

**Amendments to National Instrument 44-101
Short Form Prospectus Distributions;
Form 44-101F3**

Amendment Instrument

1. This Instrument amends National Instrument 44-101 Short Form Prospectus Distributions.

Part 1 Amendments to National Instrument 44-101

2. Section 1.1 ~~Amendments to Part 1 of NI 44-101 – Part 1 of National Instrument 44-101~~ is amended ~~by,~~

- (a) ~~in section 1.1,~~ by repealing the ~~definition~~ definitions of “auditor’s report”, “foreign auditor’s report”, “foreign GAAP” ~~and,~~ “foreign GAAS” and “U.S. GAAS”;
- (b) ~~in section 1.1,~~ by repealing the definition of “executive officer” and substituting the following:

“executive officer” with respect to a person or company means an individual who is

- (a) a chair of the person or company,
(b) a vice-chair of the person or company,
(c) the president of the person or company,
(d) a vice-president of the person or company in charge of a principal business unit, division or function including sales, finance or production,
(e) an officer of the person or company or any of its subsidiaries, who performed a policy-making function in respect of the person or company, or
(f) any other individual who performed a policy-making function in respect of the person or company;

~~(c) in section 1.1, adding immediately after the definition of “NI 51-102” and immediately before the definition of “non-convertible” the following:~~

(c) by adding the following definitions:

“issuer’s GAAP” means the accounting principles used to prepare an issuer’s financial statements, as permitted by NI 52-107;

“NI 52-107” means National Instrument 52-~~107,~~ 107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency;

~~(d) in section 1.1, repealing the definition of “U.S. GAAS” and substituting the following:~~

“US GAASGAAP” means generally accepted **auditing standards**accounting principles in the United States of America, that the SEC has identified as having substantial authoritative support as supplemented by ~~the SEC’s rules on auditor independence~~Regulation S-X and S-B under the 1934 Act.

3. Subsection 1.2(9) is repealed and the following substituted:

1.2(9) Application of Significance Tests – Accounting Principles and Currency – For the purposes of the significance tests in subsections (2) and (3), financial statements of the business or related businesses must be reconciled to the accounting principles used to prepare the issuer’s financial statements and translated into the same reporting currency as that used in the issuer’s financial statements.

~~1.2 Amendments to Part 4 of National Instrument 44-101 – Part 4 of National Instrument 44-101 is amended by,~~

~~(a) in section 4.12, 4. Section 4.12 is amended by striking **the words**out “shall be accompanied by an auditor’s report without a reservation of opinion” and substituting “must be audited”.~~

~~(b) **repealing section**5. Section 4.13 **is repealed** and **substituting** the following substituted:~~

Despite section 4.12, interim financial statements of a business included in a short form prospectus under this Part ~~are~~do not ~~required~~have to be audited.

~~(c) **repealing section**6. Section 4.14 **is repealed** and **substituting** the following substituted:~~

Despite section 4.12, an issuer may omit from its short form prospectus an audit report ~~from the acquired business’ auditor~~ for the annual financial statements ~~of a business required under~~referred to in subsection 4.8(3); if the financial statements have not been audited.

7. Section 4.15 is amended

~~(d) **repealing section 4.15 and substituting the following:**~~

~~Despite section 4.12, an issuer may omit from its short form prospectus an audit report from the acquired business’ auditor for the annual financial statements of a business included in the short form prospectus, other than for the most recently completed financial year of the business for which financial statements are included in the short form prospectus, if~~

~~(a) those financial statements were previously included in a short form prospectus of the issuer without an audit report from the acquired business’ auditor as permitted by this Instrument or pursuant to an~~

~~exemption granted under this Instrument; and~~ a) in paragraph (a) by striking out “auditor’s report” and substituting “audit report”, and

- (b) by repealing paragraph (b) and substituting “the financial statements have not been audited ~~by the acquired business’ auditor”~~.

1.3 — Amendments to Part 5 of National Instrument 44-101 — Part 5 of National Instrument 44-101. Section 5.6 is amended by, ~~(a) in section 5.6,~~ striking ~~the words out~~ “shall be accompanied by an auditor’s report without a reservation of opinion” and substituting “must be audited”.

~~(b) — repealing section 9.~~ Section 5.7 is repealed and substituting the following substituted:

Despite section 5.6, interim financial statements of a business included in a short form prospectus under this Part ~~are do~~ not ~~required~~ have to be audited.

~~(c) — striking section 10.~~ Section 5.8 is repealed and substituting the following substituted:

Despite section 5.6, an issuer may omit from its short form prospectus an audit report ~~from the issuer’s auditor for the financial information or annual~~ financial statements ~~of a business referred to under in~~ subsection 5.3(2), ~~if no audit report has been issued by the issuer’s auditor on the financial information or financial statements~~ if the financial statements have not been audited.

1.4 — Amendments

11. The title to Part 7 of National Instrument 44-101 — Part 7 of National Instrument 44-101 is amended by,

~~(a) — repealing sections 7.1, 7.2, 7.4 and 7.5, and substituting the following:~~

~~7.1 — The financial statements of a person or company that are~~ is repealed and the following substituted:

Part 7 Audit Requirement for Financial Statements of an Issuer

12. Section 7.1 is repealed and the following substituted:

7.1 Audit Requirement

The financial statements of an issuer included in a short form prospectus shall be prepared in accordance with NI 52-107.”

~~(b) — Renumbering section 7.3 as section 7.2.~~

~~(c) — in section 7.2, striking the words “shall be accompanied by an auditor’s report without reservation” and substituting “must be audited”.~~

~~1.5 Amendments to Part 10 of National Instrument 44-101 — Part 10 of National Instrument 44-101 is amended by repealing item 10.2(b)7.~~ must be audited.

13. Section 7.2 is repealed.

14. Section 7.3 is repealed and the following substituted:

7.3 Exception to Audit Requirement — Despite section 7.1, the following financial statements do not have to be audited:

1. Comparative interim financial statements required to be incorporated by reference under paragraph (1)3 of Item 12.1 or paragraph 2 of 12.2 of Form 44-101F3.
2. The comparative annual financial statements of the issuer for the most recently completed financial year if
 - (a) the financial statements are required to be incorporated by reference in a short form prospectus solely by reason of paragraph (1) 5 of Item 12.1 of Form 44-101F3;
 - (b) the auditor of the issuer has not issued an audit report on the financial statements; and
 - (c) comparative financial statements for the year preceding the most recently completed financial year are audited and are included in the short form prospectus.
3. The comparative interim financial statements of a credit supporter required to be incorporated by reference under Item 13.2 of Form 44-101F3.

15. Sections 7.4 and 7.5 are repealed.

16. Paragraph 10.2(b) is amended

- (a) in item 6 by striking out “auditor’s report” and substituting “audit report”, and
- (b) by repealing item 7.

~~Part 2 Amendment to 17.~~ Form 44-101F3 to National Instrument 44-101 Short Form Prospectus is amended

- (a) in paragraphs (c) and (d) of paragraph 7.1(2) by striking out “in the Handbook” and substituting “in accordance with the issuer’s GAAP”;
- (b) in paragraph 7.1(3) by striking out “under Canadian GAAP”;

(c) in Instruction (2)(d) of Item 7 by striking out “generally accepted accounting principles” and substituting “the issuer’s GAAP”;

(d) in paragraph 12.1(3)

(i) by repealing paragraph (b) and substituting “is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP”;

(ii) by striking out “other than in accordance with Canadian GAAP” in paragraph (c) and “substituting in accordance with US GAAP”; and

(iii) by striking out “foreign GAAP” and substituting “US GAAP”; and

~~2.1 — Amendment to Item 20 of Form 44-101F3 to National Instrument 44-101 — Item 20 of Form 44-101F3 to National Instrument 44-101 is amended~~ (e)
by repealing Item ~~20,20~~ and substituting the following:

If the short form prospectus includes financial statements not prepared in ~~other than~~ accordance with Canadian GAAP ~~are included in the short form prospectus and a reconciliation to Canadian GAAP has not been incorporated by reference in~~ and the short form prospectus; does not include ~~in the short form prospectus the~~ a reconciliation to Canadian GAAP, include any reconciliation to Canadian GAAP required under ~~paragraph 4.1 or 5.1 of~~ NI 52-107.

18.

Part 3 Effective Date

~~3.1 — Effective Date~~ This ~~Amendment~~ Instrument comes into force on ~~•, 2004.~~ January 4, 2005.

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