Gazette officielle du Québec

Part 2

No. 5
30 January 2008

Laws and Regulations

Volume 140

Summary

Table of Contents
Acts 2007
Regulations and other acts
Index

Legal deposit – 1st Quarter 1968
Bibliothèque nationale du Québec
© Éditeur officiel du Québec, 2008

All rights reserved in all countries. No part of this publication may be translated, used or reproduced for commercial purposes by any means, whether electronic or mechanical, including micro-reproduction, without the written authorization of the Québec Official Publisher.

Table of Contents

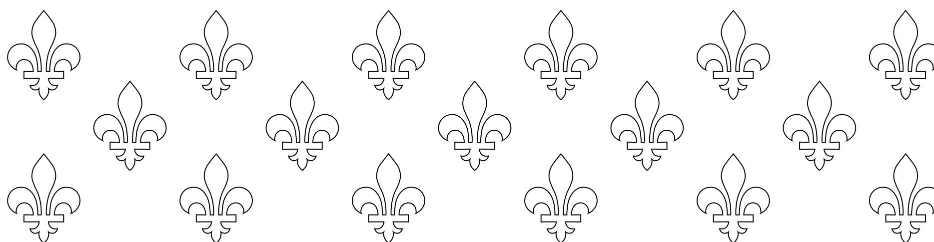
Page

Acts 2007

42 An Act to amend the Highway Safety Code and the Regulation respecting demerit points . . . 501

Regulations and other acts

Securities Act — Regulation 61-101 respecting protection of minority security holders in special transactions and Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions . . . 533
Securities Act — Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues and Regulation to amend the Securities Regulation (Amend.) . . . 561
Securities Act — Regulation 62-104 respecting take-over bids and issuer bids . . . 565



NATIONAL ASSEMBLY

FIRST SESSION THIRTY-EIGHTH LEGISLATURE

Bill 42

(2007, chapter 40)

An Act to amend the Highway Safety Code and the Regulation respecting demerit points

Introduced 14 November 2007
Passed in principle 11 December 2007
Passed 19 December 2007
Assented to 21 December 2007

Québec Official Publisher
2007

EXPLANATORY NOTES

This bill amends the Highway Safety Code, in particular as concerns speeding, drinking and driving, new traffic control technologies, gradual acquisition of driving privileges, the use of telephones at the wheel and speed limiters for heavy vehicles.

The bill doubles the fines imposed under the Highway Safety Code and the number of demerit points prescribed under the Regulation respecting demerit points for excessive speeding. It also introduces an immediate 7-day licence suspension for such speed violations. Second-time offenders will incur a 30-day suspension and their vehicle will be seized. For a third offence, the amount of fines is tripled. The bill also makes mandatory the activation of speed limiters on heavy vehicles determined by the Minister of Transport.

The bill increases the immediate licence suspension period from 30 to 90 days for a driver whose blood alcohol concentration level is in excess of 80 mg of alcohol in 100 ml of blood or who refuses to provide a breath sample.

Also, the bill authorizes a peace officer to immediately seize, for 30 days, a road vehicle driven by a person whose blood alcohol concentration level is in excess of 160 mg of alcohol in 100 ml of blood, who refuses to give a breath sample, or whose blood alcohol concentration level is in excess of 80 mg of alcohol in 100 ml of blood and whose licence was cancelled during the 10 preceding years for the same kind of offence.

Under the bill, the licence of a driver found guilty under the Criminal Code whose blood alcohol concentration level at the time of the offence was in excess of 160 mg in 100 ml of blood or who refused to provide a breath sample is cancelled for an additional period of up to 5 years. It also makes provision for cases in which a vehicle must be equipped with an alcohol ignition interlock device. That condition may be imposed for life if the driver is found guilty within 10 years for a second offence of refusing to provide a breath sample or for a second alcohol-related offence while having a blood alcohol concentration level at the time of each offence in excess of 160 mg.

The bill provides for the installation and use of photo radar devices and red light cameras at determined locations for a period of at least 18 months. In the case of a violation evidenced by a photograph taken by such a device, the owner of the road vehicle involved is held responsible unless the owner proves that the vehicle was in the possession of a third party without the owner's consent or the driver admits committing the offence or is found guilty of the offence. No demerit points will be entered in the offender's record for such violations. The Minister of Transport will be required to report to the Government within 12 months after implementing the measures. The report will subsequently be laid before the National Assembly.

The bill introduces the requirement for all new drivers to take a driving course, and provides that new drivers 25 years of age or over will be issued a probationary licence. It amends the Regulation respecting demerit points by lowering the number of demerit points entailing the suspension of a driver's licence to 8 for drivers under 23 years of age and 12 for drivers 23 or 24 years of age. Furthermore, it prohibits the use of hand-held devices that include a telephone function while driving and forbids the operation of passenger vehicles and taxis registered in Québec that are not equipped with snow tires.

Furthermore, the bill grants the Minister of Transport a power of exception to authorize and regulate the testing of new vehicles, new equipment or even new traffic rules.

The bill provides for the creation of a fund dedicated to financing highway safety and road victim assistance measures and programs. The bill also contains various other provisions relating to certain specific situations. Lastly, the bill includes technical, transitional and consequential provisions.

LEGISLATION AMENDED BY THIS BILL:

– Automobile Insurance Act (R.S.Q., chapter A-25);

– Highway Safety Code (R.S.Q., chapter C-24.2);

– Act respecting the Ministère des Transports (R.S.Q., chapter M-28);

– Act respecting the Société de l'assurance automobile du Québec (R.S.Q., chapter S-11.011).

Bill 42

AN ACT TO AMEND THE HIGHWAY SAFETY CODE AND THE REGULATION RESPECTING DEMERIT POINTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

HIGHWAY SAFETY CODE

1. Section 4 of the Highway Safety Code (R.S.Q., chapter C-24.2) is amended by replacing "and 209.2" in the definition of "pound" by ", 209.2, 209.2.1 and 328.2".

2. The Code is amended by inserting the following after section 5.2:

"**TITLE 0.1**

"AUTOMOBILE ADVERTISING

"**5.3.** In collaboration with automobile manufacturers, advertising agencies and highway safety stakeholders, the Société shall establish guidelines aimed at prohibiting any advertisement that portrays a road vehicle and conveys a careless attitude with respect to road safety by presenting situations that encourage reckless, dangerous or prohibited practices or behaviour.

The Société shall promote observance of the guidelines. It shall also, within two years, evaluate whether the guidelines have enabled the targeted objectives to be met, and report to the Minister of Transport.

The Minister shall table the report in the National Assembly within the next 30 days or, if the Assembly is not sitting, within 30 days of resumption. The competent committee of the National Assembly shall examine the report."

3. Section 21 of the Code is amended by adding the following paragraph at the end:

"No person shall put a vehicle into operation on a public highway if it is of a model or class whose use on public highways has been prohibited by the Minister under section 633.1 or if it has been restricted to off-highway use by its manufacturer or importer."

4. Section 31.1 of the Code, amended by section 25 of chapter 49 of the statutes of 2000, is again amended by adding the following paragraph at the end:

"No person shall put a vehicle back into operation on a public highway if it is of a model or class whose use on public highways has been prohibited by the Minister under section 633.1 or if it has been restricted to off-highway use by its manufacturer or importer."

5. Section 59 of the Code is amended by replacing "or fourth paragraph of section 21, the third paragraph" in the first paragraph by ", fourth or fifth paragraph of section 21, the fourth or sixth paragraph".

6. Section 63 of the Code is amended by inserting "issued under section 118" after "restricted licences".

7. The Code is amended by inserting the following section after section 63.1:

"**63.2.** To facilitate Canada-United States border crossing for the holder of a driver's licence, the Société may issue a licence that certifies, in accordance with the standards and conditions prescribed by regulation, any information determined by the regulation, including the citizenship of the licence holder."

8. Section 64 of the Code is amended by replacing the second paragraph by the following paragraphs:

"On the request of a person who holds a licence or is applying for a licence, the Société may limit the right to drive to road vehicles equipped with an alcohol ignition interlock device approved by the Société. The licence issued and any subsequent licence are subject to that condition as long as the person has not established by means of an assessment that the person's relationship with alcohol or drugs does not compromise the safe operation of a road vehicle. The assessment is governed by the provisions of section 76.1.9.

A person who is not subject to mandatory use of an alcohol interlock device approved by the Société under this Code and does not make a request under the second paragraph may purchase any other alcohol interlock device and install such a device on the person's vehicle without notifying the Société; in such a case, the condition set out in the second paragraph is not attached to the person's driver's licence, and section 64.1 does not apply."

9. The Code is amended by inserting the following section after section 64:

"**64.1.** The Société determines conditions for the use of an alcohol ignition interlock device prescribed by this Code. On the request of the Société, the holder of the licence must provide the data collected by the alcohol ignition interlock device."

10. Section 66 of the Code is amended by replacing the second paragraph by the following paragraph:

"A person applying for a licence other than a moped licence or a farm tractor licence must also have held a probationary licence for the period prescribed by regulation."

11. The Code is amended by inserting the following section after section 66:

"**66.1.** Persons applying for their first licence to drive a motorcycle, a moped or another passenger vehicle must successfully complete a driving course appropriate for the class of licence requested, given by a driving school recognized by a body approved by the Société.

The course must comprise a theoretical part and a practical part. The deadline for the successful completion of each part of the course and the cases in which a person may be exempted from taking the course are determined by government regulation."

12. Sections 76 and 76.1 of the Code are replaced by the following sections:

"**76.** Subject to section 76.1.1, no licence may be issued to a person whose licence has been cancelled or whose right to obtain a licence has been suspended following a conviction for an offence under the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46) listed in section 180 of this Code before a period of one, three or five years has elapsed since the date of the cancellation or suspension, depending on whether, during the ten years before the cancellation or suspension, the person incurred no cancellation or suspension, one cancellation or suspension or two or more cancellations or suspensions under that section.

If the conviction is followed by an order prohibiting the offender from operating a road vehicle under any of subsections 1, 2 and 3.1 to 3.4 of section 259 of the Criminal Code for a longer period than the period applicable under the first paragraph, the period prescribed in the order is the applicable period.

"**76.1.** When the offence for which the cancellation or suspension is incurred is evading a police car or leaving the scene of an accident, the one- and three-year sanction periods under the first paragraph of section 76 are extended by three and two years respectively.

"**76.1.1.** As soon as the order of prohibition referred to in the second paragraph of section 76 expires or as soon as allowed under the order, a person who has incurred a cancellation or suspension for an alcohol-related offence or for refusing to provide a breath sample may be authorized, under a restricted licence, to drive a road vehicle mandatorily equipped with an alcohol ignition interlock device approved by the Société.

"**76.1.2.** When the offence for which a cancellation or suspension is incurred is an alcohol-related offence and section 76.1.4 does not apply, the person must, in order to obtain a new licence, establish that the person's

relationship with alcohol or drugs does not compromise the safe operation of a road vehicle corresponding to the class of licence applied for.

The person must meet the requirement set out in the first paragraph

(1) by means of a summary assessment if, during the ten years before the cancellation or suspension, the person incurred no cancellation or suspension for refusing to provide a breath sample or for an alcohol-related offence; or

(2) by means of a comprehensive assessment if, during the ten years before the cancellation or suspension, the person incurred one or more cancellations or suspensions for refusing to provide a breath sample or for an alcohol-related offence.

A person who fails a summary assessment must meet the requirement set out in the first paragraph by means of a comprehensive assessment.

A person who passes a summary assessment must, after paying the Société the related fees, successfully complete an education program accredited by the Minister of Transport that is designed to raise driver awareness about alcohol- and drug-related problems.

"**76.1.3.** A new licence authorizing a person referred to in section 76.1.2 who has passed a comprehensive assessment to drive a road vehicle mandatorily equipped with an alcohol ignition interlock device approved by the Société is issued for one, two or three years, depending on whether, during the ten years before the cancellation or suspension, the person incurred no cancellation or suspension, one cancellation or suspension or two or more cancellations or suspensions for refusing to provide a breath sample or for an alcohol-related offence.

"**76.1.4.** When the offence for which the cancellation or suspension is incurred is refusing to provide a breath sample or when it is an alcohol-related offence and the person's blood alcohol concentration level at the time of the offence exceeded 160 mg in 100 ml of blood, the one- and three-year sanction periods set out in the first paragraph of section 76 are extended by two years and the person must, in order to obtain a new licence, establish by means of a comprehensive assessment that the person's relationship with alcohol or drugs does not compromise the safe operation of a road vehicle corresponding to the class of licence applied for.

"**76.1.5.** The new licence authorizing a person referred to in section 76.1.4 to drive a road vehicle mandatorily equipped with an alcohol ignition interlock device approved by the Société is issued for two or three years, depending on whether, during the ten years before the cancellation or suspension, the person incurred no cancellation or suspension or one or more cancellations or suspensions for an alcohol-related offence, provided the Société holds no information that the person's blood alcohol concentration level at the time of the offence exceeded 160 mg of alcohol in 100 ml of blood.

“**76.1.6.** When the offence for which a cancellation or suspension is incurred is refusing to provide a breath sample or is an alcohol-related offence and the person’s blood alcohol concentration level at the time of the offence exceeded 160 mg in 100 ml of blood, the new licence and every subsequent licence issued to the person during the person’s life is subject to the person driving a road vehicle mandatorily equipped with an alcohol ignition interlock device approved by the Société if, during the ten years before the cancellation or suspension, the person incurred one or more cancellations or suspensions for refusing to provide a breath sample or for an alcohol-related offence and the person’s blood alcohol concentration level at the time of the offence exceeded 160 mg of alcohol in 100 ml of blood.

“**76.1.7.** For the purposes of sections 76.1 to 76.1.6,

(1) “evading a police vehicle” means any offence under section 249.1 of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46);

(2) “leaving the scene of an accident” means any offence under subsection 1, 1.2 or 1.3 of section 252 of the Criminal Code;

(3) “refusing to provide a breath sample” means any offence under subsection 5 of section 254 of the Criminal Code; and

(4) “alcohol-related offence” means any offence under section 253 or subsection 2 or 3 of section 255 of the Criminal Code.

“**76.1.8.** If a person fails the assessment required under section 76.1.2 or 76.1.4 or refuses to undergo an assessment, the Société may, for the period it determines, issue a probationary licence or a driver’s licence authorizing the person to drive a road vehicle mandatorily equipped with an alcohol ignition interlock device approved by the Société.

“**76.1.9.** Alcohol and drug rehabilitation centres and hospital centres offering rehabilitation services for alcoholics and drug addicts are responsible for the assessments referred to in sections 64, 76.1.2 and 76.1.4. The assessments are carried out by persons authorized by those centres according to rules determined by agreement between the Société and those centres and between the Société and the Fédération québécoise des centres de réadaptation pour personnes alcooliques et autres toxicomanes.

“**76.1.10.** When computing the one-, two- and three-year periods set out in sections 76.1.3 and 76.1.5, any time during which the licence was suspended or the person was prohibited from driving a road vehicle under the first paragraph of section 93.1 must be disregarded.

“**76.1.11.** If the cancelled licence was a learner’s licence, the new licence is also a learner’s licence and the person must complete any unfinished learning period, after which the person may only obtain a licence authorizing the person to drive a road vehicle mandatorily equipped with an alcohol

ignition interlock device approved by the Société for the period referred to in sections 76.1.3, 76.1.5 and 76.1.6.

"**76.1.12.** The Société may exempt a person from the requirement under section 76.1.3, 76.1.5 or 76.1.6 to equip the vehicle the person drives with an alcohol ignition interlock device if exceptional medical reasons warrant such a decision. The person is prohibited from operating a vehicle or having the care or control of a vehicle if there is any alcohol in the person's body. The Société may require the person to provide information and documents concerning the person's relationship with alcohol."

13. Sections 76.2 to 76.4 of the Code are amended by replacing "76" by "76.1.1".

14. Section 79 of the Code is repealed.

15. Section 81 of the Code is amended by replacing "73 or 76" in paragraphs 1 to 3 by "64, 73, 76.1.2 or 76.1.4".

16. Section 83 of the Code is amended

(1) by replacing "73 or 76" in paragraph 2 by "64, 73, 76.1.2 or 76.1.4";

(2) by replacing ", 79, 80.1 and 80.3" in paragraph 4 by "to 76.1.12, 80.1, 185 and 191.2".

17. Section 92.0.1 of the Code is replaced by the following section:

"**92.0.1.** In the cases provided for in sections 90, 91, 91.1, 91.3 and 92, the licence issued by the Société is a probationary licence if the applicant has held a valid driver's licence for less than two years."

18. Section 93.1 of the Code is amended

(1) by inserting "or a restricted licence issued under section 76.1.1" after "driver's licence" in the first and third paragraphs;

(2) by inserting "or his restricted licence issued under section 76.1.1" after "the renewal of his driver's licence" in the fourth paragraph.

19. Section 98.1 of the Code is amended by replacing "in the fourth paragraph of section 76.1" in the second paragraph by "in section 76.1.12".

20. Section 102 of the Code is amended by inserting ", 99" after "97" in the first paragraph.

21. Section 117 of the Code is amended

(1) by replacing "annul" by "remove";

(2) by adding ", unless the excess number of points is equal to or higher than the number of points entailing the application of one of those sections, in which case it is brought down to the number that is one less than the number entailing a sanction" at the end.

22. The Code is amended by inserting the following sections after section 117:

"**117.1.** A decision to cancel a licence or suspend the right to obtain a licence applies even if the number of demerit points entailing a cancellation or suspension is different from the number applicable at the time of the decision.

"**117.2.** A decision to cancel a probationary licence applies to any licence to drive a road vehicle held by the person at the time the decision comes into force even if the probationary licence is expired and the number of demerit points for the cancellation is different from the number applicable at the time of the decision."

23. Section 118 of the Code is amended by replacing "suspended" by "cancelled".

24. Section 121 of the Code is amended

(1) by replacing "ans" in paragraph 1 in the French text by "années" and by striking out "or suspension" and "or suspended" in that paragraph;

(2) by replacing "suspension" in paragraph 3 by "cancellation";

(3) by adding the following paragraph at the end:

"For the purposes of subparagraph 1 of the first paragraph, the two-year period before the cancellation or suspension includes the day on which the sanction is imposed."

25. Section 122 of the Code is amended by striking out "or suspension".

26. Section 126 of the Code is amended by inserting "69," after "Sections".

27. Section 180 of the Code is replaced by the following section:

"**180.** A conviction for an offence under any of the following provisions of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46) committed with a road vehicle or an off-highway vehicle entails by operation of law the cancellation of any licence to drive a road vehicle or the suspension of the right to obtain such a licence:

(1) section 220, 221, 236, paragraph *a* of subsection 1 or subsection 3 or 4 of section 249, section 249.1, 249.2, 249.3, subsection 1, 3 or 4 of section 249.4 or subsection 1, 1.2 or 1.3 of section 252;

(2) section 253, subsection 5 of section 254 or subsection 2 or 3 of section 255.

The convicting judge must order the confiscation of the licence referred to in the first paragraph so that it may be returned to the Société."

28. Section 185 of the Code is replaced by the following section:

"**185.** When the total number of demerit points entered in a person's record is equal to or greater than the number prescribed by regulation under paragraph 9 of section 619, the Société cancels the person's driver's licence or suspends the person's right to obtain a licence.

The number of demerit points prescribed by regulation varies depending on whether the person is

(1) under 23 years of age;

(2) 23 or 24 years of age; or

(3) 25 years of age or over.

If the number of demerit points entered in the person's record is equal to or greater than the number prescribed by regulation but less than twice that number, no licence may be issued to the person

(1) before three or six months have elapsed, depending on whether the person incurred no three-month cancellation or suspension or one three-month cancellation or suspension under section 191.2 or this section during the two years before the cancellation or suspension under the first paragraph; or

(2) before twelve months have elapsed if the person incurred one six- or twelve-month cancellation or suspension or more than one cancellation or suspension under section 191.2 or this section during the two years before the cancellation or suspension under the first paragraph.

If the number of demerit points entered in the person's record is equal to or greater than twice the number prescribed by regulation but less than three times that number, no licence may be issued to the person before six or twelve months have elapsed, depending on whether the person incurred no cancellation or suspension or one or more cancellations or suspensions under section 191.2 or this section during the two years before the cancellation or suspension under the first paragraph.

If the number of demerit points entered in the person's record is equal to or greater than three times the number prescribed by regulation, no licence may be issued to the person before twelve months have elapsed.

For the purposes of this section, the two-year period before the cancellation or suspension includes the day the sanction is imposed.

When a person holds a driver's licence and a learner's licence, the cancellation under this section applies to both licences."

29. Section 190 of the Code is amended by replacing "73 or 76" in paragraphs 1 to 3 by "64, 73, 76.1.2 or 76.1.4".

30. Section 191 of the Code is amended by replacing "73 or 76" by "64, 73, 76.1.2 or 76.1.4".

31. Section 191.2 of the Code is replaced by the following section:

"**191.2.** If the number of demerit points entered in the record of a person who is subject to the prohibition under section 202.2 is equal to or greater than the number prescribed by regulation under paragraph 9.3 of section 619, the Société cancels the person's learner licence, probationary licence, moped licence or farm tractor licence held by the person, or suspends the person's right to obtain such a licence.

If the number of demerit points entered in the person's record is equal to or greater than the number prescribed by regulation but less than twice that number, no licence may be issued to the person

(1) before three or six months have elapsed, depending on whether the person incurred no three-month cancellation or suspension or one three-month cancellation or suspension under this section during the two years before the cancellation or suspension under the first paragraph; or

(2) before twelve months have elapsed if the person incurred one six- or twelve-month cancellation or suspension or more than one cancellation or suspension under this section during the two years before the cancellation or suspension under the first paragraph.

If the number of demerit points entered in the person's record is equal to or greater than twice the number prescribed by regulation but less than three times that number, no licence may be issued to the person before six or twelve months have elapsed, depending on whether the person incurred no cancellation or suspension or one or more cancellations or suspensions under this section during the two years before the cancellation or suspension under the first paragraph.

If the total number of demerit points entered in the person's record is equal to or greater than three times the number prescribed by regulation, no licence may be issued to the person before twelve months have elapsed.

For the purposes of this section, the two-year period before the cancellation or suspension includes the day the sanction is imposed."

32. Section 195.1 of the Code is amended by replacing "76" by "76.1.1".

33. Section 195.2 of the Code is amended by replacing "in the fifth paragraph of section 73 or the fourth paragraph of section 76.1" in the second paragraph by "in section 76.1.12".

34. The Code is amended by inserting the following section after section 202.1:

"**202.1.1.** This division is applicable

(1) not only on public highways, but also on highways under the administration of or maintained by the Ministère des Ressources naturelles et de la Faune, on private roads open to public vehicular traffic and on land occupied by shopping centres or other land where public traffic is allowed; and

(2) to persons driving or having the care or control of a road vehicle or an off-highway vehicle."

35. Section 202.2 of the Code is amended

(1) by striking out "is under 25 years of age and" in subparagraph 2 of the first paragraph;

(2) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

"(3) the holder of a restricted licence issued under section 118 following the cancellation of a probationary licence, and the holder of a licence issued under the fourth paragraph of section 73 or under any of sections 76.1.1, 76.1.3, 76.1.5, 76.1.6, 76.1.8, 76.1.11 and 76.1.12;".

36. Section 202.4 of the Code is replaced by the following section:

"**202.4.** On behalf of the Société, a peace officer shall immediately suspend,

(1) for 90 days, the licence of any person driving or having the care or control of a road vehicle whose blood alcohol concentration level is shown, by a breath test carried out by means of an approved instrument in accordance with the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46), to be in excess of 80 mg of alcohol in 100 ml of blood; or

(2) for 90 days, the licence of any person driving or having the care or control of a road vehicle who is subject to the prohibition under section 202.2

or 202.2.1 and in whose body the presence of alcohol is revealed by a screening test administered under section 202.3 or whose blood alcohol concentration level is shown, by a breath test carried out by means of an approved instrument in accordance with the Criminal Code, to be equal to or less than 80 mg of alcohol in 100 ml of blood.

The suspension applies to any licence authorizing the operation of a road vehicle or to the right to obtain such a licence.

The suspension imposed on a person who is subject to the prohibition under section 202.2.1 applies only with respect to vehicles to which that prohibition is applicable, provided the person is not also in contravention of subparagraph 1 of the first paragraph of this section."

37. Section 202.5 of the Code is amended by inserting "90-day" after "impose the".

38. Section 202.6 of the Code is replaced by the following section:

"**202.6.** A peace officer who suspends a licence under section 202.4 may, without the owner's permission or, in the case of a heavy vehicle, without the operator's permission, take possession of and impound the road vehicle at the owner's or operator's expense if the vehicle is occupying a part of the road in an illegal or potentially dangerous manner."

39. Section 209.2 of the Code is amended by replacing "and 202.5" by ", 202.5 and 328.1".

40. The Code is amended by inserting the following section after section 209.2:

"**209.2.1.** On behalf of the Société, a peace officer shall immediately seize and impound a road vehicle for 30 days at the owner's expense if the person driving or having the care or control of the vehicle

(1) has a blood alcohol concentration level that is shown, by a breath test carried out by means of an approved instrument in accordance with the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46), to be in excess of 80 mg of alcohol in 100 ml of blood and if the person's licence was cancelled or the person's right to obtain a licence was suspended under subparagraph 2 of the first paragraph of section 180 during the 10 years before the seizure;

(2) has a blood alcohol concentration level that is shown, by a breath text carried out by means of an approved instrument in accordance with the Criminal Code, to be in excess of 160 mg of alcohol in 100 ml of blood; or

(3) fails to comply with the peace officer's demand under section 254 of the Criminal Code without a reasonable excuse.

The peace officer retains the road vehicle from the time the person is ordered to accompany the peace officer in order to undergo the breath analysis test until the time the test is completed."

41. Section 209.6 of the Code is amended by replacing "radar de vitesse" in the French text by "cinémomètre".

42. Section 209.11 of the Code is amended

(1) by adding the following subparagraphs at the end of subparagraph 2 of the first paragraph:

"(*c*) could not reasonably foresee that the driver would drive or have the control or care of the vehicle with a blood alcohol concentration level in excess of 80 mg of alcohol in 100 ml of blood; or

"(*d*) could not reasonably foresee that the driver would, without a reasonable excuse, fail to comply with a peace officer's demand under section 254 of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46).";

(2) by adding the following paragraphs after the first paragraph:

"When a vehicle was seized under section 209.1 or 209.2 as well as under section 209.2.1 and the owner was not the driver of the vehicle, the owner may recover the vehicle by showing that the conditions set out in subparagraph *a* or *b* and subparagraph *c* or *d* of subparagraph 2 of the first paragraph are met, according to the applicable situation.

No release may be ordered under subparagraph 1 of the first paragraph if the vehicle is seized under sections 209.2 and 209.2.1."

43. Section 209.14 of the Code is replaced by the following section:

"**209.14.** Sections 209.11 to 209.13 must not be interpreted as preventing the Société from authorizing the recovery of a vehicle by its owner, on payment of the towing and impounding costs incurred by the custodian, provided the owner meets the following conditions:

(1) in the case of a seizure under section 209.1 or 209.2, the owner establishes to the satisfaction of the Société that subparagraph 1 or 2 of the first paragraph of section 209.11 applies;

(2) in the case of a seizure under section 209.2.1

(*a*) while the owner was the driver and

i. the vehicle was seized under subparagraph 1 of the first paragraph of section 209.2.1, the owner obtains the lifting of the licence suspension under section 202.6.6;

ii. the vehicle was seized under subparagraph 2 of the first paragraph of section 209.2.1, the owner establishes by a preponderance of evidence that the owner was driving or had the care or control of the road vehicle without having consumed alcohol in such a quantity as to have a blood alcohol concentration level in excess of 160 mg of alcohol in 100 ml of blood; or

iii. the vehicle was seized under subparagraph 3 of the first paragraph of section 209.2.1, the owner obtains the lifting of the licence suspension under section 202.6.6;

(*b*) while the owner was not the driver and

i. the vehicle was seized under subparagraph 1 or 2 of the first paragraph of section 209.2.1, the owner establishes to the satisfaction of the Société that the owner could not reasonably foresee that the driver would drive or have the care or control of the vehicle with a blood alcohol concentration level in excess of 80 mg of alcohol in 100 ml of blood; or

ii. the vehicle was seized under subparagraph 3 of the first paragraph of section 209.2.1, the owner establishes to the satisfaction of the Société that the owner could not reasonably foresee that the driver would, without a reasonable excuse, fail to comply with a peace officer's demand under section 254 of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46);

(3) in the case of a seizure under section 209.1 or 209.2 and under section 209.2.1, the owner meets the conditions of subparagraphs 1 and 2 of this paragraph.

Sections 202.6.3 to 202.6.5 and 202.6.7 to 202.6.12 apply to any application made under subparagraph 2 of the first paragraph."

44. Section 209.26 of the Code is amended by replacing "or 209.2" by ", 209.2 or 209.2.1".

45. Section 251 of the Code is replaced by the following section:

"**251.** No person may

(1) install a radar warning device, have a radar warning device installed or in any way place a radar warning device in a road vehicle;

(2) place any object or have any object placed on a road vehicle, or apply any material or have any material applied to a road vehicle, that is capable of interfering in any way with the normal operation of a photo radar device or a red light camera system or with the recording of licence plate information by the camera of such a radar device or camera system."

46. Section 252 of the Code is amended

(1) by replacing "radar de vitesse" in the French text of the first paragraph by "cinémomètre";

(2) by replacing "radar" in the French text of the second paragraph by "cinémomètre".

47. Section 253 of the Code is repealed.

48. Section 284 of the Code is amended

(1) by striking out ", 251" in the first paragraph;

(2) by adding the following paragraph at the end:

"Every person who contravenes section 251 is guilty of an offence and is liable to a fine of $500 to $1,000."

49. Section 287.1 of the Code is amended by replacing "$300 to $600" in the first paragraph by "$500 to $1,000".

50. The Code is amended by inserting the following sections after section 312:

"**312.1.** No person may modify or remove all or part of a photo radar device or a red light camera system erected on a public highway without the authorization of the person responsible for the maintenance of the highway.

"**312.2.** No person may damage, or interfere with or prevent the operation of, a photo radar device or a red light camera system erected on a public highway."

51. The Code is amended by inserting the following section after section 315.3:

"**315.4.** Every person who contravenes section 312.1 or 312.2 is guilty of an offence and is liable to a fine of $1,000 to $2,000.

In the case of a person who has already been convicted under this section, the fines prescribed in the first paragraph are doubled.

On the request of the prosecutor, the court may impose an additional fine, determined on the basis of the damage caused."

52. The Code is amended by inserting the following sections after section 328:

"**328.1.** On behalf of the Société, a peace officer shall immediately suspend, for a period of seven days, the licence issued under section 61 to any person who

(1) drives a road vehicle at a speed of 40 km/h or more over the posted speed limit in a zone where the maximum authorized speed limit is 60 km/h or less;

(2) drives a road vehicle at a speed of 50 km/h or more over the posted speed limit in a zone where the maximum authorized speed limit is over 60 km/h but not over 90 km/h; or

(3) drives a road vehicle at a speed of 60 km/h or more over the speed limit in a zone where the maximum authorized speed limit is 100 km/h.

If the person does not hold a licence or holds a licence issued by another administrative authority, the peace officer shall immediately suspend, on behalf of the Société and for a period of seven days, the person's right to obtain a learner's licence, a probationary licence or a driver's licence.

The suspension period is increased to 30 days in the case of a person who was convicted of a speeding offence under this section during the 10 years before the suspension. The suspension period is increased to 60 days in the case of a person who was convicted of more than one speeding offence under subparagraph 1 of the first paragraph during the 10 years before the suspension.

On suspending a licence under this section, the peace officer may, without the owner's permission, or, in the case of a heavy vehicle, without the operator's permission, take possession of and impound the road vehicle at the owner's or operator's expense, if the vehicle is illegally occupying a part of the road.

Sections 195, 202.6.1 and 202.7 apply to a licence suspension under this section.

"**328.2.** In the case of a person who was convicted of one or more speeding offences under subparagraph 1 of the first paragraph of section 328.1 during the 10 years before the suspension and who commits another offence under that subparagraph, the peace officer may, on behalf of the Société and at the owner's expense, seize the vehicle immediately and impound it for 30 days.

"**328.3.** The owner of a seized road vehicle may recover the vehicle with the authorization of a judge of the Court of Québec acting in chambers in civil matters if, not being the driver of the vehicle, the owner could not reasonably foresee that the driver would commit a speeding offence under subparagraph 1 of the first paragraph of section 328.1, or if the owner did not consent to the driver being in possession of the seized vehicle.

The second paragraph of section 209.11 and sections 209.12 to 209.15 apply, with the necessary modifications, to a seizure under this section.

"**328.4.** The owner of a seized road vehicle may recover the vehicle if the owner obtains the lifting of the licence suspension by the Société after

establishing by a preponderance of evidence that the owner was not driving at the speed described in subparagraph 1 of the first paragraph of section 328.1.

The first paragraph of section 202.6.3, sections 202.6.4 and 202.6.5, the last paragraph of section 202.6.6 and sections 202.6.7 and 202.6.9 to 202.6.12 apply, with the necessary modifications, to a seizure under this section."

53. Section 332 of the Code is replaced by the following section:

"**332.** The speed of a road vehicle may be measured by means of a photo radar device approved by the Minister of Transport and the Minister of Public Security and used in the manner they determine.

The image obtained by means of a photo radar device approved and used in accordance with the first paragraph, the speed recorded and indicated on the photograph and the other information displayed on the photograph concerning the vehicle and its licence plate, as well as the place, date and time the image was captured are proof of their accuracy, in the absence of any evidence to the contrary."

54. Section 333 of the Code is amended by replacing "radar warning device within the meaning of section 253" by "radar warning device or on which is placed any object or to which is applied any material capable of interfering in any way with the normal operation of a radar device, or with the recording of licence plate information by the camera of a photo radar device or of a red light camera system."

55. Section 334 of the Code is amended by replacing "radar de vitesse" and "radar" wherever they appear in the French text by "cinémomètre".

56. The Code is amended by inserting the following section after section 334:

"**334.1.** A peace officer is authorized to remove or require the removal, at the expense of the owner of the road vehicle, of any object or material capable of interfering in any way with the normal operation of a radar device, or with the recording of licence plate information by the camera of a photo radar device or of a red light camera system.

The peace officer shall issue a receipt for a seized object to the person in possession of the vehicle and remit the object to the Société."

57. The Code is amended by inserting the following section after section 359.2:

"**359.3.** Stopping at red lights may be verified by means of a camera system designed for that purpose, approved and used in the manner determined by the Minister of Transport and the Minister of Public Security.

The image obtained by means of a red light camera system approved and used in accordance with the first paragraph and the information displayed on the photograph concerning the vehicle and its licence plate, as well as the place, date and time the image was captured are proof of their accuracy, in the absence of any evidence to the contrary.”

58. The Code is amended by inserting the following section after section 439:

“**439.1.** No person may, while driving a road vehicle, use a hand-held device that includes a telephone function.

For the purposes of this section, a driver who is holding a hand-held device that includes a telephone function is presumed to be using the device.

This prohibition does not apply to drivers of emergency vehicles in the performance of their duties.”

59. The Code is amended by inserting the following section after section 440:

“**440.1.** The owner of a taxi or a passenger vehicle registered in Québec may not put the vehicle into operation unless it is equipped with tires specifically designed for winter driving, according to the conditions prescribed by regulation. The prohibition also applies to every person renting out passenger vehicles not equipped with that type of tires.

This section only applies from 15 November to 1 April.”

60. The Code is amended by inserting the following section after section 480:

“**480.1.** No person under 16 years of age may carry a passenger on a moped.”

61. Section 506 of the Code is amended by striking out “439,” in the first paragraph.

62. Section 508 of the Code is amended by inserting “, 439, 439.1” after “401”.

63. The Code is amended by inserting the following section after section 508:

“**508.1.** Every person who contravenes section 480.1 is guilty of an offence and is liable to a fine of $100.”

64. Section 510 of the Code is amended by inserting “440.1,” after “437.2,” in the second line of the first paragraph.

65. The Code is amended by inserting the following section after section 516:

"**516.1.** Every person who

(1) drives a road vehicle at a speed of 40 km/h or more over the posted speed limit in a zone where the maximum authorized speed limit is 60 km/h or less,

(2) drives a road vehicle at a speed of 50 km/h or more over the posted speed limit in a zone where the maximum authorized speed limit is over 60 km/h but not over 90 km/h, or

(3) drives a road vehicle at a speed of 60 km/h or more over the speed limit in a zone where the maximum authorized speed limit is 100 km/h

is liable to double the fine set out in section 516 for the corresponding speeding violation.

A person who was convicted of more than two speeding offences under this section during the 10 years before the conviction is liable to triple the fine set out in section 516 for the corresponding speeding violation."

66. The Code is amended by inserting the following section after section 519.15.2, enacted by section 39 of chapter 39 of the statutes of 2005:

"**519.15.3.** An operator may not allow a heavy vehicle to be driven unless the speed limiter with which the vehicle has been equipped is activated and set at a maximum speed of 105 km/h and is in proper working order.

This section applies only to the heavy vehicles specified by an order of the Minister of Transport published in the *Gazette officielle du Québec*."

67. The Code is amended by inserting the following section after section 519.46:

"**519.46.1.** Every operator who contravenes section 519.15.3 is guilty of an offence and is liable to a fine of $350 to $1,050."

68. Section 550 of the Code is amended by replacing "paragraph 2" in the second line of the first paragraph by "paragraph 2 or 4" and by striking out "187.2," in the third line of that paragraph.

69. Section 552 of the Code is amended by replacing "76" by "76.1.2, 76.1.4".

70. Section 587 of the Code is amended by replacing the second paragraph by the following paragraphs:

"The clerk of a court of justice or a person under the clerk's authority shall also notify the Société of an order of prohibition under any of subsections 1, 2 and 3.1 to 3.4 of section 259 of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46).

If a decision states that the offender's blood alcohol concentration level at the time of an offence under section 180 exceeded 160 mg of alcohol in 100 ml of blood, the notice to the Société must mention it."

71. Section 589 of the Code is amended by inserting ", a blood alcohol concentration level" after "payment".

72. The Code is amended by inserting the following sections after section 592:

"**592.1.** In the case of an offence evidenced by a photograph taken by a photo radar device or a red light camera system, the owner of the road vehicle may be convicted of the offence, despite the second paragraph of section 592, unless the owner proves that the vehicle was in the possession of a third party without the owner's consent at the time of the offence.

The statement of offence and the photograph indicating the place, date and time the photograph was taken and, as applicable, the traffic light involved or the speed recorded, must be sent to the owner within 30 days after the date of the offence at the most recent address entered in the records of the Société or in records held outside Québec by an administrative authority responsible for registering the vehicle. The photograph must show the road vehicle and its licence plate and, if applicable, the traffic light involved, without making it possible to identify the occupants of the vehicle.

If the owner was not driving the vehicle at the time the offence was recorded, the driver and the owner may, within 10 days after service of the statement of offence, send the prosecutor a declaration identifying the driver on the form prescribed by the Minister of Justice signed by both the driver and the owner. The prosecutor may serve a new statement of offence on the driver.

Even if the driver refuses to sign the declaration, the owner may send it to the prosecutor and so notify the driver. The prosecutor may serve a new statement of offence on the driver.

"**592.2.** Despite the first paragraph of section 592.1, the owner of the road vehicle may not be convicted if the driver is convicted of the same offence or an included offence.

"**592.3.** For the purposes of sections 592.1 and 592.2, a person who rents a road vehicle under a short-term rental contract is deemed to be the owner of the vehicle.

This section does not apply if the person that rented out the road vehicle fails to send, within five days after the authorized person requests it, the information concerning the renter that is required for the service of a statement of offence on the renter.

"**592.4.** An offence evidenced by a photograph taken by a photo radar device or a red light camera system does not entail the issue of demerit points unless the driver was intercepted and was served with a statement of offence."

73. The Code is amended by inserting the following section after section 597:

"**597.1.** Section 597 does not apply to penal proceedings for an offence evidenced by a photograph taken by a photo radar device or a red light camera system.

Despite the first paragraph, the Government may make an agreement with a municipality under which the fines collected for an offence evidenced in the territory of the municipality belong to the municipality, provided that the municipality allocates the sums collected to financing new highway safety or road victim assistance measures or programs."

74. Section 619 of the Code is amended

(1) by inserting "issued under section 118" after "restricted licence" in paragraph 1;

(2) by inserting the following paragraph after paragraph 1:

"(1.1) determine the information that may be certified under section 63.2 and the standards and conditions for such certification;";

(3) by replacing "types and classes" in paragraph 3 by "classes and categories";

(4) by striking out ", 90, 91, 91.1, 92" in paragraph 6.4;

(5) by striking out paragraph 9.1;

(6) by replacing "or probationary licence" in paragraph 9.2 by ", a probationary licence, a moped licence or a farm tractor licence,";

(7) by replacing paragraph 9.3 by the following paragraph:

"(9.3) prescribe the number of offences or of demerit points entered in a person's record that entails the suspension of a learner's licence, a probationary licence, a moped licence or a farm tractor licence, or the suspension of the right to obtain such licences;".

75. Section 619.2 of the Code is amended by striking out "issued under section 76" in the portion before paragraph 1.

76. Section 619.3 of the Code is amended by striking out "issued under section 76" in the portion before subparagraph *a* of subparagraph 2 of the first paragraph.

77. Section 621 of the Code is amended by replacing "or section 209.2" in subparagraph 50 of the first paragraph by ", 209.2 or 209.2.1".

78. Section 624 of the Code is amended by replacing "90 days" in subparagraph 21 of the first paragraph by "60 days or more".

79. Section 626 of the Code is amended

(1) by inserting the following paragraph after the second paragraph:

"Any by-law or ordinance under subparagraph 4 of the first paragraph must, within 15 days after it is passed, be sent to the Minister of Transport, accompanied with an information and signage plan. The by-law or ordinance comes into force 90 days after it is passed unless it is the subject of a notice of disallowance published by the Minister in the *Gazette officielle du Québec*.";

(2) by replacing "45" in the fifth line of the third paragraph by "90".

80. Section 627 of the Code is amended by striking out "rate of speed," in the fifth line of the first paragraph.

81. The Code is amended by inserting the following sections after section 633:

"**633.1.** After consultation with the Société, the Minister of Transport may, by order, restrict or prohibit the use on public highways of any model or class of vehicle the Minister specifies until it is proved to be safe. The order of the Minister is published in the *Gazette officielle du Québec* in accordance with the Regulations Act (chapter R-18.1).

On the same conditions, the Minister may, by order, authorize pilot projects to test the use of vehicles or to study, improve or develop traffic rules or standards applicable to safety equipment. The Minister may prescribe rules relating to the use of a vehicle on a public highway as part of a pilot project. The Minister may also, in the context of a pilot project, authorize any person or body to use a vehicle in compliance with standards and rules prescribed by the Minister that are different from those provided in this Code and the regulations.

Pilot projects are conducted for a period of up to three years, which the Minister may extend by up to two years if the Minister considers it necessary. The Minister may modify or terminate a pilot project at any time. The

Minister may also determine the provisions of an order made under this section the violation of which is an offence and determine the minimum and maximum amounts for which the offender is liable, which may not be less than $30 or more than $360.

"**633.2.** If the Minister considers that it is in the interest of the public and is not likely to compromise highway safety, the Minister may, by order and after consultation with the Société, suspend the application of a provision of this Code or the regulations for the period specified by the Minister. The Minister may prescribe any rule, applicable when using the exemption, that ensures an equivalent level of safety in the Minister's opinion. The publication requirement set out in section 8 of the Regulations Act (chapter R-18.1) does not apply to such an order."

82. The Code is amended by inserting the following section after section 634.2:

"**634.3.** Photo radar devices and red light camera systems may only be used subject to the conditions and procedures and at the places determined by the Minister of Transport and the Minister of Public Security.

In determining where photo radar devices and red light camera systems are to be installed, the Minister of Transport and the Minister of Public Security may consider requests submitted by municipalities.

The places where photo radar devices and red light camera systems may be used must be announced by means of traffic signs or signals determined in accordance with section 289.

Any order made under the first paragraph is published in the *Gazette officielle du Québec*."

83. Section 648 of the Code is amended by inserting the following paragraphs after paragraph 1.1:

"(1.2) the fines collected under section 315.4;

"(1.3) the fines collected under sections 509, 516 and 516.1 when the offence was evidenced by a photograph taken by a photo radar device or a red light camera system;".

AUTOMOBILE INSURANCE ACT

84. Section 151 of the Automobile Insurance Act (R.S.Q., chapter A-25) is amended

(1) by striking out "issued under section 76 of the Highway Safety Code (chapter C-24.2)" in the portion before paragraph 1;

(2) by striking out "or suspensions" in paragraph 5 and by inserting "suspensions" after "licence or" in that paragraph.

85. Section 151.2 of the Act is amended by striking out "issued under section 76 of the Highway Safety Code (chapter C-24.2)" in subparagraph 1 of the first paragraph.

86. Section 151.3 of the Act is amended by striking out "issued under section 76 of the Highway Safety Code (chapter C-24.2)" in paragraph 1.

ACT RESPECTING THE MINISTÈRE DES TRANSPORTS

87. Section 12.30 of the Act respecting the Ministère des Transports (R.S.Q., chapter M-28) is amended by inserting the following paragraph after paragraph 1:

"(1.1) the "highway safety fund", exclusively to finance highway safety measures or highway safety and road victim assistance programs;".

88. The Act is amended by inserting the following after section 12.39:

"§1.1. — *Highway safety fund*

"**12.39.1.** The fund is made up of the following, exclusive of the interest earned:

(1) fines referred to in paragraphs 1.2 and 1.3 of section 648 of the Highway Safety Code (chapter C-24.2), except fines belonging to a municipality in accordance with an agreement under the second paragraph of section 597.1 of that Code;

(2) sums paid by the Minister of Transport out of the appropriations granted for that purpose by Parliament;

(3) sums paid by the Minister of Finance under the first paragraph of section 12.34 and section 12.35;

(4) gifts, legacies and other contributions paid into the fund to further the achievement of the objects of the fund.

"**12.39.2.** Sections 12.31 and 12.33 to 12.39 apply to the fund.

The Minister of Transport shall establish an advisory committee composed of five members of the Table québécoise de la sécurité routière chosen from among the members designated by the chair. The mandate of the committee is to advise the Minister annually on the use of the sums making up the fund."

ACT RESPECTING THE SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

89. Section 2 of the Act respecting the Société de l'assurance automobile du Québec (R.S.Q., chapter S-11.011) is amended by inserting ", automobile advertising" after "vehicle safety standards" in paragraph *c* of subsection 1.

90. Section 12 of the Act is amended by replacing the first paragraph by the following paragraphs:

"**12.** The Société shall appoint vice-presidents who shall hold office on a full-time basis under the authority of the president and chief executive officer.

The other members of the personnel of the Société shall be appointed under the Public Service Act (chapter F-3.1.1)."

91. Section 16 of the Act is amended by replacing "and officers" by ", the vice-presidents and the members of the personnel".

REGULATION RESPECTING DEMERIT POINTS

92. Sections 4 and 5 of the Regulation respecting demerit points, enacted by Order in Council 1003-2001 (2001, G.O. 2, 4894), are replaced by the following sections:

"**4.** The notice provided for in section 114 of the Highway Safety Code is sent in the following cases:

(1) when 4 or more demerit points have been entered in the record of a person under 23 years of age;

(2) when 6 or more demerit points have been entered in the record of a person 23 or 24 years of age;

(3) when 7 or more demerit points have been entered in the record of a person 25 years of age or over.

"**5.** For the purposes of section 185 of the Highway Safety Code, the number of demerit points is set at

(1) 8 for a person under 23 years of age;

(2) 12 for a person 23 or 24 years of age;

(3) 15 for a person 25 years of age or over.

"**5.1.** For the purposes of section 191.2 of the Highway Safety Code, the number of demerit points is set at 4."

93. Section 6 of the Regulation is replaced by the following section:

"**6.** The provisions of Division IV of Chapter II of Title II of the Highway Safety Code, except section 114, apply to the holder of a learner's licence, probationary licence, moped licence or farm tractor licence."

94. The Schedule to the Regulation is amended

(1) by inserting the following elements after element 6:

"6.1. Driving 40 km/h or more over the speed limit in a zone where the maximum authorized speed is 60 km/h or less	299, 303.2, 328 or 329	516.1, par. 1	
Exceeding the speed limit by:			
40 to 45 km/h			6
46 to 60 km/h			10
61 to 80 km/h			14
81 to 100 km/h			18
more than 100 km/h			24 + 6 points for each additional 20 km/h in excess of 100 km/h over the speed limit
"6.2. Driving 50 km/h or more over the speed limit in a zone where the maximum authorized speed is over 60 km/h but not over 90 km/h	299, 303.2, 328 or 329	516.1, par. 2	
Exceeding the speed limit by:			
50 to 60 km/h			10
61 to 80 km/h			14
81 to 100 km/h			18
more than 100 km/h			24 + 6 points for each additional 20 km/h in excess of 100 km/h over the speed limit

"6.3. Driving 60 km/h or more over the speed limit in a zone where the maximum authorized speed is 100 km/h	299, 303.2, 328 or 329	516.1, par. 3	

Exceeding the speed limit by:

60 km/h	10
61 to 80 km/h	14
81 to 100 km/h	18
more than 100 km/h	24 + 6 points for each additional 20 km/h in excess of 100 km/h over the speed limit

";

(2) by inserting the following element after element 26:

"26.1. Driving while using a hand-held device that includes a telephone function	439.1	508	3

".

TRANSITIONAL AND FINAL PROVISIONS

95. Section 66 of the Highway Safety Code, as it read before being amended by section 10, continues to apply to a person who holds a probationary licence on (*insert the date of the day before the coming into force of section 10*).

96. Sections 76 and 76.1 of the Highway Safety Code, as they read before being replaced by section 12, continue to apply to the issue of a permit after a cancellation or suspension following a conviction for an offence referred to in section 180 of the Code committed before (*insert the date of the day before the coming into force of section 12*).

97. An applicant for a first licence to drive a passenger vehicle other than a moped or a motorcycle is exempted from the requirement to successfully complete a practical driving course provided the applicant

(1) held a learner's licence authorizing the operation of a passenger vehicle other than a moped or a motorcycle on (*insert the date of the day before the coming into force of section 11*); and

(2) held such a learner's licence for 12 months.

98. The driver's licence of a person who, on (*insert the date of coming into force of section 95*), is under 23 years of age and has accumulated between 8 and 14 demerit points is not cancelled. However, any entry of demerit points in the person's record after that date that brings the total to or over 8 or 12 demerit points, depending on whether the person is under 23 years of age or is 23 or 24 years of age when the demerit points are entered in the record, entails the cancellation of the person's licence or, if the person does not hold a licence when the demerit points are entered, the suspension of the person's right to obtain such a licence.

The driver's licence of a person who, on (*insert the date of coming into force of section 95*), is 23 or 24 years of age and has accumulated between 12 and 14 demerit points is not cancelled. However, any entry of demerit points in the person's record after that date that brings the total to or over 12 or 15 demerit points, depending on whether the person is 23 or 24 years of age or is 25 years of age or over when the demerit points are entered in the record, entails the cancellation of the person's licence or, if the person does not hold a licence when the demerit points are entered, the suspension of the person's right to obtain such a licence.

99. The driver's licence of a person who, on (*insert the date of coming into force of section 95*), is 25 years of age or over, has held a moped or farm tractor licence for less than 5 years and has accumulated between 4 and 14 demerit points is not cancelled. However, any entry of demerit points in the person's record after that date that brings the total to or over 4 or 15 demerit points, depending on whether the person has held the licence for less than 5 years or for 5 years or more when the demerit points are entered, entails the cancellation of the person's licence or, if the person does not hold a licence when the demerit points are entered, the suspension of the person's right to obtain such a licence.

100. Sanctions incurred under section 191.2 of the Highway Safety Code before (*insert the date of coming into force of section 28*) must not be taken into account when imposing a sanction under section 185 of the Code on or after (*insert the date of coming into force of section 28*).

101. Sanctions incurred under section 191.2 of the Highway Safety Code before (*insert the date of coming into force of section 31*) must not be taken into account when imposing a sanction under section 191.2 of the Code on or after (*insert the date of coming into force of section 31*).

102. For the purposes of section 439.1 of the Highway Safety Code, enacted by section 58, the Minister of Transport shall determine a three-month period, beginning on the date of coming into force of that section, during which offenders are to be issued a warning instead of a statement of offence.

103. The Minister of Transport shall determine a three-month trial period for photo radar devices and red light camera systems. During that period, offenders are to be issued a warning instead of a statement of offence.

104. The vice-presidents appointed with the approval of the board of directors of the Société de l'assurance automobile du Québec after 13 December 2006 are deemed to have been appointed in accordance with section 12 of the Act respecting the Société de l'assurance automobile du Québec, as amended by section 90.

105. Not later than (*insert the date occurring one year after the date of coming into force of this section*), the Minister of Transport must report to the Government on the use of photo radar devices and red light camera systems.

The report is tabled by the Minister in the National Assembly within the next 30 days or, if the Assembly is not sitting, within 30 days of resumption. The report is examined by the competent committee of the National Assembly.

For the purposes of section 634.3 of the Highway Safety Code, enacted by section 82, the Minister of Transport and the Minister of Public Security are to determine not more than 15 places where photo radar devices and red light camera systems may be used during the period before the committee of the National Assembly makes its report.

106. The provisions of this Act come into force on the date or dates to be set by the Government, except

(1) sections 3, 4, 5, 79, 80, 81, 90, 91 and 104, which come into force on 21 December 2007; and

(2) sections 2, 58, 61, 62, 65, 89, 94 and 102, which come into force on 1 April 2008.

However, the provisions of section 45 that relate to paragraph 2 of section 251 of the Highway Safety Code, sections 50, 51 and 53, the provisions of section 54 that relate to photo radar devices and red light camera systems, and sections 56, 57, 72, 73, 82 and 83 cease to have effect on the date or dates to be set by the Government, which may not be earlier than (*insert the date occurring 18 months after the date of coming into force of section 105*).

Regulations and other acts

M.O., 2008-01

Order number V-1.1-2008-01 of the Minister of Finance dated 22 January 2008

Securities Act
(R.S.Q., c. V-1.1; 2007, c. 15)

CONCERNING Regulation 61-101 respecting protection of minority security holders in special transactions and Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions

WHEREAS subparagraphs 1, 3, 4, 5, 11, 21, 24 and 34 of section 331.1 of the Securities Act (R.S.Q., c. V-1.1), amended by section 15 of chapter 15 of the statutes of 2007, stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the Regulation Q-27 respecting protection of minority security holders in the course of certain transactions has been made by the Authority on June 12, 2001 pursuant to decision No. 2001-C-0257;

WHEREAS there is cause to repeal this regulation;

WHEREAS the draft Regulation 61-101 respecting protection of minority security holders in special transactions and the draft Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions were published in the Supplément au Bulletin sur les valeurs mobilières de l'Autorité des marchés financiers, volume 3, No. 34 of August 25, 2006;

WHEREAS the Authority made, on January 17 2008, by the decision No. 2008-PDG-0004, Regulation 61-101 respecting protection of minority security holders in special transactions and, by the decision No. 2008-PDG-0005, Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment Regulation 61-101 respecting protection of minority security holders in special transactions and Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions appended hereto.

January 22, 2008

MONIQUE JÉRÔME-FORGET,
Minister of Finance

Regulation 61-101 respecting protection of minority security holders in special transactions

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (3), (4), (5), (11), (21), (24) and (34); 2007, c. 15)

PART 1 DEFINITIONS AND INTERPRETATION

1.1. Definitions

In this Regulation

"affected security" means

(a) for a business combination of an issuer, an equity security of the issuer in which the interest of a security holder would be terminated as a consequence of the transaction, and

(b) for a related party transaction of an issuer, an equity security of the issuer;

"affiliated entity": a person is considered to be an affiliated entity of another person if one is the subsidiary entity of the other or if both are subsidiary entities of the same person,

"arm's length" has the meaning ascribed to that term in section 251 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Supp.)), or any successor to that legislation, and, in addition to that meaning, a person is deemed not to deal at arm's length with a related party of that person;

"associated entity", when used to indicate a relationship with a person, means

(a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person,

(c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or in a similar capacity,

(d) a relative of that person, including

(i) the spouse, or

(ii) a relative of the person's spouse

if the relative has the same home as that person;

"beneficially owns" includes direct or indirect beneficial ownership of a security holder;

"bid" means a take-over bid or an issuer bid to which Part 2 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids approved by Ministerial Order No. 2008-02 dated January 22, 2008 applies, and in Ontario, a formal take-over bid or formal issuer bid as defined in section 89(1) of the Securities Act (R.S.O., c. S.5);

"bona fide lender" means a person that

(a) is an issuer insider of an issuer solely through the holding of, or the exercise of control or direction over, securities used as collateral for a debt under a written agreement entered into by the person as a lender, assignee, transferee or participant,

(b) is not yet legally entitled to dispose of the securities for the purpose of applying proceeds of realization in repayment of the secured debt, and

(c) was not a related party of the issuer at the time the agreement referred to in paragraph (a) was entered into;

"business combination" means, for an issuer, an amalgamation, arrangement, consolidation, amendment to the terms of a class of equity securities or any other transaction of the issuer, as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security, but does not include

(a) an acquisition of an equity security of the issuer under a statutory right of compulsory acquisition or, if the issuer is not a corporation, under provisions substantially equivalent to those comprising section 206 of the Canada Business Corporations Act, R.S.C. 1985 c. C-44,

(b) a consolidation of securities that does not have the effect of terminating the interests of holders of equity securities of the issuer in those securities without their consent, through the elimination of post-consolidated fractional interests or otherwise, except to an extent that is nominal in the circumstances,

(c) a termination of a holder's interest in a security, under the terms attached to the security, for the purpose of enforcing an ownership or voting constraint that is necessary to enable the issuer to comply with legislation, lawfully engage in a particular activity or have a specified level of Canadian ownership,

(d) a downstream transaction for the issuer, or

(e) a transaction in which no person that is a related party of the issuer at the time the transaction is agreed to

(i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(ii) is a party to any connected transaction to the transaction, or

(iii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) consideration per equity security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general

body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities;

"class", any class of securities, including a series of a class;

"collateral benefit", for a transaction of an issuer or for a bid for securities of an issuer, means any benefit that a related party of the issuer is entitled to receive, directly or indirectly, as a consequence of the transaction or bid, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the issuer or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by the issuer, another party to the transaction or the offeror in the bid, but does not include

(a) a payment or distribution per equity security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(b) an enhancement of employee benefits resulting from participation by the related party in a group plan, other than an incentive plan, for employees of a successor to the business of the issuer, if the benefits provided by the group plan are generally provided to employees of the successor to the business of the issuer who hold positions of a similar nature to the position held by the related party, or

(c) a benefit, not described in paragraph (b), that is received solely in connection with the related party's services as an employee, director or consultant of the issuer, of an affiliated entity of the issuer or of a successor to the business of the issuer, if

(i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction or bid,

(ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction or bid in any manner,

(iii) full particulars of the benefit are disclosed in the disclosure document for the transaction, or in the directors' circular in the case of a take-over bid, and

(iv) (A) at the time the transaction is agreed to or the bid is publicly announced, the related party and its associated entities beneficially own or exercise control or direction over less than one per cent of the outstanding securities of each class of equity securities of the issuer, or

(B) if the transaction is a business combination for the issuer or a bid for securities of the issuer,

(I) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction or bid, in exchange for the equity securities beneficially owned by the related party,

(II) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than five per cent of the value referred to in subclause (I), and

(III) the independent committee's determination is disclosed in the disclosure document for the transaction, or in the directors' circular in the case of a take-over bid;

"connected transactions" means two or more transactions that have at least one party in common, directly or indirectly, other than transactions related solely to services as an employee, director or consultant, and

(a) are negotiated or completed at approximately the same time, or

(b) the completion of at least one of the transactions is conditional on the completion of each of the other transactions;

"consultant" means, for an issuer, a person, other than an employee or senior officer of the issuer or of an affiliated entity of the issuer, that

(a) is engaged to provide services to the issuer or an affiliated entity of the issuer, other than services provided in relation to a distribution,

(b) provides the services under a written contract with the issuer or an affiliated entity of the issuer, and

(c) spends or will spend a significant amount of time and attention of the affairs and business of the issuer or an affiliated entity or the issuer

and includes, for an individual consultant a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

"convertible" means convertible into, exchangeable for, or carrying the right or obligation to purchase or otherwise acquire or cause the purchase or acquisition of, another security;

"director", for an issuer that is a limited partnership, includes a director of the general partner of the issuer, except for the purposes of the interpretation of "control";

"disclosure document" means

(a) for a take-over bid including an insider bid, a take-over bid circular sent to holders of offeree securities,

(b) for an issuer bid, an issuer bid circular sent to holders of offeree securities, and

(c) for a business combination or a related party transaction,

(i) an information circular sent to holders of affected securities,

(ii) if no information circular is required, another document sent to holders of affected securities in connection with a meeting of holders of affected securities, or

(iii) if no information circular or other document referred to in subparagraph (ii) is required, a material change report filed for the transaction;

"downstream transaction" means, for an issuer, a transaction between the issuer and a related party of the issuer if, at the time the transaction is agreed to

(a) the issuer is a control person of the related party, and

(b) to the knowledge of the issuer after reasonable inquiry, no related party of the issuer, other than a wholly-owned subsidiary entity of the issuer, beneficially owns or exercises control or direction over, other than through its interest in the issuer, more than five per cent of any class of voting or equity securities of the related party that is a party to the transaction;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets;

"fair market value" means, except as provided in paragraph 6.4(2)(d), the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act;

"formal valuation" means a valuation prepared in accordance with Part 6;

"freely tradeable" means, for securities, that

(a) the securities are transferable,

(b) the securities are not subject to any escrow requirements,

(c) the securities do not form part of the holdings of any control person,

(d) the securities are not subject to any cease trade order imposed by a securities regulatory authority,

(e) all hold periods imposed by securities legislation before the securities can be traded without a prospectus or in reliance on a prospectus exemption have expired, and

(f) any period of time imposed by securities legislation for which the issuer has to have been a reporting issuer in a jurisdiction before the securities can be traded without a prospectus or in reliance on a prospectus exemption has passed;

"incentive plan" means a group plan that provides for stock options or other equity incentives, profit sharing, bonuses, or other performance-based payments;

"independent committee" means, for an issuer, a committee consisting exclusively of one or more independent directors of the issuer;

"independent director" means, for an issuer in respect of a transaction or bid, a director who is independent as determined in section 7.1;

"independent valuator" means, for a transaction or bid, a valuator that is independent of all interested parties in the transaction, as determined in section 6.1;

"insider bid" means a take-over bid made by

(a) an issuer insider of the offeree issuer,

(b) an associated or affiliated entity of an issuer insider of the offeree issuer,

(c) an associated or affiliated entity of the offeree issuer,

(d) a person described in paragraph (a), (b) or (c) at any time within 12 months preceding the commencement of the bid, or

(e) a joint actor with a person referred to in paragraph (a), (b), (c) or (d);

"interested party" means

(a) for a take-over bid including an insider bid, the offeror or a joint actor with the offeror,

(b) for an issuer bid

(i) the issuer, and

(ii) any control person of the issuer, or any person that would reasonably be expected to be a control person of the issuer upon successful completion of the issuer bid,

(c) for a business combination, a related party of the issuer at the time the transaction is agreed to, if the related party

(i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(ii) is a party to any connected transaction to the business combination, or

(iii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) consideration per affected security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities, and

(d) for a related party transaction, a related party of the issuer at the time the transaction is agreed to, if the related party

(i) is a party to the transaction, unless it is a party only in its capacity as a holder of affected securities and is treated identically to the general body of holders in Canada of securities of the same class on a per security basis, or

(ii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) a collateral benefit, or

(B) a payment or distribution made to one or more holders of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless the amount of that payment or distribution is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities;

"issuer bid" has the meaning ascribed to that term in section 1.1 of Regulation 62104 respecting Take-Over Bids and Issuer Bids, and in Ontario, section 89(1) of the Securities Act;

"issuer insider" means, for an issuer

(a) a director or senior officer of the issuer,

(b) a director or senior officer of a person that is itself an issuer insider or subsidiary entity of the issuer, or

(c) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of the issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities;

"joint actors", when used to describe the relationship among two or more persons, means persons "acting jointly or in concert" as determined in accordance with section 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, section 91 of the Securities Act, with necessary modifications where the term is used in the context of a transaction that is not a take-over bid or issuer bid, but a security holder is not considered to be a joint actor with an offeror making a bid, or with a person involved in a business combination or related party transaction, solely because there is an

agreement, commitment or understanding that the security holder will tender to the bid or vote in favour of the transaction;

"liquid market" means a market that meets the criteria specified in section 1.2;

"market capitalization" of an issuer means, for a transaction, the aggregate market price of all outstanding securities of all classes of equity securities of the issuer, the market price of the outstanding securities of a class being

(a) in the case of equity securities of a class for which there is a published market, the product of

(i) the number of securities of the class outstanding as of the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no securities of the class were outstanding on that day, on the first business day after that day that securities of the class became outstanding, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities at the time referred to in subparagraph (i), on the published market on which the class of securities is principally traded, as determined in accordance with subsections 1.11 (1), (2) and (3) of Regulation 62104 respecting Take-Over Bids and Issuer Bids, and in Ontario, subsections 1.3 (1), (2) and (3) of Ontario Securities Commission Rule 62-504 Take-Over Bids and Issuer Bids *(indicate the reference of the Rule)*,

(b) in the case of equity securities of a class for which there is no published market but that are currently convertible into a class of equity securities for which there is a published market, the product of

(i) the number of equity securities into which the convertible securities were convertible as of the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no convertible securities were outstanding or convertible on that day, on the first business day after that day that the convertible securities became outstanding or convertible, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities into which the convertible securities were convertible, at the time referred to in subparagraph (i), on the published market on which the class of securities is principally traded, as determined in accordance with subsections 1.11 (1), (2) and (3) of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, subsections 1.3 (1), (2) and (3) of Rule 62504 Take-Over Bids and Issuer Bids, and

(c) in the case of equity securities of a class not referred to in paragraph (a) or (b), the amount determined by the issuer's board of directors in good faith to represent the fair market value of the outstanding securities of that class;

"minority approval" means, for a business combination or related party transaction of an issuer, approval of the proposed transaction by a majority of the votes as specified in Part 8, cast by holders of each class of affected securities at a meeting of security holders of that class called to consider the transaction;

"offeree issuer" has the meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, section 89(1) of the Securities Act;

"offeree security" means a security that is subject to a take-over bid or issuer bid;

"offeror" has the meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, section 89(1) of the Securities Act;

"person" in Ontario, includes

(a) an individual,

(b) a corporation,

(c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"prior valuation" means a valuation or appraisal of an issuer or its securities or material assets, whether or not prepared by an independent valuator, that, if disclosed, would reasonably be expected to affect the decision of a security holder to vote for or against a transaction, or to retain or dispose of affected securities or offeree securities, other than

(a) a report of a valuation or appraisal prepared by a person other than the issuer, if

(i) the report was not solicited by the issuer, and

(ii) the person preparing the report did so without knowledge of any material information concerning the issuer, its securities or any of its material assets, that had not been generally disclosed at the time the report was prepared,

(b) an internal valuation or appraisal prepared for the issuer in the ordinary course of business that has not been made available to, and has been prepared without the participation of

(i) the board of directors of the issuer, or

(ii) any director or senior officer of an interested party, except a senior officer of the issuer in the case of an issuer bid,

(c) a report of a market analyst or financial analyst that

(i) has been prepared by or for and at the expense of a person other than the issuer, an interested party, or an associated or affiliated entity of the issuer or an interested party, and

(ii) is either generally available to clients of the analyst or of the analyst's employer or of an associated or affiliated entity of the analyst's employer or, if not, is not based, so far as the person required to disclose a prior valuation is aware, on any material information concerning the issuer, its securities or any of its material assets, that had not been generally disclosed at the time the report was prepared,

(d) a valuation or appraisal prepared by a person or a person retained by that person, for the purpose of assisting the person in determining the price at which to propose a transaction that resulted in the person becoming an issuer insider, if the valuation or appraisal is not made available to any of the independent directors of the issuer, or

(e) a valuation or appraisal prepared by an interested party or a person retained by the interested party, for the purpose of assisting the interested party in determining the price at which to propose a transaction that, if pursued, would be an insider bid, business combination or related party transaction, if the valuation or appraisal is not made available to any of the independent directors of the issuer;

"published market" means, with respect to any class of securities, a market in Canada or outside of Canada on which the securities are traded, if the prices at which they have been traded on that market are regularly

(a) disseminated electronically, or

(b) published in a newspaper or business or financial publication of general and regular paid circulation;

"related party" of an entity means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be

(a) a control person of the entity,

(b) a person of which a person referred to in paragraph (a) is a control person,

(c) a person of which the entity is a control person,

(d) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of the entity carrying more than 10% of the voting rights attached to all the entity's outstanding voting securities;

(e) a director or senior officer of

(i) the entity, or

(ii) a person described in any other paragraph of this definition,

(f) a person that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person and the entity, including the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,

(g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of equity securities, or

(h) an affiliated entity of any person described in any other paragraph of this definition;

"related party transaction" means, for an issuer, a transaction between the issuer and a person that is a related party of the issuer at the time the transaction is agreed to, whether or not there are also other parties to

the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, the issuer directly or indirectly

(a) purchases or acquires an asset from the related party for valuable consideration,

(b) purchases or acquires, as a joint actor with the related party, an asset from a third party if the proportion of the asset acquired by the issuer is less than the proportion of the consideration paid by the issuer,

(c) sells, transfers or disposes of an asset to the related party,

(d) sells, transfers or disposes of, as a joint actor with the related party, an asset to a third party if the proportion of the consideration received by the issuer is less than the proportion of the asset sold, transferred or disposed of by the issuer,

(e) leases property to or from the related party,

(f) acquires the related party, or combines with the related party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(g) issues a security to the related party or subscribes for a security of the related party,

(h) amends the terms of a security of the issuer if the security is beneficially owned, or is one over which control or direction is exercised, by the related party, or agrees to the amendment of the terms of a security of the related party if the security is beneficially owned by the issuer or is one over which the issuer exercises control or direction,

(i) assumes or otherwise becomes subject to a liability of the related party,

(j) borrows money from or lends money to the related party, or enters into a credit facility with the related party,

(k) releases, cancels or forgives a debt or liability owed by the related party,

(l) materially amends the terms of an outstanding debt or liability owed by or to the related party, or the terms of an outstanding credit facility with the related party, or

(m) provides a guarantee or collateral security for a debt or liability of the related party, or materially amends the terms of the guarantee or security;

"senior officer" means the chair or a vice-chair of the board of directors, a president, a vice-president, the secretary, the treasurer or the general manager of an issuer or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office, and for an issuer that is a limited partnership, includes a senior officer of the general partner of the issuer;

"subsidiary entity" means a person that is controlled directly or indirectly by another person and includes a subsidiary of that subsidiary;

"take-over bid" has the meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, section 89(1) of the Securities Act; and

"wholly-owned subsidiary entity": a person is considered to be a wholly-owned subsidiary entity of an issuer if the issuer owns, directly or indirectly, all the voting and equity securities and securities convertible into voting and equity securities of the person.

1.2. Liquid Market

(1) For the purposes of this Regulation, a liquid market in a class of securities of an issuer in respect of a transaction exists at a particular time only if

(a) there is a published market for the class of securities,

(i) during the period of 12 months before the date the transaction is agreed to in the case of a business combination, or 12 months before the date the transaction is publicly announced in the case of an insider bid or issuer bid

(A) the number of outstanding securities of the class was at all times at least 5,000,000, excluding securities beneficially owned, or over which control or direction was exercised, by related parties and securities that were not freely tradeable,

(B) the aggregate trading volume of the class of securities on the published market on which the class was principally traded was at least 1,000,000 securities,

(C) there were at least 1,000 trades in securities of the class on the published market on which the class was principally traded, and

(D) the aggregate value of the trades in securities of the class on the published market on which the class was principally traded was at least $15,000,000, and

(ii) the market value of the class of securities on the published market on which the class was principally traded, as determined in accordance with subsection (2), was at least $75,000,000 for the calendar month preceding the calendar month

(A) in which the transaction is agreed to, in the case of a business combination, or

(B) in which the transaction is publicly announced, in the case of an insider bid or issuer bid; or

(b) if the test set out in paragraph (a) is not met and there is a published market for the class of securities,

(i) a person that is qualified and independent of all interested parties to the transaction, as determined on the same basis applicable to a valuator preparing a formal valuation under section 6.1, provides an opinion to the issuer that there is a liquid market in the class at the date the transaction is agreed to in the case of a business combination, or at the date the transaction is publicly announced in the case of an insider bid or issuer bid,

(ii) the opinion is included in the disclosure document for the transaction, and

(iii) the disclosure document for the transaction includes the same disclosure regarding the person providing the opinion as is required for a valuator under section 6.2.

(2) For the purpose of determining whether an issuer satisfies the market value requirement of subparagraph (1)(a)(ii), the market value of a class of securities for a calendar month is calculated by multiplying

(a) the number of securities of the class outstanding as of the close of business on the last business day of the calendar month, excluding securities beneficially owned, or over which control or direction was exercised, by related parties of the issuer and securities that were not freely tradeable, by

(b) the arithmetic average of the closing prices of the securities of that class on the published market on which that class was principally traded for each of the trading days during the calendar month, if the published market provides a closing price for the securities, or

(c) the arithmetic average of the simple averages of the highest and lowest prices of the securities of that class on the published market on which that class was principally traded for each of the trading days for which the securities traded during the calendar month, if the published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day.

1.3. Transactions by Wholly-Owned Subsidiary Entity

For the purposes of this Regulation, a transaction of a wholly-owned subsidiary entity of an issuer is deemed to be also a transaction of the issuer, and, for greater certainty, a bid made by a wholly-owned subsidiary entity of an issuer for securities of the issuer is deemed to be also an issuer bid made by the issuer.

1.4 Transactions by Underlying Operating Entity of Income Trust

For the purposes of this Regulation, a transaction of an underlying operating entity of an income trust within the meaning of Policy Statement 41-201 respecting Income Trusts and Other Indirect Offerings, made under decision no. 2007-PDG-0211 dated November 30, 2007, is deemed to be a transaction of the income trust, and a related party of the underlying operating entity is deemed to be a related party of the income trust.

1.5. Redeemable Securities as Consideration in Business Combination

For the purposes of this Regulation, if all or part of the consideration that holders of affected securities receive in a business combination consists of securities that are redeemed for cash within seven days of their issuance, the cash proceeds of the redemption, rather than the redeemed securities, are deemed to be consideration that the holders of the affected securities receive in the business combination.

1.6. Beneficial Ownership

(1) Despite any other provision in securities legislation, for the purposes of this Regulation,

(a) a person is deemed to own beneficially securities beneficially owned by a person it controls or by an affiliated entity of the controlled person if the affiliated entity is a subsidiary entity of the controlled person,

(b) a person is deemed to own beneficially securities beneficially owned by its affiliated entity if the affiliated entity is a subsidiary entity of the person.

(2) For the purposes of the definitions of collateral benefit, control person, downstream transaction and related party, in determining beneficial ownership, the following provisions apply:

(a) in Ontario, section 90 of the Securities Act;

(b) in Québec, section 1.8 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids.

(3) In Québec, for the purposes of this Regulation, a person that beneficially owns securities means a person that owns the securities or that holds securities registered under the name of an intermediary acting as nominee, including a trustee or agent.

1.7. Control

For the purposes of the definition of "subsidiary entity", a person controls a second person if

(a) the person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the person to elect a majority of the directors of the second person, unless the person beneficially owns or exercises control or direction over voting securities only to secure an obligation,

(b) the second person is a partnership, the person beneficially owns or exercises control or direction over more than 50 per cent of the interests in the partnership, or

(c) the second person is a limited partnership, the person is the general partner of the limited partnership or the control person of the general partner.

1.8. Entity

For the purposes of the definition of "related party", an entity has the meaning ascribed to the term "person" in section 1.1, other than an individual.

PART 2 INSIDER BIDS

2.1. Application

(1) This Part applies to a bid that is an insider bid.

(2) This Part does not apply to an insider bid in respect of which the offeror complies with National Instrument 71-101, The Multijurisdictional Disclosure System adopted pursuant to decision no. 2001-C-0248 dated June 12, 2001, unless persons whose last address as shown on the books of the offeree issuer is in Canada, as determined in accordance with subsections 12.1(2) to (4) of that instrument, hold 20 per cent or more of the class of securities that is the subject of the bid.

2.2. Disclosure

(1) The offeror shall disclose in the disclosure document for an insider bid

(a) the background to the insider bid,

(b) in accordance with section 6.8, every prior valuation in respect of the offeree issuer that has been made in the 24 months before the date of the insider bid, and the existence of which is known, after reasonable inquiry, to the offeror or any director or senior officer of the offeror,

(c) the formal valuation exemption, if any, on which the offeror is relying under section 2.4 and the facts supporting that reliance, and

(d) the disclosure required by Form 62-104F2 of Regulation 62104 respecting Take-Over Bids and Issuer Bids, and in Ontario, Form 62-504F2 of Rule 62-504 Take-Over Bids and Issuer Bids, to the extent applicable and with necessary modifications.

(2) The board of directors of the offeree issuer shall include in the directors' circular for an insider bid

(a) disclosure, in accordance with section 6.8, of every prior valuation in respect of the offeree issuer not disclosed in the disclosure document for the insider bid

(i) that has been made in the 24 months before the date of the insider bid, and

(ii) the existence of which is known, after reasonable inquiry, to the offeree issuer or to any director or senior officer of the offeree issuer,

(b) a description of the background to the insider bid to the extent the background has not been disclosed in the disclosure document for the insider bid,

(c) disclosure of any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the insider bid, which offer was received by the issuer during the 24 months before the insider bid was publicly announced, and a description of the offer and the background to the offer, and

(d) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the offeree issuer for the insider bid, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.

2.3. Formal Valuation

(1) The offeror in an insider bid shall

(a) obtain, at its own expense, a formal valuation,

(b) provide the disclosure required by section 6.2,

(c) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the insider bid, unless the formal valuation is included in its entirety in the disclosure document, and

(d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) An independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to

(a) determine who the valuator will be,

(b) supervise the preparation of the formal valuation, and

(c) use its best efforts to ensure that the formal valuation is completed and provided to the offeror in a timely manner.

2.4. Exemptions from Formal Valuation Requirement

(1) Section 2.3 does not apply to an offeror in connection with an insider bid in any of the following circumstances:

(a) neither the offeror nor any joint actor with the offeror has, or has had within the preceding 12 months, any board or management representation in respect of the offeree issuer, or has knowledge of any material information concerning the offeree issuer or its securities that has not been generally disclosed,

(b) all of the following conditions are satisfied:

(i) the consideration per security under the insider bid is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling security holders of the offeree issuer in arm's length negotiations in connection with

(A) the making of the insider bid,

(B) one or more other transactions agreed to within 12 months before the date of the first public announcement of the insider bid, or

(C) a combination of transactions referred to in clauses (A) and (B),

(ii) at least one of the selling security holders party to an agreement referred to in clause (i)(A) or (B) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell

(A) at least five per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned 80 per cent or more of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), or

(B) at least 10 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned less than 80 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2),

(iii) one or more of the selling security holders party to any of the transactions referred to in subparagraph (i) beneficially own or exercise control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (3), beneficially owned, or over which control or direction was exercised, by persons other than the person, and joint actors with the person, that entered into the agreements with the selling security holders,

(iv) the offeror reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in subparagraph (i)

(A) each selling security holder party to the agreement had full knowledge and access to information concerning the offeree issuer and its securities, and

(B) any factors peculiar to a selling security holder party to the agreement, including non-financial factors, that were considered relevant by that selling security holder in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by that selling security holder,

(v) at the time of each of the agreements referred to in subparagraph (i), the offeror did not know of any material information in respect of the offeree issuer or the offeree securities that

(A) had not been generally disclosed, and

(B) if generally disclosed, could have reasonably been expected to increase the agreed consideration,

(vi) if any of the agreements referred to in subparagraph (i) was entered into with a selling security holder by a person other than the offeror, the offeror reasonably believes, after reasonable inquiry, that at the time of that agreement, the person did not know of any material information in respect of the offeree issuer or the offeree securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vii) the offeror does not know, after reasonable inquiry, of any material information in respect of the offeree issuer or the offeree securities since the time of each of the agreements referred to in subparagraph (i) that has not been generally disclosed and could reasonably be expected to increase the value of the offeree securities,

(c) all of the following conditions are satisfied:

(i) the insider bid is publicly announced or made while

(A) one or more bids for securities of the same class that is the subject of the insider bid have been made and are outstanding, or

(B) one or more proposed transactions are outstanding that

(I) are business combinations in respect of securities of the same class that is the subject of the insider bid and ascribe a per security value to those securities, or

(II) would be business combinations in respect of securities of the same class that is the subject of the insider bid, except that they come within the exception in paragraph (e) of the definition of business combination and ascribe a per security value to those securities,

(ii) at the time the insider bid is made, the offeree issuer has provided equal access to the offeree issuer, and to information concerning the offeree issuer and its securities, to the offeror in the insider bid, all offerors in the other bids, and all parties to the proposed transactions described in clause (i)(B),

(iii) the offeror, in the disclosure document for the insider bid,

(A) includes all material information concerning the offeree issuer and its securities that is known to the offeror after reasonable inquiry but has not been generally disclosed, together with a description of the nature of the offeror's access to the issuer, and

(B) states that the offeror does not know, after reasonable inquiry, of any material information concerning the offeree issuer and its securities other than information that has been disclosed under clause (A) or that has otherwise been generally disclosed.

(2) For the purposes of subparagraph (b)(ii) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the time of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time, or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the offeree issuer in a material change report, or section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order no. 2005-03 dated May 19, 2005, immediately preceding the date of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1).

(3) For the purposes of subparagraph (b)(iii) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the time of the last of the agreements referred to in subparagraph (b)(i) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time, or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the offeree issuer in a material change report, or section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations, immediately preceding the date of the last of the agreements referred to in subparagraph (b)(i) of subsection (1).

PART 3 ISSUER BIDS

3.1. Application

(1) This Part applies to a bid that is an issuer bid.

(2) This Part does not apply to an issuer bid that complies with National Instrument 71101, The Multijurisdictional Disclosure System, unless persons whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) to (4) of that instrument, hold 20 per cent or more of the class of securities that is the subject of the bid.

3.2. Disclosure

The issuer shall include in the disclosure document for an issuer bid

(a) a description of the background to the issuer bid,

(b) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer

(i) that has been made in the 24 months before the date of the issuer bid, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(c) disclosure of any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the issuer bid, which offer was received by the issuer during the 24 months before the issuer bid was publicly announced, and a description of the offer and the background to the offer,

(d) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the issuer bid, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(e) a statement of the intention, if known to the issuer after reasonable inquiry, of every interested party to accept or not to accept the issuer bid,

(f) a description of the effect that the issuer anticipates the issuer bid, if successful, will have on the direct or indirect voting interest in the issuer of every interested party, and

(g) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 3.4 and the facts supporting that reliance.

3.3. Formal Valuation

(1) An issuer that makes an issuer bid shall

(a) obtain a formal valuation,

(b) provide the disclosure required by section 6.2,

(c) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the issuer bid, unless the formal valuation is included in its entirety in the disclosure document,

(d) if there is an interested party other than the issuer, state in the disclosure document who will pay or has paid for the valuation, and

(e) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

3.4. Exemptions from Formal Valuation Requirement

Section 3.3 does not apply to an issuer in connection with an issuer bid in any of the following circumstances:

(a) the issuer bid is for securities that are not equity securities and that are not, directly or indirectly, convertible into equity securities,

(b) the issuer bid is made for securities for which

(i) a liquid market exists,

(ii) it is reasonable to conclude that, following the completion of the bid, there will be a market for holders of the securities who do not tender to the bid that is not materially less liquid than the market that existed at the time of the making of the bid, and

(iii) if an opinion referred to in paragraph (b) of subsection 1.2(1) is provided, the person providing the opinion reaches the conclusion described in subparagraph (b)(ii) of this section 3.4 and so states in its opinion.

PART 4 BUSINESS COMBINATIONS

4.1. Application

This Part does not apply to an issuer carrying out a business combination if

(a) the issuer is not a reporting issuer,

(b) the issuer is a mutual fund, or

(c) (i) at the time the business combination is agreed to, securities held by beneficial owners in the local jurisdiction constitute less than two per cent of the outstanding securities of each class of affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities in the local jurisdiction.

4.2. Meeting and Information Circular

(1) Without limiting the application of any other legal requirements that apply to meetings of security holders and information circulars, this section applies only to a business combination for which section 4.5 requires the issuer to obtain minority approval.

(2) An issuer proposing to carry out a business combination shall call a meeting of holders of affected securities and send an information circular to those holders.

(3) The issuer shall include in the information circular

(a) the disclosure required by Form 62-104F2 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, Form 62-504F2 of Rule 62-504 Take-Over Bids and Issuer Bids, to the extent applicable and with necessary modifications,

(b) a description of the background to the business combination,

(c) disclosure in accordance with section 6.8 of every prior valuation in respect of the issuer

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(d) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which offer was received by the issuer during the 24 months before the business combination was agreed to, and a description of the offer and the background to the offer,

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 4.4 and the facts supporting that reliance,

(g) disclosure of the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, will be excluded in determining whether minority approval for the business combination is obtained, and

(h) the identity of the holders of securities specified in paragraph (g) together with their individual holdings.

(4) If, after sending the information circular and before the meeting, a change occurs that, if disclosed, would reasonably be expected to affect the decision of a holder of affected securities to vote for or against the business combination or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change, and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(5) If subsection (4) applies, the issuer shall file a copy of the disseminated information contemporaneously with its dissemination.

4.3. Formal Valuation

(1) An issuer shall obtain a formal valuation for a business combination if

(a) an interested party would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, or

(b) an interested party is a party to any connected transaction to the business combination, if the connected transaction is a related party transaction for which the issuer is required to obtain a formal valuation under section 5.4.

(2) If a formal valuation is required under subsection (1), the issuer shall

(a) provide the disclosure required by section 6.2,

(b) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the business combination, unless the formal valuation is included in its entirety in the disclosure document,

(c) state in the disclosure document for the business combination who will pay or has paid for the valuation, and

(d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(3) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

4.4. Exemptions from Formal Valuation Requirement

(1) Section 4.3 does not apply to an issuer carrying out a business combination in any of the following circumstances:

(a) no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(b) all of the following conditions are satisfied:

(i) the consideration per affected security under the business combination is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling security holders of the issuer in arm's length negotiations in connection with

(A) the business combination,

(B) one or more other transactions agreed to within 12 months before the date of the first public announcement of the business combination, or

(C) a combination of transactions referred to in clauses (A) and (B),

(ii) at least one of the selling security holders party to an agreement referred to in clause (i)(A) or (B) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell

(A) at least five per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned 80 per cent or more of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), or

(B) at least 10 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned less than 80 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2),

(iii) one or more of the selling security holders party to any of the transactions referred to in subparagraph (i) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (3), beneficially owned or over which control or direction was exercised by persons other than the person, and joint actors with the person, that entered into the agreements with the selling security holders,

(iv) the person proposing to carry out the business combination with the issuer reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in subparagraph (i)

(A) each selling security holder party to the agreement had full knowledge of and access to information concerning the issuer and its securities, and

(B) any factors peculiar to a selling security holder party to the agreement, including non-financial factors, that were considered relevant by the selling security holder in assessing the consideration did not have the

effect of reducing the price that would otherwise have been considered acceptable by that selling security holder,

(v) at the time of each of the agreements referred to in subparagraph (i), the person proposing to carry out the business combination with the issuer did not know of any material information in respect of the issuer or the affected securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vi) any of the agreements referred to in subparagraph (i) was entered into with a selling security holder by a person other than the person proposing to carry out the business combination with the issuer, the person proposing to carry out the business combination with the issuer reasonably believes, after reasonable inquiry, that at the time of that agreement, the person entering into the agreement with the selling security holder did not know of any material information in respect of the issuer or the affected securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vii) the person proposing to carry out the business combination with the issuer does not know, after reasonable inquiry, of any material information in respect of the issuer or the affected securities since the time of each of the agreements referred to in subparagraph (i) that has not been generally disclosed and could reasonably be expected to increase the value of the affected securities,

(c) all of the following conditions are satisfied:

(i) the business combination is publicly announced while

(A) one or more proposed transactions are outstanding that

(I) are business combinations in respect of the affected securities, and ascribe a per security value to those securities, or

(II) would be business combinations in respect of the affected securities, except that they come within the exception in paragraph (e) of the definition of business combination, and ascribe a per security value to those securities,

(B) one or more bids for the affected securities have been made and are outstanding,

(ii) at the time the disclosure document for the business combination is sent to the holders of affected securities, the issuer has provided equal access to the issuer, and to information concerning the issuer and its securities, to the person proposing to carry out the business combination with the issuer, all parties to the proposed transactions described in clause (i)(A), and all offerors in the bids,

(d) all of the following conditions are satisfied:

(i) the business combination is being effected by an offeror that made a bid, or an affiliated entity of that offeror, and is in respect of the securities of the same class for which the bid was made and that were not acquired in the bid,

(ii) the business combination is completed no later than 120 days after the date of expiry of the bid,

(iii) the consideration per security that the security holders would be entitled to receive in the business combination is at least equal in value to and is in the same form as the consideration that the tendering security holders were entitled to receive in the bid,

(iv) the disclosure document for the bid

(A) disclosed that if the offeror acquired securities under the bid, the offeror intended to acquire the remainder of the securities under a statutory right of acquisition or under a business combination that would satisfy the conditions in subparagraphs (ii) and (iii),

(B) described the expected tax consequences of both the bid and the business combination if, at the time the bid was made, the tax consequences arising from the business combination

(I) were reasonably foreseeable to the offeror, and

(II) were reasonably expected to be different from the tax consequences of tendering to the bid, and

(C) disclosed that the tax consequences of the bid and the business combination may be different if, at the time the bid was made, the offeror could not reasonably foresee the tax consequences arising from the business combination,

(e) the issuer is a non-redeemable investment fund that

(i) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(ii) at the time of publicly announcing the business combination, publicly disseminates the net asset value of its securities as of the business day before the announcement,

(f) the transaction is a statutory amalgamation, or substantially equivalent transaction, resulting in the combination of the issuer or a wholly-owned subsidiary entity of the issuer with an interested party, that is undertaken in whole or in part for the benefit of another related party, if all of the following conditions are satisfied:

(i) the transaction does not and will not have any adverse tax or other consequences to the issuer, the person resulting from the combination, or beneficial owners of affected securities generally,

(ii) no material actual or contingent liability of the interested party with which the issuer or a wholly-owned subsidiary entity of the issuer is combining will be assumed by the issuer, the wholly-owned subsidiary entity of the issuer or the person resulting from the combination,

(iii) the related party benefiting from the transaction agrees to indemnify the issuer against any liabilities of the interested party with which the issuer, or a wholly-owned subsidiary entity of the issuer, is combining,

(iv) after the transaction, the nature and extent of the voting and financial participating interests of holders of affected securities in the person resulting from the combination will be the same as, and the value of their financial participating interests will not be less than, that of their interests in the issuer before the transaction,

(v) the related party benefiting from the transaction pays for all of the costs and expenses resulting from the transaction.

(2) For the purposes of subparagraph (b)(ii) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the time of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1), if the person proposing to carry out the business combination with the issuer knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the issuer in a material change report, or section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations, immediately preceding the date of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1).

(3) For the purposes of subparagraph (b)(iii) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the time of the last of the agreements referred to in subparagraph (b)(i) of subsection (1), if the person proposing to carry out the business combination with the issuer knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the issuer in a material change report, or section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations, immediately preceding the date of the last of the agreements referred to in subparagraph (b)(i) of subsection (1).

4.5. Minority Approval

An issuer shall not carry out a business combination unless the issuer has obtained minority approval for the business combination under Part 8.

4.6. Exemptions from Minority Approval Requirement

(1) Section 4.5 does not apply to an issuer carrying out a business combination in any of the following circumstances if the exemption relied on, any formal valuation exemption relied on, and the facts supporting reliance on those exemptions are disclosed in the disclosure document for the business combination:

(a) one or more persons that are interested parties within the meaning of subparagraph (c)(i) of the definition of interested party beneficially own, in the aggregate, 90 per cent or more of the outstanding securities of a class of affected securities at the time that the business combination is agreed to, and either

(i) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(ii) if an appraisal remedy referred to in subparagraph (i) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in section 190 of the Canada Business Corporations Act and that is described in the disclosure document for the business combination;

(b) the circumstances described in paragraph (f) of subsection 4.4 (1).

(2) If there are two or more classes of affected securities, paragraph (a) of subsection (1) applies only to a class of which the applicable interested parties beneficially own, in the aggregate, 90 per cent or more of the outstanding securities.

4.7. Conditions for Relief from Business Corporations Act Requirements

In Ontario, an issuer that is governed by the Business Corporations Act (R.S.O. c. B.16) and proposes to carry out a "going private transaction", as defined in subsection 190(1) of this act, is exempt from subsections (2), (3) and (4) of section 190 of the OBCA, and is not required to make an application for exemption from those subsections under subsection 190(6) of the OBCA, if

(a) the transaction is not a business combination,

(b) Part 4 does not apply to the transaction by reason of section 4.1, or

(c) the transaction is carried out in compliance with Part 4, and, for this purpose, compliance includes reliance on any applicable exemption from a requirement of Part 4, including a discretionary exemption granted under section 9.1.

PART 5 RELATED PARTY TRANSACTIONS

5.1. Application

This Part does not apply to an issuer carrying out a related party transaction if

(a) the issuer is not a reporting issuer,

(b) the issuer is a mutual fund,

(c) (i) at the time the transaction is agreed to, securities held by beneficial owners in the local jurisdiction constitute less than two per cent of the outstanding securities of each class of affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities in the local jurisdiction,

(d) the parties to the transaction consist solely of

(i) an issuer and one or more of its wholly-owned subsidiary entities, or

(ii) wholly-owned subsidiary entities of the same issuer ,

(e) the transaction is a business combination for the issuer,

(f) the transaction would be a business combination for the issuer except that it comes within an exception in any of paragraphs (a) to (e) of the definition of business combination,

(g) the transaction is a downstream transaction for the issuer,

(h) the issuer is obligated to and carries out the transaction substantially under the terms

(i) that were agreed to, and generally disclosed, before December 15, 2000 in Québec and before May 1, 2000 in Ontario,

(ii) that were agreed to, and generally disclosed, before the issuer became a reporting issuer, or

(iii) of a previous transaction the terms of which were generally disclosed, including an issuance of a convertible security, if the previous transaction was carried out in compliance with this Regulation, including in reliance on any applicable exemption or exclusion, or was not subject to this Regulation,

(i) the transaction is a distribution

(i) of securities of the issuer and is a related party transaction for the issuer solely because the interested party is an underwriter of the distribution, and

(ii) carried out in compliance with, including in reliance on any applicable exemption from, Regulation 33-105 respecting Underwriting Conflicts approved by Ministerial Order no. 2005-14 dated August 2, 2005,

(j) the issuer is subject to the requirements of Part IX of the Loan and Trust Corporations Act (R.S.O., chapter L.25), the Act respecting Trust Companies and Savings Companies (chapter S-29.01), Part XI of the

Bank Act (Statutes of Canada, 1991, chapter 46), Part XI of the Insurance Companies Act (Statutes of Canada, 1991, chapter 47), or Part XI of the Trust and Loan Companies Act (Statutes of Canada, 1991, chapter 45), or any successor to that legislation, and the issuer complies with those requirements, or

(k) the transaction is a rights offering, dividend distribution, or any other transaction in which the general body of holders in Canada of affected securities of the same class are treated identically on a per security basis, if

(i) the transaction has no interested party within the meaning of paragraph (d) of the definition of interested party, or

(ii) the transaction is a rights offering, there is an interested party only because a related party of the issuer provides a stand-by commitment for the rights offering, and the stand-by commitment complies with Regulation 45-101 respecting Rights Offerings adopted pursuant to decision no. 2001-C-0247 dated June 12, 2001.

5.2. Material Change Report

(1) An issuer shall include in a material change report, if any, required to be filed under securities legislation for a related party transaction

(a) a description of the transaction and its material terms,

(b) the purpose and business reasons for the transaction,

(c) the anticipated effect of the transaction on the issuer's business and affairs,

(d) a description of

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties, and

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage,

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction,

(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the material change report, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction, and

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions.

(2) If the issuer files a material change report less than 21 days before the expected date of the closing of the transaction, the issuer shall explain in the news release required to be issued under Regulation 51-102 respecting Continuous Disclosure Obligations and in the material change report why the shorter period is reasonable or necessary in the circumstances.

(3) Despite paragraphs (1)(f) and 5.4(2)(a), if the issuer is required to include a summary of the formal valuation in the material change report and the formal valuation is not available at the time the issuer files the material change report, the issuer shall file a supplementary material change report containing the disclosure required by paragraph (1)(f) as soon as the formal valuation is available.

(4) The issuer shall send a copy of any material change report prepared by it in respect of the transaction to any security holder of the issuer upon request and without charge.

5.3. Meeting and Information Circular

(1) Without limiting the application of any other legal requirements that apply to meetings of security holders and information circulars, this section applies only to a related party transaction for which section 5.6 requires the issuer to obtain minority approval.

(2) An issuer proposing to carry out a related party transaction to which this section applies shall call a meeting of holders of affected securities and send an information circular to those holders.

(3) The issuer shall include in the information circular

(a) the disclosure required by Form 62-104F2 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, Form 62-504F2 of Rule 62-504 Take-Over Bids and Issuer Bids, to the extent applicable and with necessary modifications,

(b) a description of the background to the transaction,

(c) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(d) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which offer was received by the issuer during the 24 months before the transaction was agreed to, and a description of the offer and the background to the offer,

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 5.5 and the facts supporting that reliance,

(g) disclosure of the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, will be excluded in determining whether minority approval for the related party transaction is obtained, and

(h) the identity of the holders of securities specified in paragraph (g) together with their individual holdings.

(4) If, after sending the information circular and before the meeting, a change occurs that, if disclosed, would reasonably be expected to affect the decision of a holder of affected securities to vote for or against the related party transaction or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change, and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(5) If subsection (4) applies, the issuer shall file a copy of the disseminated information contemporaneously with its dissemination.

5.4. Formal Valuation

(1) An issuer shall obtain a formal valuation for a related party transaction described in any of paragraphs (a) to (g) of the definition of related party transaction.

(2) If a formal valuation is required under subsection (1), the issuer shall

(a) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the related party transaction, unless the formal valuation is included in its entirety in the disclosure document,

(b) state in the disclosure document who will pay or has paid for the valuation, and

(c) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(3) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

5.5. Exemptions from Formal Valuation Requirement

Section 5.4 does not apply to an issuer carrying out a related party transaction in any of the following circumstances:

(a) at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25 per cent of the issuer's market capitalization, and for this purpose

(i) if either of the fair market values is not readily determinable, any determination as to whether that fair market value exceeds the threshold for this exemption shall be made by the issuer's board of directors acting in good faith,

(ii) if the transaction is one in which the issuer or a wholly-owned subsidiary entity of the issuer combines with a related party, through an amalgamation, arrangement or otherwise, the subject matter of the transaction shall be deemed to be the securities of the related party held, at the time the transaction is agreed to, by persons other than the issuer or a wholly-owned subsidiary entity of the issuer, and the consideration for the transaction shall be deemed to be the consideration received by those persons,

(iii) if the transaction is one of two or more connected transactions that are related party transactions and would, without the exemption in this paragraph (a), require formal valuations under this Regulation, the fair market values for all of those transactions shall be aggregated in determining whether the tests for this exemption are met, and

(iv) if the assets involved in the transaction (the "initial transaction") include warrants, options or other instruments providing for the possible future purchase of securities or other assets (the "future transaction"), the calculation of the fair market value for the initial transaction shall include the fair market value, as of the time the initial transaction is agreed to, of the maximum number of securities or other consideration that the issuer may be required to issue or pay in the future transaction,

(b) no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(c) the transaction is a distribution of securities of the issuer to a related party for cash consideration, if

(i) neither the issuer nor, to the knowledge of the issuer after reasonable inquiry, the related party has knowledge of any material information concerning the issuer or its securities that has not been generally disclosed, and the disclosure document for the transaction includes a statement to that effect, and

(ii) the disclosure document for the transaction includes a description of the effect of the distribution on the direct or indirect voting interest of the related party,

(d) the transaction is

(i) a purchase or sale, in the ordinary course of business of the issuer, of inventory consisting of personal or movable property under an agreement that has been approved by the board of directors of the issuer and the existence of which has been generally disclosed, or

(ii) a lease of real or immovable property or personal or movable property under an agreement on reasonable commercial terms that, considered as a whole, are not less advantageous to the issuer than if the lease was with a person dealing at arm's length with the issuer and the existence of which has been generally disclosed,

(e) the interested party beneficially owns, or exercises control or direction over, voting securities of the issuer that carry fewer voting rights than the voting securities beneficially owned, or over which control or direction is exercised, by another security holder of the issuer who is a control person of the issuer and who, in the circumstances of the transaction

(i) is not also an interested party,

(ii) is at arm's length to the interested party, and

(iii) supports the transaction,

(f) all of the following conditions are satisfied:

(i) the transaction is subject to court approval, or a court orders that the transaction be effected, under

(A) bankruptcy or insolvency law, or

(B) section 191 of the Canada Business Corporations Act, any successor to that section, or equivalent legislation of a jurisdiction,

(ii) the court is advised of the requirements of this Regulation regarding formal valuations for related party transactions, and of the provisions of this paragraph (f), and

(iii) the court does not require compliance with section 5.4,

(g) all of the following conditions are satisfied:

(i) the issuer is insolvent or in serious financial difficulty,

(ii) the transaction is designed to improve the financial position of the issuer,

(iii) paragraph (f) is not applicable,

(iv) the issuer has one or more independent directors in respect of the transaction, and

(v) the issuer's board of directors, acting in good faith, determines, and at least two-thirds of the issuer's independent directors, acting in good faith, determine that

(A) subparagraphs (i) and (ii) apply, and

(B) the terms of the transaction are reasonable in the circumstances of the issuer,

(h) all of the following conditions are satisfied:

(i) the subject matter of the related party transaction was acquired by the issuer or an interested party, as the case may be, in a prior arm's length transaction that was agreed to not more than 12 months before the date that the related party transaction is agreed to, and a qualified, independent valuator provides a written opinion that, after making such adjustments, if any, as the valuator considers appropriate in the exercise of the valuator's professional judgment

(A) the value of the consideration payable by the issuer for the subject matter of the related party transaction is not more than the value of the consideration paid by the interested party in the prior arm's length transaction, or

(B) the value of the consideration to be received by the issuer for the subject matter of the related party transaction is not less than the value of the consideration paid by the issuer in the prior arm's length transaction, and

(ii) the disclosure document for the related party transaction includes the same disclosure regarding the valuator as is required in the case of a formal valuation under section 6.2,

(i) the issuer is a non-redeemable investment fund that

(i) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(ii) at the time of publicly announcing the related party transaction, publicly disseminates the net asset value of its securities as of the business day before the announcement,

(j) the transaction is a statutory amalgamation, or substantially equivalent transaction, resulting in the combination of the issuer or a wholly-owned subsidiary entity of the issuer with an interested party, that is undertaken in whole or in part for the benefit of another related party, if all of the following conditions are satisfied:

(i) the transaction does not and will not have any adverse tax or other consequences to the issuer, the person resulting from the combination, or beneficial owners of affected securities generally,

(ii) no material actual or contingent liability of the interested party with which the issuer or a wholly-owned subsidiary entity of the issuer is combining will be assumed by the issuer, the wholly-owned subsidiary entity of the issuer or the person resulting from the combination,

(iii) the related party benefiting from the transaction agrees to indemnify the issuer against any liabilities of the interested party with which the issuer, or a wholly-owned subsidiary entity of the issuer, is combining,

(iv) after the transaction, the nature and extent of the voting and financial participating interests of holders of affected securities in the person resulting from the combination will be the same as, and the value of their financial participating interests will not be less than, that of their interests in the issuer before the transaction,

(v) the related party benefiting from the transaction pays for all of the costs and expenses resulting from the transaction.

5.6. Minority Approval

An issuer shall not carry out a related party transaction unless the issuer has obtained minority approval for the transaction under Part 8.

5.7. Exemptions from Minority Approval Requirement

(1) Section 5.6 does not apply to an issuer carrying out a related party transaction in any of the following circumstances if the exemption relied on, any formal valuation exemption relied on, and the facts supporting reliance on those exemptions are disclosed in the disclosure document, if any, for the transaction:

(a) the circumstances described in paragraph (a) of section 5.5,

(b) the circumstances described in paragraph (c) of section 5.5, if

(i) no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(ii) at the time the transaction is agreed to, neither the fair market value of the securities to be distributed in the transaction nor the consideration to be received for those securities, insofar as the transaction involves interested parties, exceeds $2,500,000,

(iii) the issuer has one or more independent directors in respect of the transaction who are not employees of the issuer, and

(iv) at least two-thirds of the directors described in subparagraph (iii) approve the transaction,

(c) the circumstances described in paragraphs (d), (e) and (j) of section 5.5,

(d) the circumstances described in subparagraph (f)(i) of section 5.5, if the court is advised of the requirements of this Regulation regarding minority approval for related party transactions, and of the provisions of this paragraph, and the court does not require compliance with section 5.6,

(e) the circumstances described in paragraph (g) of section 5.5, if there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities,

(f) the following provisions apply:

(i) the transaction is a loan, or the creation of a credit facility, that is obtained by the issuer from a related party on reasonable commercial terms that are not less advantageous to the issuer than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not

(A) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature, or

(B) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer,

(ii) and for this purpose, any amendment to the terms of a loan or credit facility is deemed to create a new loan or credit facility,

(g) one or more persons that are interested parties within the meaning of subparagraph (d)(i) of the definition of interested party beneficially own, in the aggregate, 90 per cent or more of the outstanding securities of a class of affected securities at the time the transaction is agreed to, and either

(i) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(ii) if an appraisal remedy referred to in subparagraph (i) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in section 190 of the Canada Business Corporations Act and that is described in an information circular or other document sent to holders of that class of affected securities in connection with a meeting to approve the related party transaction, or, if there is no such meeting, in another document that is sent to those security holders not later than the time by which an information circular or other document would have been required to be sent to them if there had been a meeting.

(2) Despite subparagraph (a)(iii) of section 5.5, if the transaction is one of two or more connected transactions that are related party transactions and would, without the exemptions in paragraphs (a) and (b) of subsection (1), require minority approval under this Regulation, the fair market values for all of those transactions shall be aggregated in determining whether the tests for those exemptions are met.

(3) If the transaction is a material amendment to the terms of a security, or of a loan or credit facility to which the exemption in paragraph (f) of subsection (1) does not apply, the fair market value tests for the exemptions in paragraphs (a) and (b) of subsection (1) shall be applied to the whole transaction as amended, insofar as it involves interested parties, rather than just to the amendment, and, for this purpose, any addition of, or amendment to, a term involving a right to convert into or otherwise acquire equity or voting securities is deemed to be a material amendment.

(4) Subparagraphs (a)(i), (iii) and (iv) of section 5.5 apply to paragraph (b) of subsection 5.7(1) with appropriate modifications.

(5) If there are two or more classes of affected securities, paragraph (g) of subsection (1) applies only to a class of which the applicable interested parties beneficially own, in the aggregate, 90 per cent or more of the outstanding securities.

PART 6 FORMAL VALUATIONS AND PRIOR VALUATIONS

6.1. Independence and Qualifications of Valuator

(1) Every formal valuation required by this Regulation for a transaction shall be prepared by a valuator that is independent of all interested parties in the transaction and that has appropriate qualifications.

(2) It is a question of fact as to whether a valuator is independent of an interested party or has appropriate qualifications.

(3) A valuator is not independent of an interested party in connection with a transaction if

(a) the valuator is an associated or affiliated entity or issuer insider of the interested party,

(b) except in the circumstances described in paragraph (e), the valuator acts as an adviser to the interested party in respect of the transaction, but for this purpose, a valuator that is retained by an issuer to prepare a formal valuation for an issuer bid is not, for that reason alone, considered to be an adviser to the interested party in respect of the transaction,

(c) the compensation of the valuator depends in whole or in part on an agreement, arrangement or understanding that gives the valuator a financial incentive in respect of the conclusion reached in the formal valuation or the outcome of the transaction,

(d) the valuator is

(i) a manager or co-manager of a soliciting dealer group for the transaction, or

(ii) a member of a soliciting dealer group for the transaction, if the valuator, in its capacity as a soliciting dealer, performs services beyond the customary soliciting dealer's function or receives more than the per security or per security holder fees payable to other members of the group,

(e) the valuator is the external auditor of the issuer or of an interested party, unless the valuator will not be the external auditor of the issuer or of an interested party upon completion of the transac"tion and that fact is publicly disclosed at the time of or prior to the public disclosure of the results of the valuation, or

(f) the valuator has a material financial interest in the completion of the transaction,

and for the purposes of this subsection, references to the valuator include any affiliated entity of the valuator.

(4) A valuator that is paid by one or more interested parties in a transaction, or paid jointly by the issuer and one or more interested parties in a transaction, to prepare a formal valuation for the transaction is not, by virtue of that fact alone, not independent.

6.2. Disclosure Regarding Valuator

An issuer or offeror required to obtain a formal valuation for a transaction shall include in the disclosure document for the transaction

(a) a statement that the valuator has been determined to be qualified and independent,

(b) a description of any past, present or anticipated relationship between the valuator and the issuer or an interested party that may be relevant to a perception of lack of independence,

(c) a description of the compensation paid or to be paid to the valuator,

(d) a description of any other factors relevant to a perceived lack of independence of the valuator,

(e) the basis for determining that the valuator is qualified, and

(f) the basis for determining that the valuator is independent, despite any perceived lack of independence, having regard to the amount of the compensation and any factors referred to in paragraphs (b) and (d).

6.3. Subject Matter of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation shall provide the valuation in respect of

(a) the offeree securities, in the case of an insider bid or issuer bid,

(b) the affected securities, in the case of a business combination,

(c) any non-cash consideration being offered to, or to be received by, the holders of securities referred to in paragraph (a) or (b), and

(d) the non-cash assets involved in a related party transaction.

(2) A formal valuation of non-cash consideration or assets referred to in paragraph (1)(c) or (d) is not required if

(a) the non-cash consideration or assets are securities of a reporting issuer or are securities of a class for which there is a published market,

(b) the person that would otherwise be required to obtain the formal valuation of those securities states in the disclosure document for the transaction that the person has no knowledge of any material information concerning the issuer of the securities, or concerning the securities, that has not been generally disclosed,

(c) in the case of an insider bid, issuer bid or business combination

(i) a liquid market in the class of securities exists,

(ii) the securities constitute 25 per cent or less of the number of securities of the class that are outstanding immediately before the transaction,

(iii) the securities are freely tradeable at the time the transaction is completed, and

(iv) the valuator is of the opinion that a valuation of the securities is not required, and

(d) in the case of a related party transaction for the issuer of the securities, the conditions in subparagraphs (c)(i) and (ii) of section 5.5 are satisfied, regardless of the form of the consideration for the securities.

6.4. Preparation of Formal Valuation

(1) A formal valuation shall contain the valuator's opinion as to a value or range of values representing the fair market value of the subject matter of the valuation.

(2) A person preparing a formal valuation under this Regulation shall

(a) prepare the formal valuation in a diligent and professional manner,

(b) prepare the formal valuation as of an effective date that is not more than 120 days before the earlier of

(i) the date that the disclosure document for the transaction is first sent to security holders, if applicable, and

(ii) the date that the disclosure document is filed,

(c) make appropriate adjustments in the formal valuation for material intervening events of which it is aware between the effective date of the valuation and the earlier of the dates referred to in subparagraphs (i) and (ii) of paragraph (b),

(d) in determining the fair market value of offeree securities or affected securities, not include in the formal valuation a downward adjustment to reflect the liquidity of the securities, the effect of the transaction on the securities or the fact that the securities do not form part of a controlling interest, and

(e) provide sufficient disclosure in the formal valuation to allow the readers to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

6.5. Summary of Formal Valuation

(1) An issuer or offeror required to provide a summary of a formal valuation shall ensure that the summary provides sufficient detail to allow the readers to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

(2) In addition to the disclosure referred to in subsection (1), if an issuer or offeror is required to provide a summary of a formal valuation, the issuer or offeror shall ensure that the summary

(a) discloses

(i) the effective date of the valuation, and

(ii) any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including the earlier use of available tax losses, lower income taxes, reduced costs or increased revenues,

(b) if the formal valuation differs materially from a prior valuation, explains the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so,

(c) indicates an address where a copy of the formal valuation is available for inspection, and

(d) states that a copy of the formal valuation will be sent to any security holder upon request and without charge or, if the issuer or offeror providing the summary so chooses, for a nominal charge sufficient to cover printing and postage.

6.6. Filing of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation in respect of a transaction shall file a copy of the formal valuation

(a) concurrently with the sending of the disclosure document for the transaction to security holders, or

(b) concurrently with the filing of a material change report for a related party transaction for which no disclosure document is sent to security holders, or if the formal valuation is not available at the time of filing the material change report, as soon as the formal valuation is available.

(2) If the formal valuation is included in its entirety in the disclosure document, an issuer or offeror satisfies the requirement in subsection (1) by filing the disclosure document.

6.7. Valuator's Consent

An issuer or offeror required to obtain a formal valuation shall

(a) obtain the valuator's consent to the filing of the formal valuation and to the inclusion of the formal valuation or its summary in the disclosure document for the transaction for which the formal valuation was obtained, and

(b) include in the disclosure document a statement, signed by the valuator, substantially as follows:

"*We refer to the formal valuation dated, which we prepared for (indicate name of the person) for (briefly describe the transaction for which the formal valuation was prepared). We consent to the filing of the formal valuation with the securities regulatory authority and the inclusion of [a summary of the formal valuation/the formal valuation] in this document.*".

6.8. Disclosure of Prior Valuation

(1) A person required to disclose a prior valuation shall, in the document in which the prior valuation is required to be disclosed

(a) disclose sufficient detail to allow the readers to understand the prior valuation and its relevance to the present transaction,

(b) indicate an address where a copy of the prior valuation is available for inspection, and

(c) state that a copy of the prior valuation will be sent to any security holder upon request and without charge or, if the issuer or offeror providing the summary so chooses, for a nominal charge sufficient to cover printing and postage.

(2) If there are no prior valuations, the existence of which is known after reasonable inquiry, the person that would be required to disclose prior valuations, if any existed, shall include a statement to that effect in the document.

(3) Despite anything to the contrary in this Regulation, disclosure of the contents of a prior valuation is not required in a document if

(a) the contents are not known to the person required to disclose the prior valuation,

(b) the prior valuation is not reasonably obtainable by the person required to disclose it, irrespective of any obligations of confidentiality, and

(c) the document contains statements regarding the prior valuation substantially to the effect of paragraphs (a) and (b).

6.9. Filing of Prior Valuation

A person required to disclose a prior valuation shall file a copy of the prior valuation concurrently with the filing of the first document in which that disclosure is required.

6.10. Consent of Prior Valuator Not Required

Despite sections 2.15 and 2.21 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and in Ontario, sections 94.7 and 96.1 of the Securities Act, a

person required to disclose a prior valuation under this Regulation is not required to obtain or file the valuator's consent to the filing or disclosure of the prior valuation.

PART 7 INDEPENDENT DIRECTORS

7.1. Independent Directors

(1) For the purposes of this Regulation, it is a question of fact as to whether a director of an issuer is independent.

(2) A director of an issuer is not independent in connection with a transaction if the director

(a) is an interested party in the transaction,

(b) is currently, or has been at any time during the 12 months before the date the transaction is agreed to, an employee, associated entity or issuer insider of an interested party, or of an affiliated entity of an interested party, other than solely in his or her capacity as a director of the issuer,

(c) is currently, or has been at any time during the 12 months before the date the transaction is agreed to, an adviser to an interested party in connection with the transaction, or an employee, associated entity or issuer insider of an adviser to an interested party in connection with the transaction, or of an affiliated entity of such an adviser, other than solely in his or her capacity as a director of the issuer,

(d) has a material financial interest in an interested party or an affiliated entity of an interested party, or

(e) would reasonably be expected to receive a benefit as a consequence of the transaction that is not also available on a pro rata basis to the general body of holders in Canada of offeree securities or affected securities, including, without limitation, the opportunity to obtain a financial interest in an interested party, an affiliated entity of an interested party, the issuer or a successor to the business of the issuer.

(3) A member of an independent committee for a transaction to which this Regulation applies shall not receive any payment or other benefit from an issuer, an interested party or a successor to any of them that is contingent upon the completion of the transaction.

(4) For the purposes of this section, in the case of an issuer bid, a director of the issuer is not, by that fact alone, not independent of the issuer.

PART 8 MINORITY APPROVAL

8.1. General

(1) If minority approval is required for a business combination or related party transaction, it shall be obtained from the holders of every class of affected securities of the issuer, in each case voting separately as a class.

(2) In determining minority approval for a business combination or related party transaction, an issuer shall exclude the votes attached to affected securities that, to the knowledge of the issuer or any interested party or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by

(a) the issuer,

(b) an interested party,

(c) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor issuer insiders of the issuer, or

(d) a joint actor with a person referred to in paragraph (b) or (c) in respect of the transaction.

8.2. Second Step Business Combination

Despite subsection 8.1(2), the votes attached to securities acquired under a bid may be included as votes in favour of a subsequent business combination in determining whether minority approval has been obtained if

(a) the security holder that tendered the securities to the bid was not a joint actor with the offeror in respect of the bid,

(b) the security holder that tendered the securities to the bid was not

(i) a direct or indirect party to any connected transaction to the bid, or

(ii) entitled to receive, directly or indirectly, in connection with the bid

(A) consideration per offeree security that was not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer had more than one outstanding class of equity securities, unless that consideration was not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities,

(c) the business combination is being effected by the offeror that made the bid, or an affiliated entity of that offeror, and is in respect of the securities of the same class for which the bid was made and that were not acquired in the bid,

(d) the business combination is completed no later than 120 days after the date of expiry of the bid,

(e) the consideration per security that the holders of affected securities would be entitled to receive in the business combination is at least equal in value to and is in the same form as the consideration that the tendering security holders were entitled to receive in the bid, and

(f) the disclosure document for the bid

(i) disclosed that if the offeror acquired securities under the bid, the offeror intended to acquire the remainder of the securities under a statutory right of acquisition or under a business combination that would satisfy the conditions in paragraphs (d) and (e),

(ii) contained a summary of a formal valuation of the securities in accordance with the applicable provisions of Part 6, or contained the valuation in its entirety, if the offeror in the bid was subject to and not exempt from the requirement to obtain a formal valuation,

(iii) stated that the business combination would be subject to minority approval,

(iv) disclosed the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, would be required to be excluded in determining whether minority approval for the business combination had been obtained,

(v) identified the holders of securities specified in subparagraph (iv) and set out their individual holdings,

(vi) identified each class of securities the holders of which would be entitled to vote separately as a class on the business combination,

(vii) described the expected tax consequences of both the bid and the business combination if, at the time the bid was made, the tax consequences arising from the business combination

(A) were reasonably foreseeable to the offeror, and

(B) were reasonably expected to be different from the tax consequences of tendering to the bid, and

(viii) disclosed that the tax consequences of the bid and the business combination may be different if, at the time the bid was made, the offeror could not reasonably foresee the tax consequences arising from the business combination.

PART 9 EXEMPTION

9.1. Exemption

(1) The regulator, other than in Québec, or the securities regulatory authority may grant an exemption to this Regulation, in whole or in part, subject to those conditions or restrictions as may be imposed in the exemption. In Québec, this exemption is granted under section 263 of the Securities Act (R.S.Q. V-1.1)

(2) Despite paragraph (1), in Ontario, the regulator may grant such an exemption.

PART 10 EFFECTIVE DATE

10.1. Effective Date

This Regulation comes into force on February 1, 2008.

Regulation to repeal Regulation Q-27 respecting protection of minority security holders in the course of certain transactions *

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (24); 2007, c. 15)

1. Regulation Q-27 respecting Protection of Minority Security holders in the Course of Certain Transactions is repealed.

2. This Regulation comes into force on February 1, 2008.

8542

M.O., 2008

Order number V-1.1-2008-03 of the Minister of Finance, dated 22 January 2008

Securities Act
(R.S.Q., c. V-1.1)

CONCERNING Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues and Regulation to amend the Securities Regulation

WHEREAS subparagraphs 1, 8, 21, 22, 23, 32.1 and 34 of section 331.1 of the Securities Act (R.S.Q., c. V-1.1), amended by section 15 of chapter 15 of the statutes of 2007, stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues has been made on March 18, 2003 pursuant to decision No. 2003-C-0109;

WHEREAS the government, by order-in-council no. 660-83 of March 30, 1983, enacted the Securities Regulation (1983, *G.O.* 2, 1269);

WHEREAS there is cause to amend those regulations;

WHEREAS the draft Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues was published in the Supplément au Bulletin sur les valeurs mobilières de l'Autorité des marchés financiers, volume 3, No. 17 of April 28, 2006;

WHEREAS the draft Regulation to amend the Securities Regulation was published in the Bulletin de l'Autorité des marchés financiers, volume 4, No. 45 of November 9, 2007 and volume 4, No. 48 of November 30, 2007;

WHEREAS the Authority made, on January 17 2008, by the decision No. 2008-PDG-0008, Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues and, by the decision No. 2008-PDG-0010, Regulation to amend the Securities Regulation;

WHEREAS there is cause to approve those regulations without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues and Regulation to amend the Securities Regulation appended hereto.

January 22, 2008

MONIQUE JÉRÔME-FORGET,
Minister of Finance

* Regulation Q-27 respecting Protection of Minority Securityholders in the Course of Certain Transactions, adopted on June 12, 2001 pursuant to decision No. 2001-C-0257 and published in the Supplement to the Bulletin of the *Commission des valeurs mobilières du Québec*, vol. 32, No. 25, dated June 22, 2001, was amended solely by the Regulation to amend Policy Statement Q-27, Protection of Minority Securityholders in the Course of Certain Transactions, approved by Ministerial Order No. 2005-17 dated August 2, 2005 (2005, *G.O.* 2, 3523).

Regulation to amend Regulation 62-103 respecting the early warning system and related take-over bid and insider reporting issues *

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (8), (22) and (34); 2007, c. 15)

1. Paragraph (1) of section 1.1 of Regulation 62-103 respecting the Early Warning System and Related Take-over Bid and Insider Reporting Issues is amended by:

(1) deleting, in the definition of "acting jointly or in concert", the words "or company";

(2) replacing the definition of "moratorium provisions" with the following:

"moratorium provisions" means the provisions set out in subsection 5.2(3) of Regulation 62-104 respecting Take-over Bids and Issuer Bids and, in Ontario, subsection 102.1(3) of the Securities Act (Ontario) (R.S.O., c. S.5);";

(3) deleting, in the definition of "entity", the words "or company";

(4) replacing the definition of "offeror" with the following:

"offeror" has the meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-over Bids and Issuer Bids and, in Ontario, subsection 89(1) of the Securities Act (Ontario);";

(5) adding the following definition after the definition of "applicable provisions":

"associate" has same meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-over Bids and Issuer Bids approved by Ministerial Order no. 2008-02 dated January 22, 2008 and, in Ontario, has the meaning ascribed under paragraphs (a.1) to (*f*) of the definition of "associate" in subsection 1(1) of the Securities Act (Ontario);";

(6) replacing the definition of "formal bid" with the following:

"formal bid"

(a) means a take-over bid or issuer bid made in accordance with Part 2 of Regulation 62-104 respecting Take-over Bids and Issuer Bids, and

(b) in Ontario, has the meaning ascribed to that term in subsection 89(1) of the Securities Act (Ontario);";

(7) replacing the definition of "private mutual fund" with the following:

"private mutual fund" means

(a) a private investment club referred to in section 2.20 of Regulation 45-106 respecting Prospectus and Registration Exemptions approved by Ministerial Order no. 2005-20 dated August 12, 2005, or

(b) a private investment fund referred to in section 2.21 of Regulation 45-106 respecting Prospectus and Registration Exemptions;";

(8) replacing the definition of "offeror's securities" with the following:

"offeror's securities" has the meaning ascribed to that term in section 1.1 of Regulation 62-104 respecting Take-over Bids and Issuer Bids and, in Ontario, subsection 89(1) of the Securities Act (Ontario);";

(7) replacing the definition of "early warning requirements" with the following:

"early warning requirements" means the requirements set out in subsections 5.2(1) and 5.2(2) of Regulation 62-104 respecting Take-over Bids and Issuer Bids and, in Ontario, subsections 102.1(1) and 102.1(2) of the Securities Act (Ontario);".

2. Paragraph (1) of section 2.1 of the Regulation is replaced with the following:

"(1) Subject to subsection (2), in determining its securityholding percentage in a class of securities for the purposes of the early warning requirements or Part 4, an entity may rely upon information most recently provided by the issuer of the securities in a material change report or under section 5.4 of Regulation 51-102 respecting Continuous Disclosure Obligations approved by Ministerial Order no. 2005-03 dated May 19, 2005, whichever contains the most recent information.".

* Regulation 62-103 respecting the Early Warning System and Related Take-over Bid and Insider Reporting Issues, adopted on March 18, 2003 pursuant to decision No. 2003-C-0109 and published in the Supplement to the Bulletin of the Commission des valeurs mobilières du Québec, volume 34, No. 19, dated May 16, 2003, was amended solely by the regulations to amend this regulation approved by Ministerial Order No. 2005-04 dated May 19, 2005 (2005, *G.O.* 2, 2363) and by Ministerial Order No. 2005-22 dated August 17, 2005 (2005, *G.O.* 2, 4901).

3. Paragraph (b) of section 5.1 of the Regulation is replaced with the following:

"(b) the business unit is not a joint actor with any other business unit with respect to the securities, determined without regard to the provisions of securities legislation that deem an affiliate, and presume an associate, to be acting jointly or in concert with an offeror;".

4. Section 8.3 of the Regulation is amended by deleting the words "or company" wherever they appear.

5. Appendices B and C to the Regulation are repealed.

6. Appendix D to the Regulation is replaced with the following:

"**APPENDIX D**
"BENEFICIAL OWNERSHIP

JURISDICTION	SECURITIES LEGISLATION REFERENCE
Alberta	Sections 5 and 6 of the Securities Act (R.S.A. 2000, c. S-4) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
British Columbia	Subsection 1(4) of the Securities Act (R.S.B.C. 1996, ch. 418) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Manitoba	Subsections 1(6) and 1(7) of the Securities Act (C.C.S.M., c. S50) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
New Brunswick	Subsections 1(5) and 1(6) of the Securities Act (S.N.-B. 2004, c. S-5.5) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Newfoundland and Labrador	Subsections 2(5) and 2(6) of the Securities Act (R.S.N.L. 1990, c. S-13) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Northwest Territories	Sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Nova Scotia	Subsections 2(5) and 2(6) of the Securities Act (R.S.N.S. 1989, c. 418) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Nunavut	Sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Ontario	Subsections 1(5) and 1(6) and sections 90 and 91 of the Securities Act (R.S.O., 1990, c. S.5)
Prince Edward Island	Sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Quebec	Sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Saskatchewan	Subsections 2(5) and 2(6) of The Securities Act, 1988 (S.S. 1988-89, c. S-42.2) and sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids
Yukon Territory	Sections 1.8 and 1.9 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids".

7. Appendix E to the Regulation is amended by:

(1) adding the following after paragraph (*e*):

"(e.1) the value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release;";

(2) in paragraph (i), adding ", in Canadian dollars" after "value" and strike "and" at the end of the paragraph;

(3) replacing "." at the end of paragraph (j) with"; and" and adding the following after paragraph (j):

"(k) if applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.".

8. The Regulation is amended by deleting the words "or company" and "or companies" wherever they appear.

9. This Regulation comes into force on February 1, 2008.

Regulation to amend the Securities Regulation*

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, pars. (1), (8), (21), (22), (32.1) and (34); 2007, c. 15)

1. Sections 176 to 189.1.1 of the Securities Regulation are repealed.

2. Section 189.1.2 of the Regulation is replaced by the following:

"**189.1.2.** An offeror making a take-over bid or an issuer bid must file with the Authority the take-over or issuer bid circular prescribed in section 2.10 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids approved by Ministerial Order no. 2008-02 dated January 22, 2008 that is required at the time of filing the bid, and this take-over or issuer bid circular is deemed to be the report prescribed in section 271.4.

*The Securities Regulation, enacted by Order-in-Council 660-83 dated March 30, 1983 (1983, *G.O.* 2, 1269), was last amended by the regulation to amend this regulation approved by Ministerial Order No. 2007-09 dated December 14, 2007 (2007, *G.O.* 2, 4077). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2007, updated to September 1, 2007.

A person who makes an issuer bid in reliance on a normal course issuer bid exemption must file with the Authority the news release prescribed in section 4.8 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids, and this news release is deemed to be the report prescribed in section 271.4."

3. Sections 189.1.3 to 189.15 of the Regulation are repealed.

4. The Regulation is amended by adding the following after section 252.1:

"**TITLE V.1**

"Civil actions for secondary market

"**252.2.** For the purposes of Division II of Chapter II of Title VIII of the Act:

"market capitalization" means the sum of the following amounts determined for each class of equity securities:

(1) for securities for which there is a published market, the amount determined by adding the number of outstanding securities of the class at the close of trading on each of the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred, by dividing the sum determined by 10, and by multiplying the quotient obtained by the trading price of the securities of the class on the principal market for the securities for the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;

(2) for securities not traded on a published market, the amount determined by adding the fair market value of the outstanding securities of that class as of the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;

"trading price" means, in respect of a security of a class of securities for which there is a published market, the following market prices:

(1) for securities on which there were no trades during the period for which the trading price is to be determined, the trading price is the fair market value of the security;

(2) for securities on which there was trading on fewer then half of the trading days during the period for which the trading price is to be determined, the trading price is determined by calculating the sum of the average of the

highest bid and lowest ask prices for each trading day in the period on which there were no trades in the securities, by dividing the sum determined by the number of trading days on which there were no trades, by adding to the quotient obtained the volume weighted average price of securities of that class on the published market for those trading days on which securities of that class were traded, and by dividing by two the amount determined;

(3) for all other securities, the trading price is the volume weighted average price of securities of that class on the published market during the period for which the trading price is to be determined;

"trading day" means a day during which the principal market for a security is open;

"principal market" means, in respect of a class of securities, the published market in Canada or, failing which, the foreign published market on which the greatest volume of trading in securities of that class occurred during the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;

"equity security" means a security of an issuer that carries the residual right to participate in the earnings of the issuer and, on liquidation or winding-up of the issuer, in its assets.

"**252.3.** Division II of Chapter II of Title VIII of the Act applies to any person who subscribes to or acquires a security pursuant to the prospectus exemption set out in section 2.8 of Regulation 45-102 respecting Resale of Securities approved by Ministerial Order no. 2005-21 dated August 12, 2005.

The Division also applies to any person who acquires or disposes of a security of an issuer in connection with or pursuant to a take-over bid contemplated under section 4.1, 4.4 or 4.5 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids or in connection with or pursuant to an issuer bid contemplated under section 4.8, 4.10 or 4.11 of the Regulation."

5. Schedules XI, XII, XIII and XIV to the Regulation are repealed.

6. This Regulation comes into force on February 1, 2008.

8543

M.O., 2008-02

Order number V-1.1-2008-02 of the Minister of Finance dated 22 January 2008

Securities Act
(R.S.Q., c. V-1.1 ; 2007, c. 15)

CONCERNING Regulation 62-104 respecting take-over bids and issuer bids

WHEREAS subparagraphs 1, 8, 11, 21, 22 and 34 of section 331.1 of the Securities Act (R.S.Q., c. V-1.1), amended by section 15 of chapter 15 of the statutes of 2007, stipulate that the Autorité des marchés financiers may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (R.S.Q., c. R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the draft Regulation 62-104 respecting take-over bids and issuer bids was published in the Supplément au Bulletin sur les valeurs mobilières de l'Autorité des marchés financiers, volume 3, No. 17 of April 28, 2006;

WHEREAS on January 17, 2008, by the decision No. 2008-PDG-0007, the Authority made Regulation 62-104 respecting take-over bids and issuer bids;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance approves without amendment Regulation 62-104 respecting take-over bids and issuer bids appended hereto.

January 22, 2008

MONIQUE JÉRÔME-FORGET
Minister of Finance

Regulation 62-104 respecting take-over bids and issuer bids

Securities Act
(R.S.Q., c. V-1.1, s. 331.1, par. (1), (8), (11), (21), (22) and (34); 2007, c. 15)

PART 1 DEFINITIONS AND INTERPRETATION

1.1. Definitions

In this Regulation,

"Act" means, in the jurisdiction, the statute referred to in Appendix B to Regulation 14101 respecting Definitions adopted pursuant to decision No. 2001-C-0274 dated June 12, 2001. ";

"associate", when used to indicate a relationship with a person, means

(a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person,

(c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or in a similar capacity,

(d) a relative of that person, including

(i) the spouse or, in Alberta, adult interdependent partner of that person, or

(ii) a relative of the person's spouse or, in Alberta, adult interdependent partner

if the relative has the same home as that person;

"bid circular" means a bid circular prepared in accordance with section 2.10;

"business day" means a day other than a Saturday, a Sunday or a day that is a statutory holiday in the jurisdiction;

"class of securities" includes a series of a class of securities;

"consultant" has the same meaning as in Regulation 45-106 respecting Prospectus and Registration Exemptions approved by Ministerial Order No. 2005-20 dated August 12, 2005;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets;

"issuer bid" means an offer to acquire or redeem securities of an issuer made by the issuer to one or more persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, and also includes an acquisition or redemption of securities of the issuer by the issuer from those persons, but does not include an offer to acquire or redeem, or an acquisition or redemption if

(a) no valuable consideration is offered or paid by the issuer for the securities,

(b) the offer to acquire or redeem, or the acquisition or redemption is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders, or

(c) the securities are debt securities that are not convertible into securities other than debt securities;

"offer to acquire" means

(a) an offer to purchase, or a solicitation of an offer to sell, securities,

(b) an acceptance of an offer to sell securities, whether or not the offer has been solicited, or

(c) any combination of the above;

"offeree issuer" means an issuer whose securities are the subject of a take-over bid, an issuer bid or an offer to acquire;

"offeror" means, except in Division 1 of Part 2 of this Regulation, a person that makes a take-over bid, an issuer bid or an offer to acquire;

"offeror's securities" means securities of an offeree issuer beneficially owned, or over which control or direction is exercised, on the date of an offer to acquire, by an offeror or any person acting jointly or in concert with the offeror;

"published market" means, with respect to any class of securities, a market in Canada or outside of Canada on which the securities are traded, if the prices at which they have been traded on that market are regularly

(a) disseminated electronically, or

(b) published in a newspaper or business or financial publication of general and regular paid circulation;

"standard trading unit" means

(a) 1,000 units of a security with a market price of less than $0.10 per unit,

(b) 500 units of a security with a market price of $0.10 or more per unit and less than $1.00 per unit, and

(c) 100 units of a security with a market price of $1.00 or more per unit;

"subsidiary entity" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary entity of that subsidiary entity;

"take-over bid" means an offer to acquire outstanding voting securities or equity securities of a class made to one or more persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20% or more of the outstanding securities of that class of securities at the date of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders.

1.2. Definitions for purposes of the Act

(1) Except in Saskatchewan, in the Act,

(a) "offer to acquire" has the same meaning as in this Regulation, and

(b) "offeror" has the same meaning as in section 1.1 of this Regulation.

(2) In the definition of "issuer bid" in the Act, the prescribed class of issuer bids is that set out in the definition of "issuer bid" in this Regulation.

(3) In the definition of "take-over bid" in the Act, the prescribed class of take-over bids is that set out in the definition of "take-over bid" in this Regulation.

1.3. Affiliate

In this Regulation, an issuer is an affiliate of another issuer if

(a) one of them is the subsidiary entity of the other, or

(b) each of them is controlled by the same person.

1.4. Control

In this Regulation, a person controls a second person if

(a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless the first person holds the voting securities only to secure an obligation,

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

1.5. Computation of time

In this Regulation, a period of days is to be computed as beginning on the day following the event that began the period and ending at 11:59 p.m. on the last day of the period if that day is a business day or at 11:59 p.m. on the next business day if the last day of the period does not fall on a business day.

1.6. Expiry of bid

A take-over bid or an issuer bid expires at the later of

(a) the end of the period, including any extension, during which securities may be deposited under the bid, and

(b) the time at which the offeror becomes obligated by the terms of the bid to take up or reject securities deposited under the bid.

1.7. Convertible securities

In this Regulation,

(a) a security is deemed to be convertible into a security of another class if, whether or not on conditions, it is or may be convertible into or exchangeable for, or if it carries the right or obligation to acquire, a security of the other class, whether of the same or another issuer, and

(b) a security that is convertible into a security of another class is deemed to be convertible into a security or securities of each class into which the second-mentioned security may be converted, either directly or through securities of one or more other classes of securities that are themselves convertible.

1.8. Deemed beneficial ownership

(1) In this Regulation, in determining the beneficial ownership of securities of an offeror or of any person acting jointly or in concert with the offeror, at any given date, the offeror or the person is deemed to have acquired and to be the beneficial owner of a security, including an unissued security, if the offeror or the person

(a) is the beneficial owner of a security convertible into the security within 60 days following that date, or

(b) has a right or obligation permitting or requiring the offeror or the person, whether or not on conditions, to acquire beneficial ownership of the security within 60 days by a single transaction or a series of linked transactions.

(2) The number of outstanding securities of a class in respect of an offer to acquire includes securities that are beneficially owned as determined in accordance with subsection (1).

(3) If 2 or more offerors acting jointly or in concert make one or more offers to acquire securities of a class, the securities subject to the offer or offers to acquire are deemed to be securities subject to the offer to acquire of each offeror for the purpose of determining whether an offeror is making a take-over bid.

(4) In this section, an offeror is not a beneficial owner of securities solely because there is an agreement, commitment or understanding that a security holder will tender the securities under a take-over bid or an issuer bid, made by the offeror, that is not exempt from Part 2.

(5) In Québec, for the purposes of this Regulation, a person that beneficially owns securities means a person that owns the securities or that holds securities registered under the name of an intermediary acting as nominee, including a trustee or agent.

1.9. Acting jointly or in concert

(1) In this Regulation, it is a question of fact as to whether a person is acting jointly or in concert with an offeror and, without limiting the generality of the foregoing,

(a) the following are deemed to be acting jointly or in concert with an offeror:

(i) a person that, as a result of any agreement, commitment or understanding with the offeror or with any other person acting jointly or in concert with the offeror, acquires or offers to acquire securities of the same class as those subject to the offer to acquire;

(ii) an affiliate of the offeror;

(b) the following are presumed to be acting jointly or in concert with an offeror:

(i) a person that, as a result of any agreement, commitment or understanding with the offeror or with any other person acting jointly or in concert with the offeror, intends to exercise jointly or in concert with the offeror or with any person acting jointly or in concert with the offeror any voting rights attaching to any securities of the offeree issuer;

(ii) an associate of the offeror.

(2) Subsection (1) does not apply to a registered dealer acting solely in an agency capacity for the offeror in connection with a bid and not executing principal transactions in the class of securities subject to the offer to acquire or performing services beyond the customary functions of a registered dealer.

(3) For the purposes of this section, a person is not acting jointly or in concert with an offeror solely because there is an agreement, commitment or understanding that the person will tender securities under a take-over bid or an issuer bid, made by the offeror, that is not exempt from Part 2.

1.10. Application to direct and indirect offers

In this Regulation, a reference to an offer to acquire or to the acquisition or ownership of securities or to control or direction over securities includes a direct or indirect offer to acquire or the direct or indirect acquisition or ownership of securities, or the direct or indirect control or direction over securities, as the case may be.

1.11. Determination of market price

(1) In this Regulation,

(a) the market price of a class of securities for which there is a published market, at any date, is an amount equal to the simple average of the closing price of securities of that class for each of the business days on which there was a closing price in the 20 business days preceding that date,

(b) if a published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day, the market price of the securities, at any date, is an amount equal to the average of the simple averages of the highest and lowest prices for each of the business days on which there were highest and lowest prices in the 20 business days preceding that date, and

(c) if there has been trading of securities in a published market for fewer than 10 of the 20 business days preceding the date as of which the market price of the securities is being determined, the market price is the average of the following prices established for each day of the 20 business days preceding that date:

(i) the average of the closing bid and ask prices for each day on which there was no trading; and

(ii) either the closing price of securities of the class for each day that there has been trading, if the published market provides a closing price, or the average of the highest and lowest prices of securities of that class for each day that there has been trading, if the published market provides only the highest and lowest prices of securities traded on a particular day

(2) If there is more than one published market for a security, the market price in paragraphs (1)(a), (b) and (c) must be determined as follows:

(a) if only one of the published markets is in Canada, the market price must be determined solely by reference to that market;

(b) if there is more than one published market in Canada, the market price must be determined solely by reference to the published market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined;

(c) if there is no published market in Canada, the market price must be determined solely by reference to the published market on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined.

(3) Despite subsections (1) and (2) for the purposes of section 4.1, if an offeror acquires securities on a published market, the market price for those securities is the price of the last standard trading unit of securities of that class purchased, before the acquisition by the offeror, by a person who was not acting jointly or in concert with the offeror.

PART 2 BIDS

Division 1 Restrictions on Acquisitions or Sales

2.1. Definition of "offeror"

In this Division, "offeror" means

(a) a person making a take-over bid or an issuer bid that is not exempt from Part 2,

(b) a person acting jointly or in concert with a person referred to in paragraph (a),

(c) a control person of a person referred to in paragraph (a), or

(d) a person acting jointly or in concert with a control person referred to in paragraph (c).

2.2. Restrictions on acquisitions during take-over bid

(1) An offeror must not offer to acquire, or make or enter into an agreement, commitment or understanding to acquire beneficial ownership of any securities of the class that are subject to a take-over bid or securities convertible into securities of that class otherwise than under the bid on and from the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Subsection (1) does not apply to an agreement between a security holder and the offeror to the effect that the security holder will, in accordance with the terms and conditions of a take-over bid that is not exempt from Part 2, deposit the security holder's securities under the bid.

(3) Despite subsection (1), an offeror may purchase securities of the class that are subject to a take-over bid and securities convertible into securities of that class beginning on the 3rd business day following the date of the bid until the expiry of the bid if all of the following conditions are satisfied:

(a) the intention of the offeror,

(i) on the date of the bid, is to make purchases and that intention is stated in the bid circular, or

(ii) to make purchases changes after the date of the bid and that intention is stated in a news release issued and filed at least one business day prior to making such purchases;

(b) the number of securities beneficially acquired under this subsection does not exceed 5% of the outstanding securities of that class as at the date of the bid;

(c) the purchases are made in the normal course on a published market;

(d) the offeror issues and files a news release immediately after the close of business of the published market on each day on which securities have been purchased under this subsection disclosing the following information:

(i) the name of the purchaser;

(ii) if the purchaser is a person referred to in paragraph 2.1(b), (c) or (d), the relationship of the purchaser and the offeror;

(iii) the number of securities purchased on the day for which the news release is required;

(iv) the highest price paid for the securities on the day for which the news release is required;

(v) the aggregate number of securities purchased on the published market during the currency of the bid;

(vi) the average price paid for the securities that were purchased on the published market during the currency of the bid; and

(vii) the total number of securities owned by the purchaser after giving effect to the purchases that are the subject of the news release;

(e) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(f) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(g) the offeror or any person acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid;

(h) the seller or any person acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

(4) For the purposes of paragraph 2.2(3)(b), the acquisition of beneficial ownership of securities that are convertible into securities of the class that is subject to the bid shall be deemed to be an acquisition of the securities as converted.

2.3. Restrictions on acquisitions during issuer bid

(1) An offeror must not offer to acquire, or make or enter into an agreement, commitment or understanding to acquire, beneficial ownership of any securities of the class that are subject to an issuer bid, or securities that are convertible into securities of that class, otherwise than under the bid on and from the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Subsection (1) does not prevent the offeror from purchasing, redeeming or otherwise acquiring any securities of the class subject to the bid in reliance on an exemption under paragraph 4.6(a), (b) or (c).

2.4. Restrictions on acquisitions before take-over bid

(1) If, within the period of 90 days immediately preceding a take-over bid, an offeror acquired beneficial ownership of securities of the class subject to the bid in a transaction not generally available on identical terms to holders of that class of securities,

(a) the offeror must offer

(i) consideration for securities deposited under the bid at least equal to and in the same form as the highest consideration that was paid on a per security basis under any such prior transaction, or

(ii) at least the cash equivalent of that consideration, and

(b) the offeror must offer to acquire under the bid that percentage of the securities of the class subject to the bid that is at least equal to the highest percentage that the number of securities acquired from a seller in any such prior transaction was of the total number of securities of that class beneficially owned by that seller at the time of that prior transaction.

(2) Subsection (1) does not apply to a transaction that occurred within 90 days preceding the bid if either of the following conditions are satisfied:

(a) the transaction is a trade in a security of the issuer that had not been previously issued;

(b) the transaction is a trade by or on behalf of the issuer in a previously issued security of that issuer that had been redeemed or purchased by, or donated to, that issuer.

2.5. Restrictions on acquisitions after bid

During the period beginning with the expiry of a take-over bid or an issuer bid and ending at the end of the 20th business day after that, whether or not any securities are taken up under the bid, an offeror must not acquire or offer to acquire beneficial ownership of securities of the class that was subject to the bid except by way of a transaction that is generally available to holders of that class of securities on identical terms.

2.6. Exception

Subsection 2.4(1) and section 2.5 do not apply to purchases made by an offeror in the normal course on a published market if all of the following conditions are satisfied:

(a) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(b) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(c) the offeror or any person acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid;

(d) the seller or any person acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

2.7. Restrictions on sales during bid

(1) An offeror, except under a take-over bid or an issuer bid, must not sell, or make or enter into an agreement, commitment or understanding to sell, any securities of the class subject to the bid, or securities that are convertible into securities of that class, beginning on the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Despite subsection (1), an offeror may, before the expiry of a bid, make or enter into an agreement, commitment or understanding to sell securities that may be taken up by the offeror under the bid, after the expiry of the bid, if the intention to sell is disclosed in the bid circular.

(3) Subsection (1) does not apply to an offeror under an issuer bid in respect of the issue of securities under a dividend plan, dividend reinvestment plan, employee purchase plan or another similar plan.

Division 2 Making a Bid

2.8. Duty to make bid to all security holders

An offeror must make a take-over bid or an issuer bid to all holders of the class of securities subject to the bid who are in the local jurisdiction by sending the bid to

(a) each holder of that class of securities whose last address as shown on the books of the offeree issuer is in the local jurisdiction, and

(b) each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of that class, whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

2.9. Commencement of bid

(1) An offeror must commence a take-over bid by

(a) publishing an advertisement containing a brief summary of the take-over bid in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction in English, and in Québec in French or in French and English, or

(b) sending the bid to security holders described in section 2.8.

(2) An offeror must commence an issuer bid by sending the bid to security holders described in section 2.8.

2.10. Offeror's circular

(1) An offeror making a take-over bid or an issuer bid must prepare and send, either as part of the bid or together with the bid, a take-over bid circular or an issuer bid circular, as the case may be, in the following form:

(a) Form 62-104F1, for a take-over bid; or

(b) Form 62-104F2, for an issuer bid.

(2) An offeror commencing a take-over bid under paragraph 2.9(1)(a) must,

(a) on or before the date of first publication of the advertisement,

(i) deliver the bid and the bid circular to the offeree issuer's principal office,

(ii) file the bid, the bid circular and the advertisement,

(iii) request from the offeree issuer a list of security holders described in section 2.8, and

(b) not later than 2 business days after receipt of the list of security holders referred to in subparagraph (a)(iii), send the bid and the bid circular to those security holders.

(3) An offeror commencing a take-over bid under paragraph 2.9(1)(b) must file the bid and the bid circular and deliver them to the offeree issuer's principal office on the day the bid is sent, or as soon as practicable after that.

(4) An offeror making an issuer bid must file the bid and the bid circular on the day the bid is sent, or as soon as practicable after that.

2.11. Change in information

(1) If, before the expiry of a take-over bid or an issuer bid or after the expiry of a bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in the bid circular or any notice of change or notice of variation that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the bid, the offeror must promptly

(a) issue and file a news release, and

(b) send a notice of the change to every person to whom the bid was required to be sent and whose securities were not taken up before the date of the change.

(2) Subsection (1) does not apply to a change that is not within the control of the offeror or of an affiliate of the offeror unless it is a change in a material fact relating to the securities being offered in exchange for securities of the offeree issuer.

(3) In this section, a variation in the terms of a bid does not constitute a change in information.

(4) A notice of change must be in the form of Form 62-104F5.

2.12. Variation of terms

(1) If there is a variation in the terms of a take-over bid or an issuer bid, including any extension of the period during which securities may be deposited under the bid, and whether or not that variation results from the exercise of any right contained in the bid, the offeror must promptly

(a) issue and file a news release, and

(b) send a notice of variation to every person to whom the bid was required to be sent under section 2.8 and whose securities were not taken up before the date of the variation.

(2) A notice of variation must be in the form of Form 62-104F5.

(3) If there is a variation in the terms of a take-over bid or an issuer bid, the period during which securities may be deposited under the bid must not expire before 10 days after the date of the notice of variation.

(4) Subsections (1) and (3) do not apply to a variation in the terms of a bid consisting solely of the waiver of a condition in the bid and any extension of the bid resulting from the waiver where the consideration offered for the securities consists solely of cash, but in that case the offeror must promptly issue and file a news release announcing the waiver.

(5) A variation in the terms of a take-over bid or an issuer bid, other than a variation that is the waiver by the offeror of a condition that is specifically stated in the bid as being waivable at the sole option of the offeror, must not be made after the expiry of the period, including any extension of the period, during which the securities may be deposited under the bid.

2.13. Filing and sending notice of change or notice of variation

A notice of change or notice of variation in respect of a take-over bid or an issuer bid must be filed and, in the case of a take-over bid, delivered to the offeree issuer's principal office, on the day the notice of change or notice of variation is sent to security holders of the offeree issuer, or as soon as practicable after that.

2.14. Change or variation in advertised take-over bid

(1) If a change or variation occurs to a take-over bid that was commenced by means of an advertisement, and if the offeror has complied with paragraph 2.10(2)(a) but has not yet sent the bid and the bid circular under paragraph 2.10(2)(b), the offeror must

(a) publish an advertisement that contains a brief summary of the change or variation in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction in English, and in Québec in French or in French and English,

(b) concurrently with the date of first publication of the advertisement,

(i) file the advertisement, and

(ii) file and deliver a notice of change or notice of variation to the offeree issuer's principal office, and

(c) subsequently send the bid, the bid circular and the notice of change or notice of variation to the security holders of the offeree issuer before the expiration of the period set out in paragraph 2.10(2)(b).

(2) If an offeror satisfies the requirements of subsection (1), the notice of change or notice of variation is not required to be filed and delivered under section 2.13.

2.15. Consent of expert – bid circular

(1) In this section and section 2.21, an expert includes a notary in Québec, solicitor, auditor, accountant, engineer, geologist or appraiser or any other person whose profession or business gives authority to a report, valuation, statement or opinion made by that person.

(2) If a report, valuation, statement or opinion of an expert is included in or accompanies a bid circular or any notice of change or notice of variation to the circular, the written consent of the expert to the use of the report, valuation, statement or opinion must be filed concurrently with the bid circular, notice of change or notice of variation.

2.16. Delivery and date of bid documents

(1) A take-over bid, an issuer bid, a bid circular and every notice of change or notice of variation must be

(a) mailed by pre-paid mail to the intended recipient, or

(b) delivered to the intended recipient by personal delivery, courier or other manner acceptable to the regulator or securities regulatory authority.

(2) Except for a take-over bid commenced by means of an advertisement in accordance with paragraph 2.9(1)(a), a bid, bid circular, notice of change or notice of variation sent in accordance with this section is deemed to be dated as of the date it was sent to all or substantially all of the persons entitled to receive it.

(3) If a take-over bid is commenced by means of an advertisement in accordance with paragraph 2.9(1)(a), a bid, bid circular, notice of change or notice of variation is deemed to have been dated as of the date of first publication of the relevant advertisement.

Division 3 Offeree Issuer's Obligations

2.17. Duty to prepare and send directors' circular

(1) If a take-over bid has been made, the board of directors of the offeree issuer must prepare and send, not later than 15 days after the date of the bid, a directors' circular to every person to whom the bid was required to be sent under section 2.8.

(2) The board of directors of the offeree issuer must evaluate the terms of the take-over bid and, in the directors' circular,

(a) must recommend to security holders that they accept or reject the bid and state the reasons for the recommendation,

(b) must advise security holders that the board is unable to make, or is not making, a recommendation and state the reasons for being unable to make a recommendation or for not making a recommendation, or

(c) must advise security holders that the board is considering whether to make a recommendation to accept or reject the bid, must state the reasons for not making a recommendation in the directors' circular and may advise security holders that they should not deposit their securities under the bid until they receive further communication from the board of directors in accordance with paragraph (a) or (b).

(3) If paragraph (2)(c) applies, the board of directors must communicate to security holders a recommendation to accept or reject the bid or the decision that it is unable to make, or is not making, a recommendation, together with the reasons for the recommendation or decision, at least 7 days before the scheduled expiry of the period during which securities may be deposited under the bid.

(4) A directors' circular must be in the form of Form 62-104F3.

2.18. Notice of change

(1) If, before the expiry of a take-over bid or after the expiry of a take-over bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in a directors' circular or in any notice of change to the directors' circular that would reasonably be expected to affect the decision of the security holders to accept or reject the bid, the board of directors of the offeree issuer must promptly issue and file a news release relating to the change and send a notice of the change to every person to whom the take-over bid was required to be sent disclosing the nature and substance of the change.

(2) A notice of change must be in the form of Form 62-104F5.

2.19. Filing directors' circular or notice of change

The board of directors of the offeree issuer must concurrently file the directors' circular or a notice of change in relation to it and deliver it to the principal office of the offeror not later than the date on which it is sent to the security holders of the offeree issuer, or as soon as practicable after that date.

2.20. Individual director's or officer's circular

(1) An individual director or officer may recommend acceptance or rejection of a take-over bid if the director or officer sends with the recommendation a separate director's or officer's circular to every person to whom the take-over bid was required to be sent under section 2.8.

(2) If, before the expiry of a take-over bid or after the expiry of a take-over bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in a director's or officer's circular or any notice of change in relation to it that would reasonably be expected to affect the decision of the security holders to accept or reject the bid, other than a change that is not within the control of the director or officer, as the case may be, that director or officer must promptly send a notice of change to every person to whom the take-over bid was required to be sent under section 2.8.

(3) A director's or officer's circular must be in the form of Form 62-104F4.

(4) A director's or officer's obligation to send a circular under subsection (1) or to send a notice of change under subsection (2) may be satisfied by sending the circular or the notice of change, as the case may be, to the board of directors of the offeree issuer.

(5) If a director or officer sends to the board of directors of the offeree issuer a circular under subsection (1) or a notice of change under subsection (2), the board, at the offeree issuer's expense, must promptly send a copy of the circular or notice to every person to whom the take-over bid was required to be sent under section 2.8.

(6) The board of directors of the offeree issuer or the individual director or officer, as the case may be, must concurrently file the director's or officer's circular or a notice of change in relation to it and send it to the principal office of the offeror not later than the date on which it is sent to the security holders of the offeree issuer, or as soon as practicable after that.

(7) A notice of change in relation to a director's or officer's circular must be in the form of Form 62-104F5.

2.21. Consent of expert - directors' circular/ individual director's or officer's circular

If a report, valuation, statement or opinion of an expert is included in or accompanies a directors' circular, an individual director's or officer's circular or any notice of change to either circular, the written consent of the expert to the use of the report, valuation, statement or opinion must be filed concurrently with the circular or notice.

2.22. Delivery and date of offeree issuer's documents

(1) A directors' circular, an individual director's or officer's circular and every notice of change must be

(a) mailed by pre-paid mail to the intended recipient, or

(b) delivered to the intended recipient by personal delivery, courier or other manner acceptable to the regulator or securities regulatory authority.

(2) Any circular or notice sent in accordance with this section is deemed to be dated as of the date it was sent to all or substantially all of the persons entitled to receive it.

Division 4 Offeror's Obligations

2.23. Consideration

(1) If a take-over bid or an issuer bid is made, all holders of the same class of securities must be offered identical consideration.

(2) Subsection (1) does not prohibit an offeror from offering an identical choice of consideration to all holders of the same class of securities.

(3) If a variation in the terms of a take-over bid or an issuer bid before the expiry of the bid increases the value of the consideration offered for the securities subject to the bid, the offeror must pay that increased consideration to each person whose securities are taken up under the bid, whether or not the securities were taken up by the offeror before the variation of the bid.

2.24. Prohibition against collateral agreements

If a person makes or intends to make a take-over bid or an issuer bid, the person or any person acting jointly or in concert with that person must not enter into any collateral agreement, commitment or understanding that has the effect, directly or indirectly, of providing a security holder of the offeree issuer with consideration of greater value than that offered to the other security holders of the same class of securities.

2.25. Collateral agreements - exception

(1) Section 2.24 does not apply to an employment compensation arrangement, severance arrangement or other employment benefit arrangement that provides

(a) an enhancement of employee benefits resulting from participation by the security holder of the offeree issuer in a group plan, other than an incentive plan, for employees of a successor to the business of the offeree issuer, if the benefits provided by the group plan are generally provided to employees of the successor to the business of the offeree issuer who hold positions of a similar nature to the position held by the security holder, or

(b) a benefit not described in paragraph (a) that is received solely in connection with the security holder's services as an employee, director or consultant of the offeree issuer, of an affiliate of the offeree issuer, or of a successor to the business of the offeree issuer, if

(i) at the time the bid is publicly announced, the security holder and its associates beneficially own or exercise control or direction over less than 1% of the outstanding securities of each class of securities of the offeree issuer subject to the bid, or

(ii) an independent committee of directors of the offeree issuer, acting in good faith, has determined that

(A) the value of the benefit, net of any offsetting costs to the security holder, is less than 5% of the amount referred to in paragraph 3(a), or

(B) the security holder is providing at least equivalent value in exchange for the benefit.

(2) In order to rely on an exception under paragraph (1)(b) the following conditions must be satisfied:

(a) the benefit is not conferred for the purpose, in whole or in part, of increasing the amount of the consideration paid to the security holder for securities deposited under the bid or providing an incentive to deposit under the bid;

(b) the conferring of the benefit is not, by its terms, conditional on the security holder supporting the bid in any manner; and

(c) full particulars of the benefit are disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(3) In order to rely on an exception under subparagraph 1(b)(ii) the following conditions must be satisfied:

(a) the security holder receiving the benefit has disclosed to the independent committee the amount of consideration that the security holder expects it will be beneficially entitled to receive under the terms of the bid in exchange for the securities beneficially owned by the security holder; and

(b) the determination of the independent committee under subparagraph 1(b)(ii) is disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(4) In this section, in determining the beneficial ownership of securities of a holder at a given date, any security or right or obligation permitting or requiring the security holder or any person acting jointly or in concert with the security holder, whether or not on conditions, to

acquire a security, including an unissued security, of a particular class within 60 days by a single transaction or a series of linked transactions is deemed to be a security of a particular class.

2.26. Proportionate take up and payment

(1) If a take-over bid or an issuer bid is made for less than all of the class of securities subject to the bid and a greater number of securities is deposited under the bid than the offeror is bound or willing to acquire under the bid, the offeror must take up and pay for the securities proportionately, disregarding fractions, according to the number of securities deposited by each security holder.

(2) Subsection (1) does not prohibit an offeror from acquiring securities under the terms of an issuer bid that, if not acquired, would constitute less than a standard trading unit for the security holder.

(3) Subsection (1) does not apply to securities deposited under the terms of an issuer bid by security holders who

(a) are entitled to elect a minimum price per security, within a range of prices, at which they are willing to sell their securities under the bid, and

(b) elect a minimum price which is higher than the price that the offeror pays for securities under the bid.

(4) For the purposes of subsection (1), any securities acquired in a pre-bid transaction to which subsection 2.4(1) applies are deemed to have been deposited under the take-over bid by the person who was the seller in the pre-bid transaction.

2.27. Financing arrangements

(1) If a take-over bid or an issuer bid provides that the consideration for the securities deposited under the bid is to be paid in cash or partly in cash, the offeror must make adequate arrangements before the bid to ensure that the required funds are available to make full payment for the securities that the offeror has offered to acquire.

(2) The financing arrangements required to be made under subsection (1) may be subject to conditions if, at the time the take-over bid or the issuer bid is commenced, the offeror reasonably believes the possibility to be remote that, if the conditions of the bid are satisfied or waived, the offeror will be unable to pay for the securities deposited under the bid due to a financing condition not being satisfied.

Division 5 Bid Mechanics

2.28. Minimum deposit period

An offeror must allow securities to be deposited under a take-over bid or an issuer bid for at least 35 days from the date of the bid.

2.29. Prohibition on take up

An offeror must not take up securities deposited under a take-over bid or an issuer bid until the expiration of 35 days from the date of the bid.

2.30. Withdrawal of securities

(1) A security holder may withdraw securities deposited under a take-over bid or an issuer bid

(a) at any time before the securities have been taken up by the offeror,

(b) at any time before the expiration of 10 days from the date of a notice of change under section 2.11 or a notice of variation under section 2.12, or

(c) if the securities have not been paid for by the offeror within 3 business days after the securities have been taken up.

(2) The right of withdrawal under paragraph (1)(b) does not apply if

(a) the securities have been taken up by the offeror before the date of the notice of change or notice of variation, or

(b) one or both of the following circumstances occur:

(i) a variation in the terms of the bid consisting solely of an increase in consideration offered for the securities and an extension of the time for deposit to not later than 10 days after the date of the notice of variation;

(ii) a variation in the terms of the bid consisting solely of the waiver of one or more of the conditions of the bid where the consideration offered for the securities subject to the take-over bid or the issuer bid consists solely of cash.

(3) The withdrawal of any securities under subsection (1) is made by sending a written notice to the depository designated in the bid circular and becomes effective on its receipt by the depository.

(4) If notice is given in accordance with subsection (3), the offeror must promptly return the securities to the security holder.

2.31. Effect of market purchases

If an offeror purchases securities as permitted by subsection 2.2(3), those purchased securities must be counted in determining whether a condition as to the minimum number of securities to be deposited under a take-over bid has been fulfilled, but must not reduce the number of securities the offeror is bound to take up under the bid.

2.32. Obligation to take up and pay for deposited securities

(1) If all the terms and conditions of a take-over bid or an issuer bid have been complied with or waived, the offeror must take up and pay for securities deposited under the bid not later than 10 days after the expiry of the bid or at the time required by subsection (2) or (3), whichever is earliest.

(2) An offeror must pay for any securities taken up under a take-over bid or an issuer bid as soon as possible, and in any event not later than 3 business days after the securities deposited under the bid are taken up.

(3) Securities deposited under a take-over bid or an issuer bid subsequent to the date on which the offeror first takes up securities deposited under the bid must be taken up and paid for by the offeror not later than 10 days after the deposit of the securities.

(4) An offeror may not extend its take-over bid or issuer bid if all the terms and conditions of the bid have been complied with or waived, unless the offeror first takes up all securities deposited under the bid and not withdrawn.

(5) Despite subsections (3) and (4), if a take-over bid or an issuer bid is made for less than all of the class of securities subject to the bid, an offeror is only required to take up, by the times specified in those subsections, the maximum number of securities that the offeror can take up without contravening section 2.23 or section 2.26 at the expiry of the bid.

(6) Despite subsection (4), if the offeror waives any terms or conditions of a take-over bid or an issuer bid and extends the bid in circumstances where the rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, the bid must be extended without the offeror first taking up the securities which are subject to the rights of withdrawal.

2.33. Return of deposited securities

If, following the expiry of a take-over bid or an issuer bid, an offeror knows that it will not take up securities deposited under the bid, the offeror must promptly issue and file a news release to that effect and return the securities to the security holders.

2.34. News release on expiry of bid

If all the terms and conditions of a take-over bid or an issuer bid have been complied with or waived, the offeror must issue and file a news release to that effect promptly after the expiry of the bid, and the news release must disclose

(a) the approximate number of securities deposited, and

(b) the approximate number that will be taken up.

PART 3 GENERAL

3.1. Language of bid documents

(1) A person must file a document required under this Regulation in French or English.

(2) In Québec, a take-over bid circular, issuer bid circular, directors' circular, director's or officer's circular, notice of change or notice of variation required under Part 2 must be in French or in French and English.

(3) Subsection (1) does not apply to an exempt take-over bid made under section 4.4, or an exempt issuer bid made under section 4.10.

(4) Despite subsection (1), if a person files a document only in French or English, but delivers to a security holder a version of the document in the other language, the person must file that other version not later than when it is first delivered to the security holder.

3.2. Filing of documents

(1) An offeror making a take-over bid under Part 2 must file copies of the following documents, and any amendments to those documents:

(a) any agreement between the offeror and a security holder of the offeree issuer relating to the take-over bid, including any agreement to the effect that the security holder will deposit its securities to the take-over bid made by the offeror;

(b) any agreement between the offeror and directors or officers of an offeree issuer relating to the take-over bid;

(c) any agreement between the offeror and an offeree issuer relating to the take-over bid;

(d) any other agreement of which the offeror is aware that could affect control of the offeree issuer, including any agreement with change of control provisions, any security holder agreement or any voting trust agreement, that the offeror has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(2) An offeree issuer whose securities are the subject of a take-over bid under Part 2 must file copies of any agreement of which the offeree issuer is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement, that the offeree issuer has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(3) The documents required to be filed

(a) under subsection (1) must be filed on the day the take-over bid circular is filed under section 2.10, and

(b) under subsection (2) must be filed on the day that the directors' circular is filed under section 2.19.

(4) If an agreement required to be filed under subsection (1) or (2) is entered into after a take-over bid circular referred to in subsection (1) or the directors' circular referred to in subsection (2) is filed, the agreement must be filed promptly but not later than 2 business days from the date that the agreement was entered into.

(5) If a document required to be filed under subsection (1) or (2) has already been filed in electronic format under Regulation 13-101 respecting System for Electronic Document Analysis and Retrieval (SEDAR) adopted pursuant to decision No. 2001-C-0272 dated June 12, 2001, the requirement to file the document may be satisfied by filing a letter describing the document and stating the filing date and project number.

(6) A document dated before March 30, 2004 that is required to be filed under subsection (1) or (2) may be filed in paper format if it does not exist in an acceptable electronic format under Regulation 13-101 respecting System for Electronic Document Analysis and Retrieval (SEDAR).

(7) A provision in a document required to be filed under subsection (1) or (2) may be omitted or marked so as to be unreadable if

(a) the filer has reasonable grounds to believe that disclosure of the provision would be seriously prejudicial to the interests of the filer or would violate confidentiality provisions,

(b) the provision does not contain information relating to the filer or its securities that would be necessary to understand the document, and

(c) in the copy of the document filed by the filer, the filer includes a brief description of the information that has been omitted or marked so as to be unreadable immediately after the provision that has been omitted or marked.

3.3. Certification of bid circulars

(1) A bid circular or a notice of change or notice of variation in respect of the bid circular required under this Regulation must contain a certificate of the offeror in the required form signed

(a) if the offeror is a person other than an individual, by each of the following:

(i) the chief executive officer or, in the case of a person that does not have a chief executive officer, the individual who performs similar functions to a chief executive officer,

(ii) the chief financial officer or, in the case of a person that does not have a chief financial officer, the individual who performs similar functions to a chief financial officer, and

(iii) 2 directors, other than the chief executive officer and the chief financial officer, who are duly authorized by the board of directors of that person to sign on behalf of the board of directors, or

(b) if the offeror is an individual, by the individual.

(2) For the purposes of subsection (1)(a), if the offeror has fewer than 4 directors and officers, the certificate must be signed by all of the directors and officers.

(3) A directors' circular or a notice of change in respect of a directors' circular required under this Regulation must contain a certificate of the board of directors of the offeree issuer in the required form signed by 2 directors who are duly authorized by the board of directors of that person to sign on behalf of the board of directors.

(4) Every person that files and sends an individual director's or officer's circular or a notice of change in respect of an individual director's or officer's circular under this Regulation must ensure that the circular or notice contains a certificate in the required form and signed by or on behalf of the director or officer sending the circular or notice.

(5) If the regulator, except in Québec, or securities regulatory authority is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate required under this Regulation, the regulator or securities regulatory authority may accept a certificate signed by another officer or director.

3.4. Obligation to provide security holder list

(1) If a person makes or proposes to make a take-over bid under Part 2 for a class of securities of an issuer that is not otherwise required by law to provide a list of its security holders to the person, the issuer must provide a list of holders of that class of securities, and any known holder of an option or right to acquire securities of that class, to enable the person to carry out the bid in compliance with this Regulation.

(2) For the purposes of subsection (1), section 21 of the *Canada Business Corporations Act* (R.S.C. 1985, ch. 44) applies with necessary modifications to the person making or proposing to make the take-over bid and to the issuer, except that the affidavit that accompanies the request for the list of security holders must state that the list will not be used except in connection with a bid made under Part 2 for securities of the issuer.

PART 4 EXEMPTIONS

Division 1 Exempt Take-Over Bids

4.1. Normal course purchase exemption

A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the bid is for not more than 5% of the outstanding securities of a class of securities of the offeree issuer;

(b) the aggregate number of securities acquired in reliance on this exemption by the offeror and any person acting jointly or in concert with the offeror within any period of 12 months, when aggregated with acquisitions otherwise made by the offeror and any person acting jointly or in concert with the offeror within the same 12-month period, other than under a bid that is subject to Part 2, does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period;

(c) there is a published market for the class of securities that are the subject of the bid;

(d) the value of the consideration paid for any of the securities acquired is not in excess of the market price at the date of acquisition, as determined in accordance with section 1.11, plus reasonable brokerage fees or commissions actually paid.

4.2. Private agreement exemption

(1) A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) purchases are made from not more than 5 persons in the aggregate, including persons located outside the local jurisdiction;

(b) the bid is not made generally to security holders of the class of securities that is the subject of the bid, so long as there are more than 5 security holders of the class;

(c) if there is a published market for the securities acquired, the value of the consideration paid for any of the securities, including brokerage fees or commissions, is not greater than 115% of the market price of the securities at the date of the bid as determined in accordance with section 1.11;

(d) if there is no published market for the securities acquired, there is a reasonable basis for determining that the value of the consideration paid for any of the securities is not greater than 115% of the value of the securities.

(2) In subsection (1), if an offeror makes an offer to acquire securities from a person and the offeror knows or ought to know after reasonable enquiry that

(a) the person acquired the securities in order that the offeror might make use of the exemption under subsection (1), then each person from whom those securities were acquired must be included in the determination of the number of persons to whom an offer to acquire has been made, or

(b) the person from whom the acquisition is being made is acting as a nominee, agent, trustee, executor, administrator or other legal representative for one or more other persons having a direct beneficial interest in those securities, then each of those other persons must be included in the determination of the number of persons to whom an offer to acquire has been made.

(3) Despite paragraph (2)(b), a trust or estate is to be considered a single security holder in the determination of the number of persons to whom an offer to acquire has been made if

(a) an inter vivos trust has been established by a single settlor, or

(b) an estate has not vested in all persons who are beneficially entitled to it.

4.3. Non-reporting issuer exemption

A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the offeree issuer is not a reporting issuer;

(b) there is no published market for the securities that are the subject of the bid;

(c) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who

(i) are in the employment of the offeree issuer or an affiliate of the offeree issuer, or

(ii) were formerly in the employment of the offeree issuer or in the employment of an entity that was an affiliate of the offeree issuer at the time of that employment, and who while in that employment were, and have continued after that employment to be, security holders of the offeree issuer.

4.4. Foreign take-over bid exemption

A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction;

(f) if the bid materials referred to in paragraph (e) are not in English, a brief summary of the key terms of the bid prepared in English, and in Québec in French or French and English, is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction at the same time as the bid materials are filed and sent;

(g) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

4.5. De minimis exemption

A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the number of beneficial owners of securities of the class subject to the bid in the local jurisdiction is fewer than 50;

(b) the securities held by the beneficial owners referred to in paragraph (a) constitute, in aggregate, less than 2% of the outstanding securities of that class;

(c) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(d) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

Division 2 Exempt Issuer Bids

4.6. Issuer acquisition or redemption exemption

An issuer bid for a class of securities is exempt from Part 2 if any of the following conditions are satisfied:

(a) the securities are purchased, redeemed or otherwise acquired in accordance with the terms and conditions attaching to the class of securities that permit the purchase, redemption or acquisition of the securities by the issuer without the prior agreement of the owners of the securities, or the securities are acquired to meet sinking fund or purchase fund requirements;

(b) the purchase, redemption or other acquisition is required by the terms and conditions attaching to the class of securities or by the statute under which the issuer was incorporated, organized or continued;

(c) the terms and conditions attaching to the class of securities contain a right of the owner to require the issuer of the securities to redeem, repurchase, or otherwise acquire the securities, and the securities are acquired under the exercise of the right.

4.7. Employee, executive officer, director and consultant exemption

An issuer bid is exempt from Part 2 if the securities are acquired from a current or former employee, executive officer, director or consultant of the issuer or of an affiliate of the issuer and, if there is a published market in respect of the securities,

(a) the value of the consideration paid for any of the securities acquired is not greater than the market price of the securities at the date of the acquisition, determined in accordance with section 1.11, and

(b) the aggregate number of securities or, in the case of convertible debt securities, the aggregate principal amount of securities acquired by the issuer within any period of 12 months in reliance on the exemption provided by this paragraph does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period.

4.8. Normal course issuer bid exemptions

(1) In this section, "designated exchange" means the Toronto Stock Exchange, the TSX Venture Exchange or other exchange recognized or designated by the securities regulatory authorities for the purpose of this Regulation.

(2) An issuer bid that is made in the normal course through the facilities of a designated exchange is exempt from Part 2 if the bid is made in accordance with the bylaws, rules, regulations and policies of that exchange.

(3) An issuer bid that is made in the normal course on a published market, other than a designated exchange, is exempt from Part 2 if all of the following conditions are satisfied:

(a) the bid is for not more than 5% of the outstanding securities of a class of securities of the issuer;

(b) the aggregate number of securities or, in the case of convertible debt securities, the aggregate principal amount of securities acquired in reliance on this exemption by the issuer and any person acting jointly or in concert with the issuer within any 12-month period does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period;

(c) the value of the consideration paid for any of the securities acquired is not in excess of the market price at the date of acquisition as determined in accordance with section 1.11, plus reasonable brokerage fees or commissions actually paid.

(4) An issuer making a bid under subsection (2) must promptly file any news release required to be issued by the designated exchange.

(5) An issuer making a bid under subsection (3) must issue and file, at least 5 days before the commencement of the bid, a news release containing the following information:

(a) the class and number of securities or principal amount of debt securities sought;

(b) the dates, if known, on which the issuer bid will commence and expire;

(c) the value, in Canadian dollars, of the consideration offered per security;

(d) the manner in which the securities will be acquired; and

(e) the reasons for the issuer bid.

4.9. Non-reporting issuer exemption

An issuer bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the issuer is not a reporting issuer;

(b) there is no published market for the securities that are the subject of the bid;

(c) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who

(i) are in the employment of the issuer or an affiliate of the issuer, or

(ii) were formerly in the employment of the issuer or in the employment of an entity that was an affiliate of the issuer at the time of that employment, and who while in that employment were, and have continued after the employment to be, security holders of the issuer.

4.10. Foreign issuer bid exemption

An issuer bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction;

(f) if the bid materials referred to in paragraph (e) are not in English, a brief summary of the key terms of the bid prepared in English, and in Québec in French or French and English, is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction at the same time as the bid materials are filed and sent;

(g) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

4.11. De minimis exemption

An issuer bid is exempt from the requirements of Part 2 if all of the following conditions are satisfied:

(a) the number of beneficial owners of the class of securities subject to the bid in the local jurisdiction is fewer than 50;

(b) the securities held by the beneficial owners referred to in paragraph (a) constitute, in aggregate, less than 2% of the outstanding securities of that class;

(c) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(d) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

PART 5 REPORTS AND ANNOUNCEMENTS OF ACQUISITIONS

5.1. Definitions

In this Part,

(a) "acquiror" means a person who acquires a security, other than by way of a take-over bid or an issuer bid made in compliance with Part 2, and

(b) "acquiror's securities" means securities of an offeree issuer beneficially owned, or over which control or direction is exercised, on the date of an offer to acquire, by an acquiror or any person acting jointly or in concert with the acquiror.

5.2. Early warning

(1) Every acquiror who acquires beneficial ownership of, or control or direction over, voting or equity securities of any class of a reporting issuer or securities convertible into voting or equity securities of any class of a reporting issuer that, together with the acquiror's securities of that class, would constitute 10% or more of the outstanding securities of that class, must

(a) promptly issue and file a news release containing the information required by section 3.1 of Regulation 62-103 respecting The Early Warning System and Related Take-Over Bid and Insider Reporting Issues adopted pursuant to decision No. 2003-C-0109 dated March 18, 2003, and

(b) within 2 business days from the day of the acquisition, file a report containing the information required by section 3.1 of Regulation 62-103 respecting The Early Warning System and Related Take-Over Bid and Insider Reporting Issues.

(2) An acquiror must issue an additional news release and file a report in accordance with subsection (1) each time any of the following events occur:

(a) the acquiror or any person acting jointly or in concert with the acquiror acquires beneficial ownership of, or control or direction over,

(i) an additional 2% or more of the outstanding securities of the class of securities that was the subject of the most recent report required to be filed by the acquiror under this section, or

(ii) securities convertible into an additional 2% or more of the outstanding securities referred to in subparagraph (i);

(b) there is a change in a material fact contained in the report required under subsection (1) or paragraph (a) of this subsection.

(3) During the period beginning on the occurrence of an event in respect of which a report or further report is required to be filed under this section and ending on the expiry of one business day after the date that the report or further report is filed, the acquiror required to file the report or any person acting jointly or in concert with the acquiror must not acquire or offer to acquire beneficial ownership of any securities of the class in respect of which the report or further report is required to be filed or any securities convertible into securities of that class.

(4) Subsection (3) does not apply to an acquiror that has beneficial ownership of, or control or direction over, securities that, together with the acquiror's securities of that class, constitute 20% or more of the outstanding securities of that class.

5.3. Acquisitions during bid

(1) If, after a take-over bid or an issuer bid has been made under Part 2 for voting or equity securities of a reporting issuer and before the expiry of the bid, an acquiror acquires beneficial ownership of, or control or direction over, securities of the class subject to the bid which, when added to the acquiror's securities of that class, constitute 5% or more of the outstanding securities of that class, the acquiror must, before the opening of trading on the next business day, issue and file a news release containing the information required by subsection (3).

(2) An acquiror must issue and file an additional news release in accordance with subsection (3) before the opening of trading on the next business day each time the acquirer, or any person acting jointly or in concert with the acquiror, acquires beneficial ownership of, or control or direction over, in aggregate, an additional 2% or more of the outstanding securities of the class of securities that was the subject of the most recent news release required to be filed by the acquiror under this section.

(3) A news release or further news release required under subsection (1) or (2) must set out

(a) the name of the acquiror,

(b) the number of securities of the offeree issuer that were beneficially acquired, or over which control or direction was acquired, in the transaction that gave rise to the requirement under subsection (1) or (2) to issue the news release,

(c) the number of securities and the percentage of outstanding securities of the offeree issuer that the acquiror and all persons acting jointly or in concert with the acquiror, have beneficial ownership of, or control or direction over, immediately after the acquisition described in paragraph (b),

(d) the number of securities of the offeree issuer that were beneficially acquired, or over which control or direction was acquired, by the acquiror and all persons acting jointly or in concert with the acquiror, since the commencement of the bid,

(e) the name of the market in which the acquisition described in paragraph (b) took place, and

(f) the purpose of the acquiror and all persons acting jointly or in concert with the acquiror in making the acquisition described in paragraph (b), including any intention of the acquiror and all persons acting jointly or in concert with the acquiror to increase the beneficial ownership of, or control or direction over, any of the securities of the offeree issuer.

5.4. Duplicate news release not required

If the facts in respect of which a news release is required to be filed under sections 5.2 and 5.3 are identical, a news release is required only under the provision requiring the earlier news release.

5.5. Copies of news release and report

An acquiror that files a news release or report under sections 5.2 or 5.3 must promptly send a copy of each filing to the reporting issuer.

PART 6 EXEMPTIONS

6.1. Exemption – general

The regulator, except in Québec, or the securities regulatory authority may, under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions opposite the name of the local jurisdiction, grant an exemption to this Regulation.

6.2. Exemption – collateral benefit

The regulator, except in Québec, or the securities regulatory authority may decide for the purposes of section 2.24 that an agreement, commitment or understanding with a selling security holder is made for reasons other than to increase the value of the consideration paid to a selling security holder for the securities of the selling security holder and that the agreement, commitment or understanding may be entered into despite that section.

PART 7 TRANSITION AND COMING INTO FORCE

7.1. Transition

The take-over bid or issuer bid provisions in securities legislation that were in force immediately before the effective date of this Regulation, continue to apply in respect of every take-over bid and issuer bid commenced before the effective date of this Regulation.

7.2. Coming into force

This Regulation comes into force on February 1, 2008.

FORM 62-104F1
TAKE-OVER BID CIRCULAR

PART 1 GENERAL PROVISIONS

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (the Regulation) and to Regulation 14101 respecting Definitions.

(b) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of Regulation 44-101 respecting Short Form Prospectus Distributions approved by Ministerial Order No. 200524 dated November 30, 2005, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 19 to be included in your take-over bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your take-over bid circular. Unless you have already filed the referenced document, you must file it with your take-over bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the offeree issuer.

(c) Plain language

Write the take-over bid circular so that readers are able to understand it and make informed investment decisions. Offerors should apply plain language principles when they prepare a take-over bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;

• using personal pronouns to speak directly to the reader;

• avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;

• avoiding vague boilerplate wording;

• avoiding abstract terms by using more concrete terms or examples;

• avoiding multiple negatives;

• using technical terms only when necessary and explaining those terms;

• using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(d) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

PART 2 CONTENTS OF TAKE-OVER BID CIRCULAR

Item 1 Name and description of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business, and give a brief description of its activities.

Item 2 Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3 Securities subject to the bid

State the class and number of securities that are the subject of the take-over bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer.

Item 4 Time period

State the dates on which the take-over bid will commence and expire.

Item 5 Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 6 Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the offeror,

(b) by each director and officer of the offeror, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeror,

(ii) an insider of the offeror, other than a director or officer of the offeror, and

(iii) any person acting jointly or in concert with the offeror.

In each case where no securities are owned, directed or controlled, state this fact.

Item 7 Trading in securities of offeree issuer

State, if known after reasonable enquiry, the following information about any securities of the offeree issuer purchased or sold by the persons referred to in item 6 during the 6-month period preceding the date of the take-over bid:

(a) the description of the security;

(b) the number of securities purchased or sold;

(c) the purchase or sale price of the security;

(d) the date of the transaction.

If no such securities were purchased or sold, state this fact.

Item 8 Commitments to acquire securities of offeree issuer

Disclose all agreements, commitments or understandings made by the offeror, and, if known after reasonable enquiry, by the persons referred to in item 6 to acquire securities of the offeree issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 9 Terms and conditions of the bid

State the terms of the take-over bid. If the obligation of the offeror to take up and pay for securities under the take-over bid is conditional, state the particulars of each condition.

Item 10 Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 11 Right to withdraw deposited securities

Describe the withdrawal rights of the security holders of the offeree issuer under the take-over bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 12 Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 13 Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the take-over bid, including but not limited to listing or de-listing on an exchange,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the take-over bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the take-over bid to which the circular relates was announced to the public and the market price of the securities immediately before that announcement.

Item 14 Arrangements between the offeror and the directors and officers of offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 15 Arrangements between the offeror and security holders of offeree issuer

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 2.24 of the Regulation, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Regulation, and if the information is available to the offeror, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Regulation.

Item 16 Arrangements with or relating to the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made between the offeror and the offeree issuer relating to the take-over bid and any other agreement, commitment or understanding of which the offeror is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement that the offeror has access to and that can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

Item 17 Purpose of the bid

State the purpose of the take-over bid. Disclose the particulars of any plans or proposals for

(a) subsequent transactions involving the offeree issuer such as a going private transaction, or

(b) material changes in the affairs of the offeree issuer, including, for example, any proposal to liquidate the offeree issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it with any other business organization or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 18 Valuation

If the take-over bid is an insider bid, as defined in applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 19 Securities of an offeror or other issuer to be exchanged for securities of offeree issuer

(1) If a take-over bid provides that the consideration for the securities of the offeree issuer is to be, in whole or in part, securities of the offeror or other issuer, include the financial statements and other information required in a prospectus of the issuer whose securities are being offered in exchange for the securities of the offeree issuer.

(2) For the purposes of subsection (1), provide the pro forma financial statements that would be required in a prospectus assuming that

(a) the likelihood of the offeror completing the acquisition of securities of the offeree issuer is high, and

(b) the acquisition is a significant acquisition for the offeror.

(3) Despite subsection (1), the financial statements of the offeree issuer are not required to be included in the circular.

Item 20 Right of appraisal and acquisition

State any rights of appraisal the security holders of the offeree issuer have under the laws or constating document governing, or contracts binding, the offeree issuer and state whether or not the offeror intends to exercise any right of acquisition the offeror may have.

Item 21 Market purchases of securities

State whether or not the offeror intends to purchase in the market securities that are the subject of the take-over bid.

Item 22 Approval of take-over bid circular

If the take-over bid is made by or on behalf of an offeror that has directors, state that the take-over bid circular has been approved and its sending has been authorized by the directors.

Item 23 Other material facts

Describe

(a) any material facts concerning the securities of the offeree issuer, and

(b) any other matter not disclosed in the take-over bid circular that has not previously been generally disclosed, is known to the offeror, and that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 24 Solicitations

Disclose any person retained by or on behalf of the offeror to make solicitations in respect of the take-over bid and the particulars of the compensation arrangements.

Item 25 Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

"Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have

at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.”.

Item 26 Certificate

A take-over bid circular certificate form must state:

“The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.”.

Item 27 Date of take-over bid circular

Specify the date of the take-over bid circular.

FORM 62-104F2
ISSUER BID CIRCULAR

PART 1 GENERAL PROVISIONS

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (the Regulation) and to Regulation 14-101 respecting Definitions.

(b) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of Regulation 44-101 respecting Short Form Prospectus Distributions, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 21 to be included in your issuer bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your issuer bid circular. Unless you have already filed the referenced document, you must file it with your issuer bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the issuer.

(c) Plain language

Write the issuer bid circular so that readers are able to understand it and make informed investment decisions. Issuers should apply plain language principles when they prepare an issuer bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(d) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

PART 2 CONTENTS OF ISSUER BID CIRCULAR

Item 1 Name of issuer

State the corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 2 Securities subject to the bid

State the class and number of securities that are the subject of the issuer bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer. Where the number of securities sought under the bid is subject to additional purchases by the issuer for the purpose of preventing security holders from being left with less than a standard trading unit, disclose this fact.

Where the issuer intends to rely on the exception from the proportionate take up and payment requirements found in subsection 2.26(3) of the Regulation relating to "dutch auctions", the issuer is not required to disclose the number of securities that are the subject of the issuer bid if the issuer discloses a maximum amount the issuer intends to spend making purchases pursuant to the bid.

Item 3 Time period

State the dates on which the issuer bid will commence and expire.

Item 4 Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 5 Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 6 Right to withdraw deposited securities

Describe the right to withdraw securities deposited under the issuer bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 7 Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 8 Participation

If the issuer bid is for less than all of the outstanding securities of that class, state that if a greater number or principal amount of the securities are deposited than the issuer is bound or willing to take up and pay for, the issuer will take up as nearly as may be proportionately, disregarding fractions, according to the number or principal amount of the securities deposited. To the extent that this is not the case, as permitted by securities legislation, the response to this item should be modified accordingly.

If an issuer intends to rely on one or both of the exceptions from the proportionate take up and payment requirements found in subsections 2.26 (2) and (3) of the Regulation relating to standard trading units and "dutch auctions", describe the mechanism under which securities would be deposited and taken up without proration.

Item 9 Purpose of the bid

State the purpose for the issuer bid, and if it is anticipated that the issuer bid will be followed by a going private transaction or other transaction such as a business combination, describe the proposed transaction.

Item 10 Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the issuer bid,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the issuer bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the issuer bid to which the circular relates was announced to the public and the market price of the securities of the issuer immediately before that announcement.

Item 11 Ownership of securities of issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the issuer, and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the issuer,

(ii) each associate or affiliate of the issuer,

(iii) an insider of the issuer, other than a director or officer of the issuer, and

(iv) each person acting jointly or in concert with the issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 12 Commitments to acquire securities of issuer

Disclose all agreements, commitments or understandings made by the issuer and, if known after reasonable enquiry, by the persons referred to in item 11, to acquire securities of the issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 13 Acceptance of issuer bid

If known after reasonable enquiry, state the name of every person named in item 11 who has accepted or intends to accept the issuer bid and the number of securities in respect of which the person has accepted or intends to accept the issuer bid.

Item 14 Benefits from the bid

State the direct or indirect benefits to any of the persons named in item 11 of accepting or refusing the issuer bid.

Item 15 Material changes in the affairs of issuer

Disclose the particulars of any plans or proposals for material changes in the affairs of the issuer, including, for example, any contract or agreement under negotiation, any proposal to liquidate the issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 16 Other benefits

If any material changes or subsequent transactions are contemplated, as described in item 9 or 15, state any specific benefit, direct or indirect, as a result of such changes or transactions to any of the persons named in item 11.

Item 17 Arrangements between the issuer and security holders

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the issuer and a security holder of the issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to an issuer bid, must include

(a) a detailed explanation as to how the issuer determined entering into it was not prohibited by section 2.24 of the Regulation, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the issuer and the facts supporting that reliance.

(2) If the issuer is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Regulation, and if the information is available to the issuer, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Regulation.

Item 18 Previous purchases and sales

State the following information about any securities of the issuer purchased or sold by the issuer during the twelve months preceding the date of the issuer bid, excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights:

(a) the description of the security,

(b) the number of securities purchased or sold,

(c) the purchase or sale price of the security, and

(d) the date and purpose of each transaction.

If no securities were purchased or sold, state this fact.

Item 19 Financial statements

If the most recently available interim financial statements are not included, include a statement that the most recent interim financial statements will be sent without charge to any security holder requesting them.

Item 20 Valuation

If a valuation is required by applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 21 Securities of issuer to be exchanged for others

If an issuer bid provides that the consideration for the securities of the issuer is to be, in whole or in part, different securities of the issuer, include the financial and other information prescribed for a prospectus of the issuer.

Item 22 Approval of issuer bid circular

State that the issuer bid circular has been approved by the issuer's directors, disclosing the name of any individual director of the issuer who has informed the directors in writing of their opposition to the issuer bid and that the delivery of the issuer bid circular to the security holders of the issuer has been authorized by the issuer's directors.

If the issuer bid is part of a transaction or to be followed by a transaction required to be approved by minority security holders, state the nature of the approval required.

Item 23 Previous distribution

If the securities of the class subject to the issuer bid were distributed during the 5 years preceding the issuer bid, state the distribution price per share and the aggregate proceeds received by the issuer or selling security holder.

Item 24 Dividend policy

State the frequency and amount of dividends with respect to shares of the issuer during the 2 years preceding the date of the issuer bid, any restrictions on the issuer's ability to pay dividends and any plan or intention to declare a dividend or to alter the dividend policy of the issuer.

Item 25 Tax consequences

Provide a general description of the income tax consequences in Canada of the issuer bid to the issuer and to the security holders of any class affected.

Item 26 Expenses of bid

Provide a statement of the expenses incurred or to be incurred in connection with the issuer bid.

Item 27 Right of appraisal and acquisition

State any rights of appraisal the security holders of the issuer have under the laws or constating documents governing, or contracts binding, the issuer and state whether or not the issuer intends to exercise any right of acquisition the issuer may have.

Item 28 Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

"Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.".

Item 29 Other material facts

Describe

(a) any material facts concerning the securities of the issuer, and

(b) any other matter not disclosed in the issuer bid circular that has not previously been generally disclosed, is known to the issuer, and that would reasonably be expected to affect the decision of the security holders of the issuer to accept or reject the offer.

Item 30 Solicitations

Disclose any person retained by or on behalf of the issuer to make solicitations in respect of the issuer bid and the particulars of the compensation arrangements.

Item 31 Certificate

An issuer bid circular certificate form must state:

"The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.".

Item 32 Date of issuer bid circular

Specify the date of the issuer bid circular.

FORM 62-104F3
DIRECTORS' CIRCULAR

PART 1 GENERAL PROVISIONS

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (the Regulation) and to Regulation 14-101 respecting Definitions.

(b) Plain language

Write the directors' circular so that readers are able to understand it and make informed investment decisions. Directors should apply plain language principles when they prepare a directors' circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

PART 2 CONTENTS OF DIRECTORS' CIRCULAR

Item 1 Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2 Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3 Names of directors of the offeree issuer

State the name of each director of the offeree issuer.

Item 4 Ownership of securities of offeree issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the offeree issuer, and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each associate or affiliate of the offeree issuer,

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person acting jointly or in concert with the offeree issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 5 Acceptance of take-over bid

If known after reasonable enquiry, state the name of every person named in item 4 who has accepted or intends to accept the offer and the number of securities in respect of which such person has accepted or intends to accept the offer.

Item 6 Ownership of securities of offeror

If a take-over bid is made by or on behalf of an offeror that is an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the offeree issuer,

(b) by each director and officer of the offeree issuer, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each affiliate or associate of the offeree issuer, and

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person acting jointly or in concert with the offeree issuer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7 Relationship between the offeror and the directors and officers of the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful. State also whether any directors or officers of the offeree issuer are also directors or officers of the offeror or any subsidiary entity of the offeror and identify those persons.

Item 8 Arrangements between offeree issuer and officers and directors

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 9 Arrangements between the offeror and security holders of offeree issuer

(1) If not already disclosed in the take-over bid circular, disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 2.24 of the Regulation, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Regulation, and if not already disclosed in the take-over bid circular, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Regulation.

Item 10 Interests of directors and officers of the offeree issuer in material transactions with offeror

State whether any director or officer of the offeree issuer and their associates and, if known to the directors or officers after reasonable enquiry, whether any person who owns more than 10 % of any class of equity securities of the offeree issuer for the time being outstanding has any interest in any material transaction to which the offeror is a party, and if so, state particulars of the nature and extent of such interest.

Item 11 Trading by directors, officers and other insiders

(1) State the number of securities of the offeree issuer traded, the purchase or sale price and the date of each transaction during the 6-month period preceding the date of the directors' circular by the offeree issuer and each director, officer or other insider of the offeree issuer, and, if known after reasonable enquiry, by

(a) each associate or affiliate of an insider of the offeree issuer,

(b) each affiliate or associate of the offeree issuer, and

(c) each person acting jointly or in concert with the offeree issuer.

(2) Disclose the number and price of securities of the offeree issuer of the class of securities subject to the bid or convertible into securities of that class that have been issued to the directors, officers and other insiders of the offeree issuer during the 2-year period preceding the date of the circular.

Item 12 Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror has been presented incorrectly or is misleading, supply any additional information which will make the information in the circular correct or not misleading.

Item 13 Material changes in the affairs of offeree issuer

State the particulars of any information known to any of the directors or officers of the offeree issuer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim or annual financial statement of the offeree issuer.

Item 14 Other material information

State the particulars of any other information known to the directors but not already disclosed in the directors' circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 15 Recommending acceptance or rejection of the bid

Include either a recommendation to accept or reject the take-over bid and the reasons for such recommendation or a statement that the directors are unable to make or are not making a recommendation. If no recommendation is made, state the reasons for not making a recommendation. If the directors of an offeree issuer are considering recommending acceptance or rejection of a take-over bid after the sending of the directors' circular, state that fact.

Item 16 Response of offeree issuer

Describe any transaction, directors' resolution, agreement in principle or signed contract of the offeree issuer in response to the bid. Disclose whether there are any negotiations underway in response to the bid, which relate to or would result in

(a) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or a subsidiary entity,

(b) the purchase, sale or transfer of a material amount of assets by the offeree issuer or a subsidiary entity,

(c) a competing take-over bid,

(d) a bid by the offeree issuer for its own securities or for those of another issuer, or

(e) any material change in the present capitalization or dividend policy of the offeree issuer.

If there is an agreement in principle, give full particulars.

Item 17 Approval of directors' circular

State that the directors' circular has been approved and its sending has been authorized by the directors of the offeree issuer.

Item 18 Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

"Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.".

Item 19 Certificate

A directors' circular certificate form must state:

"The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.".

Item 20 Date of directors' circular

Specify the date of the directors' circular.

FORM 62-104F4
DIRECTOR'S OR OFFICER'S CIRCULAR

PART 1 GENERAL PROVISIONS

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (the Regulation) and to Regulation 14-101 respecting Definitions.

(b) Plain language

Write the director's or officer's circular so that readers are able to understand it and make informed investment decisions. Directors and officers should apply plain language principles when they prepare a director's or officer's circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

PART 2 CONTENTS OF DIRECTOR'S OR OFFICER'S CIRCULAR

Item 1 Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2 Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3 Name of director or officer of offeree issuer

State the name of each director or officer delivering the circular.

Item 4 Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the director or officer, and

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 5 Acceptance of bid

State whether the director or officer of the offeree issuer and, if known after reasonable enquiry whether any associate of such director or officer, has accepted or intends to accept the offer and state the number of securities in respect of which the director or officer, or any associate, has accepted or intends to accept the offer.

Item 6 Ownership of securities of offeror

If a take-over bid is made by or on behalf of an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the director or officer, or

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7 Arrangements between offeror and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or the director or officer remaining in or retiring from office if the take-over bid is successful. State whether the director or officer is also a director or officer of the offeror or any subsidiary entity of the offeror.

Item 8 Arrangements between offeree issuer and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or his or her remaining in or retiring from office if the take-over bid is successful.

Item 9 Interests of director or officer in material transactions with offeror

State whether the director or officer or the associates of the director or officer have any interest in any material transaction to which the offeror is a party, and if so, state the particulars of the nature and extent of such interest.

Item 10 Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror or the directors' circular prepared by the directors has been presented incorrectly or is misleading, supply any additional information within the knowledge of the director or officer which would make the information in the take-over bid circular or directors' circular correct or not misleading.

Item 11 Material changes in the affairs of offeree issuer

State the particulars of any information known to the director or officer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim or annual financial statement of the offeree issuer and not generally disclosed or in the opinion of the director or officer not adequately disclosed in the take-over bid circular or directors' circular.

Item 12 Other material information

State the particulars of any other information known to the director or officer but not already disclosed in the director's or officer's circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 13 Recommendation

State the recommendation of the director or officer and the reasons for the recommendation.

Item 14 Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

"Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revison or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.".

Item 15 Certificate

Include a certificate in the following form signed by or on behalf of each director or officer delivering the circular:

"The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.".

Item 16 Date of director's or officer's circular

Specify the date of the director's or officer's circular.

FORM 62-104F5
NOTICE OF CHANGE OR NOTICE OF VARIATION

PART 1 GENERAL PROVISIONS

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (the Regulation) and to Regulation 14-101 respecting Definitions.

(b) Plain language

Write the notice of change or notice of variation so that readers are able to understand it and make informed investment decisions. Plain language principles should be applied when preparing a notice of change or notice of variation including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

PART 2 CONTENTS OF NOTICE OF CHANGE OR NOTICE OF VARIATION

Item 1 Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2 Name of offeree issuer (if applicable)

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3 Particulars of notice of change or notice of variation

(1) A notice of change required under section 2.11 of the Regulation must contain

(a) a description of the change in the information contained in

(i) the take-over bid circular or issuer bid circular, and

(ii) any notice of change previously delivered under section 2.11,

(b) the date of the change,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror, and

(e) a description of the rights of withdrawal that are available to security holders.

(2) A notice of variation required under section 2.12 of the Regulation must contain

(a) a description of the variation in the terms of the take-over bid or issuer bid,

(b) the date of the variation,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror,

(e) if the date referred to in paragraph (d) is not known, a description of the legal requirements regarding the timing of take up of securities deposited under the bid,

(f) a description of when payment will be made for deposited securities in relation to the time in which they are taken up by the offeror, and

(g) a description of the rights of withdrawal that are available to security holders.

(3) A notice of change required under section 2.18 or subsection 2.20(2) of the Regulation must contain, as applicable, a description of the change in the information contained in

(a) the directors' circular,

(b) any notice of change previously delivered under section 2.18,

(c) the director's or officer's circular, or

(d) any notice of change previously delivered under subsection 2.20(2).

Item 4 Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this notice:

"Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.".

Item 5 Certificate

Include the signed certificate required in the bid circular, directors' circular or director's or officer's circular, amended to refer to the initial circular and to all subsequent notices of change or notices of variation.

Item 6 Date of notice of change or notice of variation

Specify the date of the notice of change or notice of variation.

8544

Index

Abbreviations: **A**: Abrogated, **N**: New, **M**: Modified

	Page	Comments
Automobile Insurance Act, amended (2007, Bill 42)	501	
Early warning system and related take-over bid and insider reporting issues — Regulation 62-103 (Securities Act, R.S.Q., c. V-1.1)	561	M
Highway Safety Code and the Regulation respecting demerit point, An Act to amend the... (2007, Bill 42)	501	
Highway Safety Code, amended (2007, Bill 42)	501	
Ministère des Transports, An Act respecting the…, amended (2007, Bill 42)	501	
Protection of minority security holders in special transactions — Regulation 61-101 (Securities Act, R.S.Q., c. V-1.1)	533	N
Protection of minority security holders in the course of certain transactions — Regulation Q-27 (Securities Act, R.S.Q., c. V-1.1)	533	A
Securities Act — Early warning system and related take-over bid and insider reporting issues — Regulation 62-103 (R.S.Q., c. V-1.1)	561	M
Securities Act — Protection of minority security holders in special transactions — Regulation 61-101 (R.S.Q., c. V-1.1)	533	N
Securities Act — Protection of minority security holders in the course of certain transactions — Regulation Q-27 (R.S.Q., c. V-1.1)	533	A
Securities Act — Securities Regulation (R.S.Q., c. V-1.1)	561	M
Securities Act — Take-over bids and issuer bids — Regulation 62-104 (R.S.Q., c. V-1.1)	565	N
Securities Regulation (Securities Act, R.S.Q., c. V-1.1)	561	M
Société de l'assurance automobile du Québec, An Act respecting the…, amended (2007, Bill 42)	501	
Take-over bids and issuer bids — Regulation 62-104 (Securities Act, R.S.Q., c. V-1.1)	565	N