Pool Companies ("CPC's")

Filers are reminded that the MRRS which became effective January 1, 2000, applies to CPC prospectuses. Under the MRRS, the "principal regulator" is responsible for reviewing all materials in accordance with the **local securities legislation and local securities directions** of the jurisdiction in which the principal regulator is located. It is the responsibility of the filer to determine the "principal regulator" in accordance with the criteria set out in section 3.2 of National Policy 43-201; however, typically the "principal regulator" will be the local securities regulatory authority in the jurisdiction of the issuer's head office.

Currently, the CPC program is only available in the Provinces of Alberta and British Columbia. Accordingly, where a CPC's head office is located in Alberta, the Alberta Securities Commission ("ASC") will typically be the principal regulator and where the CPC's head office is located in British Columbia, the British Columbia Securities Commission ("BCSC") will typically be the principal regulator. A filer, in exceptional circumstances, may make application for a discretionary change of its principal regulator under section 3.4 of National Policy 43-201. **This application must be submitted in paper form to both the principal regulator and the requested regulator (i.e. both the BCSC and the ASC) at least 30 days prior to the filing of the preliminary prospectus.**

Where the CPC's head office is in a jurisdiction in which the CPC program has not been accepted and a prospectus is not required to be filed in that jurisdiction, the filer may, without having to file a formal application, choose either the ASC or BCSC as the principal regulator based on the criteria set out in section 3.4 of National Policy 43-201. In this case the filer must **clearly specify** in the cover letter accompanying the preliminary CPC prospectus, whether they have chosen the ASC or the BCSC as the principal regulator.

Current Exchange operating procedures require that if the BCSC is the principal regulator in connection with a CPC prospectus, the Vancouver office of CDNX will vet the CPC prospectus on behalf of the BCSC against BCSC Form 12A or 14A, and will require submission of documents pursuant to BCSC Rule 41-601. Similarly, if the ASC is the principal regulator in connection with a CPC prospectus, the Calgary office of CDNX will vet the CPC prospectus on behalf of the ASC against ASC Form 12 or 14, and will require submission of documents pursuant to ASC Policy 4.10. Because of the differences between the form and filing requirements in Alberta and British Columbia, filers who have mistakenly prepared a prospectus and submitted documents in accordance with the securities law of the jurisdiction which was not the principal regulator, have unfortunately experienced significant delays and received lengthy deficiency comment letters.

If you have any questions relating to this Bulletin please contact either Denise Hendrickson, Manager, Policy, Calgary Office (403) 974-7442 or 1-877-236-9578; or Susan Copland, Manager, Policy, Vancouver Office, (604) 643-6531.
