

A NEW APPROACH TO FILING INSIDER REPORTS

The Internet is increasingly becoming an essential work tool for all of us. It has allowed previously unimaginable volumes of information to be accessed more easily and more rapidly than ever before. In keeping with this trend, the Canadian Securities Regulators have introduced National Instrument 55-102 - System for Electronic Disclosure by Insiders (SEDI), which will come into effect on October 29, 2001. Under SEDI, commencing on November 13, 2001, insiders of reporting issuers other than mutual funds ("SEDI Issuers") will be required to file their insider reports electronically through the SEDI regime, thereby replacing the current practice of filing these reports on paper and rendering them more accessible to the public.

As part of the implementation procedure for SEDI, each existing SEDI Issuer will be required to prepare and file through SEDI a supplement to their already existing System for Electronic Document Analysis and Retrieval (SEDAR) issuer profiles by no later than November 5, 2001. Issuers who become SEDI Issuers after October 29, 2001, will be required to electronically file an issuer profile supplement within three days of becoming a SEDI Issuer. The issuer profile supplement will facilitate the filing of insider reports by using information provided by the SEDI Issuer concerning its outstanding securities. In order to maintain this information up to date, upon the occurrence of an event such as a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event which will affect an issuer's outstanding securities, SEDI Issuers will have one day within which to file an issuer event report.

Any person wishing to access the system to make a filing as an insider will be required to register with CDS Inc. on the SEDI web site, www.sedi.ca. Insiders of SEDI Issuers will also be required to electronically file an insider profile containing their personal information and their relationship to the SEDI Issuer. For security purposes, individuals will also be required to sign a

paper copy of a registration form and deliver the signed copy to CDS Inc. by prepaid mail, personal delivery or facsimile for verification. Changes in the information contained in the insider profile involving the insider's name or relationship with the SEDI Issuer will necessitate the filing of an amended insider profile within 10 days. Changes in any other information contained in the insider profile will necessitate the filing of an amended insider profile with the insider's next SEDI filing.

In order to ensure secure access to the SEDI database by both insiders and issuers, alpha-numerical passwords will be issued to these participants. No signatures will be necessary on SEDI filings. However, the insider or its agent will be required to certify by electronic means that the information filed is true and complete. In order to protect the privacy of insiders, personal information such as their address, telephone number, facsimile number, e-mail address and any election to receive correspondence in French or English will not be disseminated to the general public.

Upon the occurrence of any change in the security holdings of an insider, the insider will have 10 days within which to electronically file a report disclosing such change. This delay is a departure from the previous rule in some jurisdictions which used to allow a delay of 10 days into the month following the month in which the change occurred. Upon filing an insider report in SEDI, the report will be considered to have been filed in each jurisdiction where the insider is a reporting issuer.

Reporting issuers who are not required to file disclosure documents via SEDAR will be exempt from using SEDI and will continue to file in paper format insider reports which contain the information set out in the SEDI form.

Insiders will not incur any cost for filing in SEDI. Rather, CDS Inc. will recover its costs by means of a service charge to levied against reporting issuers filing documents through SEDAR.



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