



REQUEST FOR COMMENTS

Notice and Request for Comment – Adoption of New Brunswick Implementing Instrument 41-801 adopting National Instrument 41-101 – *Prospectus Disclosure Requirements*

Introduction

On March 14, 2005, the New Brunswick Securities Commission approved publication for comment of Implementing Instrument 41-801. Through 41-801, the Commission would adopt National Instrument 41-101 – *Prospectus Disclosure Requirements*.

The text of Implementing Instrument [41-801](#) is being published concurrently with this Notice.

The text of 41-101 can be obtained from the following website:

English: [41-101](#)

French: [41-101](#)

Background

NI 41-101 came into effect in other CSA jurisdictions on December 31, 2000. The instrument sets out the necessary information that issuers must disclose in a prospectus or preliminary prospectus.

Substance and Purpose

The instrument provides specific statements of warnings and disclosure that must be replicated verbatim on a prospectus. The issuer must disclose the terms of any agreement with an underwriter. The prospectus must also include a statement setting out the purchaser's statutory rights of withdrawal and rescission.

The rule contains the ability for a issuer to obtain an exemption from any requirement of the rule, upon application to the Commission. The exemption would be evidenced by the granting of the receipt for the prospectus or an amendment to the prospectus.

Request for Comment

The Commission requests your comments on Local Implementing Instrument 41-801 as it applies to the application of NI 41-101 in New Brunswick. Comments are not being sought on NI 41-101.

How To Provide Your Comment

Please provide your comments by Monday May 16, 2005 by addressing your submissions to:

Secretary,
New Brunswick Securities Commission
133 Prince William Street, Suite 606
Saint John, NB E2L 2B5
Telephone: (506)-658-3060
Fax: (506)-658-3059
Toll Free (866) 933-2222 (within NB only)
E-mail: information@nbsc-cvmnb.ca

If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Questions may be referred to:

Kevin Hoyt
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RULE 41-801 IMPLEMENTING

NATIONAL INSTRUMENT 41-101 *PROSPECTUS DISCLOSURE REQUIREMENTS*

PART 1 DEFINITIONS

1.1 "NI 41-101" means National Instrument 41-101 *Prospectus Disclosure Requirements* of the Canadian Securities Administrators, effective December 31, 2000.

PART 2 ADOPTION AS A RULE

2.1 NI 41-101 *Prospectus Disclosure Requirements*, as amended by this instrument, is adopted as a Rule under the *Securities Act*.

PART 3 EFFECTIVE DATE

3.1 This instrument comes into effect on •



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NATIONAL INSTRUMENT 41-101

PROSPECTUS DISCLOSURE REQUIREMENTS

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NATIONAL INSTRUMENT 41-101

PROSPECTUS DISCLOSURE REQUIREMENTS

PART 1 APPLICATION AND INTERPRETATION

1.1 Application - Except as otherwise provided in securities legislation or an exemption from securities legislation, this Instrument applies to a prospectus.

1.2 Interpretation of "Prospectus" - In this Instrument, unless otherwise stated, a reference to a prospectus includes a preliminary prospectus.

1.3 Variations - An issuer may modify the statements required by this Instrument to be included in a prospectus to reflect the terms and conditions of a distribution of the issuer's securities.

PART 2 FRONT PAGE DISCLOSURE

2.1 Prospectus Warning and Disclaimer Clause - An issuer shall include the following statement in italics at the top of the cover page of its prospectus:
"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."

2.2 Preliminary Prospectus Disclosure - An issuer shall include the following statement in red ink and italics at the top of the cover page immediately above the disclosure required under section 2.1, with the bracketed information completed:

"A copy of this preliminary prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority(ies)."

INSTRUCTION Issuers shall complete the bracketed information by (i) inserting the names of each jurisdiction in which the issuer intends to offer securities under the prospectus; (ii) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or (iii) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdictions]).

2.3 International Issuers

(1) If the issuer, a selling securityholder, a credit supporter of the securities distributed under the prospectus or a promoter of the issuer is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, state the following on the cover page or under a separate heading elsewhere in the prospectus, with the bracketed information completed:

"The [name of the issuer, selling securityholder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [name of the issuer, selling securityholder, credit supporter and/or promoter] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [name of province or territory], it may not be possible for investors to collect from the issuer, selling securityholder, credit supporter or promoter, judgments obtained in courts in [name of provinces and territories] predicated on the civil liability provisions of securities legislation."

(2) For the purposes of subsection (1), "credit supporter" has the meaning ascribed to that term in National Instrument 44-101 Short Form Prospectus Distributions.

PART 3 PLAN OF DISTRIBUTION DISCLOSURE

3.1 Plan of Distribution Disclosure - If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, an issuer shall include the following statements in its prospectus with the bracketed information completed:

1. On the cover page of the prospectus:

"We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution."

2. In the section of the prospectus that describes the plan of distribution of the securities:

"Under an agreement dated [date of agreement] between [name of issuer or selling shareholder] and [name(s) of underwriter(s)], as underwriter[s], [name of issuer or selling shareholder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [closing date] the securities at a price of [offering price] payable in cash to [name of issuer or selling shareholder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence

of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all the securities if any of the securities are purchased under the agreement."

PART 4 STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

4.1 General - An issuer shall include a statement in substantially the following form, with bracketed information completed, in its prospectus:

"Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [,in some jurisdictions,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

4.2 Non-Fixed Price Offerings - In the case of a non-fixed price offering, replace, if applicable, in the jurisdiction in which the prospectus is filed, the second sentence in the legend in item 4.1 with a statement in substantially the following form:

"This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

PART 5 EXEMPTION

5.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption, in whole or in part, from the provisions of this Instrument subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario and Alberta, only the regulator may grant such an exemption.

(3) An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument shall include a letter or memorandum describing the matters relating to the exemption and indicating why consideration should be given to the granting of the exemption.

5.2 Evidence of Exemption

(1) Without limiting the manner in which an exemption under this Part may be evidenced, the granting of an exemption under this Part may be evidenced by the issuance of a receipt for a prospectus or an amendment to a prospectus.

(2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if

(a) the person or company that sought the exemption sent the regulator the letter or memorandum referred to in subsection 5.1(3) on or before the date of the filing of the preliminary prospectus;

(b) sent to the regulator the letter or memorandum referred to in subsection 5.1(3) after the date of the filing of the preliminary prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1); and

(c) the regulator has not sent notice to the contrary to the person or company that sought the exemption before, or concurrently with, the issuance of the receipt.

PART 6 EFFECTIVE DATE

6.1 Effective Date - This Instrument shall come into force on ■