

Notice of Amendment to Ontario Securities Commission Policy 51-601 Reporting Issuer Defaults

Introduction

The Commission has, under Section 143.8 of the *Securities Act* (Ontario) (the Act), amended Policy 51-601 *Reporting Issuer Defaults*. The amended version of the policy (the Amended Policy) is effective on December 15, 2006 and replaces the version of Policy 51-601 that became effective on May 17, 2005.

Substance and Purpose of the Policy

The Amended Policy outlines the factors considered by the Commission in determining if a reporting issuer is in default under the Act.

The Commission does not consider any of the changes to the existing policy to be material and has therefore not published the changes for comment.

Summary of Changes to the Current Version of Policy 51-601

The Amended Policy reflects the categories of default that have been harmonized across the CSA pursuant to CSA Notice 51-322 – *Reporting Issuer Defaults* which can be found on the Commission's website. The categories also reflect new requirements of the Act or regulations that have become effective since May 2005. In particular:

- National Instrument 58-101 *Disclosure of Corporate Governance Practices* and Multilateral Instrument 52-110 *Audit Committees* introduced new continuous disclosure requirements; and
- there is a new requirement under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* to include in issuers' MD&A disclosure of their conclusions relating to the effectiveness of their disclosure controls and procedures.

The Amended Policy also includes failure to file a news release required by securities legislation as a category of default.

Issuers may be in default when they do not comply with any of these requirements.

The Amended Policy also reflects recent amendments to the Act which removed provisions relating to certificates of no default. These provisions were repealed effective December 20, 2006. Accordingly, the Commission no longer issues certificates of no default. Market participants should instead look to the list of defaulting reporting issuers maintained by the Commission on its website to determine if a reporting issuer has been noted in default of any requirement of the Act or the regulations.

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