



CONSOLIDATED UP TO 13 August 2013

**COMPANION POLICY 44-103CP TO
NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING***

PART 1 INTRODUCTION

1.1 Implementation of the Instrument

Certain jurisdictions have implemented National Instrument 44-103 Post-Receipt Pricing (the "Instrument") by one or more instruments forming part of securities legislation or securities directions in the jurisdiction. As a result, the provisions of the Instrument apply in those jurisdictions to the extent provided by, and except as modified by, the implementing law of the jurisdiction.

1.2 Availability of PREP Procedures

Access to the PREP procedures is not restricted to issuers qualified to file a prospectus in the form of a short form prospectus. Any issuer that wishes to use the PREP procedures, or enable a selling securityholder to use the PREP procedures, to distribute securities may file a prospectus that is a base PREP prospectus.

1.3 Relationship of the Instrument to Securities Legislation

- (1) Issuers are reminded that the rules and procedures contained in the Instrument for distributions made using the PREP procedures should be read in conjunction with other provisions of securities legislation in each jurisdiction in which a distribution is being made.
- (2) A distribution under a short form prospectus using the PREP procedures is subject to all the requirements of National Instrument 44-101 Short Form Prospectus Distributions, some of the requirements of National Instrument 41-101 General Prospectus Requirements and other provisions of securities legislation, as supplemented or varied by the Instrument and the implementing law of the jurisdiction. Reference is made to Part 1 of the Companion Policy to NI 44-101 for a discussion of the relationship between NI 44-101 and various other pieces of securities legislation and section 1.2 of the Companion Policy to NI 41-101 for a discussion of the relationship between NI 41-101 and various other pieces of securities legislation.

- (3) Similarly, a distribution using the PREP procedures not made under a short form prospectus is subject to securities legislation, as supplemented or varied by the Instrument and the implementing law of the jurisdiction, including NI 41-101.

PART 2 PROSPECTUS AMENDMENTS

2.1 Prospectus Amendments

- (1) Section 4.4 of the Instrument provides that the size of an offering may be increased or decreased by up to 20% between the filing of the prospectus and the filing of the supplemented PREP prospectus. The section further provides that, in cases where such a change in the size of the offering constitutes a material change, the requirement in Part 6 of NI 41-101 or other securities legislation to file an amendment if a material change occurs may be satisfied by filing the supplemented PREP prospectus. The form of certificates required in the supplemented PREP prospectus are those set out in subsection 4.5(2) of the Instrument. For changes in the size of the offering by more than 20% that constitute a material change, this flexibility in filing of the amendment is not available.
- (2) The securities regulatory authorities are of the view that an issuer's ability to use the PREP procedures does not prevent the filing of a prospectus amendment to make some or all of the changes to the prospectus that are permitted to be made by a supplemented PREP prospectus.

PART 3 PREP PROCEDURES

3.1 Firm Commitment Distributions

Paragraph 10 of section 3.3 of the Instrument provides that a base PREP prospectus for securities to be distributed by one or more underwriters that have agreed to purchase the securities at a specified price is not required to indicate that the securities are to be taken up by the underwriters, if at all, on or before a specified date. This subsection provides an exemption from the requirement of securities legislation that this disclosure must be contained in a prospectus. Issuers are reminded that paragraph 1 of subsection 4.5(2) requires all information omitted from a base PREP prospectus to be included in a supplemented PREP prospectus. Therefore, it is necessary to comply with the relevant requirement of securities legislation in a supplemented PREP prospectus relating to specific distributions that are being effected on a firm commitment basis.

3.2 Best Efforts Distributions

Similarly, paragraph 11 of section 3.3 of the Instrument provides that a base PREP prospectus for a distribution of securities underwritten on a best efforts basis for

which a minimum amount of funds are required by an issuer is not required to include disclosure required under securities legislation concerning the maximum length of time for which the distribution may continue and concerning the disposition of subscription funds. Issuers are reminded, as in the previous subsection, that paragraph 1 of subsection 4.5(2) requires all information omitted from a base PREP prospectus to be included in a supplemented PREP prospectus. Therefore, it is necessary to comply with the relevant requirement of securities legislation in a supplemented PREP prospectus relating to specific distributions that are being effected on a best efforts basis. Issuers are also reminded that where PREP procedures are used in connection with securities offered on a best efforts basis for which a minimum amount of funds are required, the issuer may not reduce the size of the distribution pursuant to section 4.4 of the Instrument in a supplemented PREP prospectus to a size that would yield less than the minimum amount of funds.

3.3 Rights of Rescission or Withdrawal

The securities regulatory authorities are of the view that statutory rights of rescission or withdrawal commence from the time of the purchaser's receipt of a supplemented PREP prospectus. It is only at this time that the entire prospectus has been delivered.

3.4 Supplemented Prospectus not an Amendment

The securities regulatory authorities do not consider a supplemented PREP prospectus to constitute an amendment to a prospectus within the meaning of Part 6 of NI 41-101 or other securities legislation.

3.5 Marketing Activities

Issuers and investment dealers should also refer to the guidance on marketing activities in Part 6 of the Companion Policy to NI 41-101. While the Instrument has provisions on marketing after a receipt for a final base PREP prospectus, NI 41-101 has general provisions that apply to marketing during the waiting period.