

## The Mandatory Internet Filing of Insider Reports Starts on November 13, 2001

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The System for Electronic Disclosure by Insiders ("SEDI"), a Canada-wide Internet-based system of insider reporting, will be implemented on **OCTOBER 29, 2001**. It will replace the current paper-based insider trading reporting system which requires an insider to file insider reports by paper or facsimile in each applicable jurisdiction.

Beginning **NOVEMBER 13, 2001**, insiders will be required to file insider reports via the Internet by completing an on-line form at the SEDI web site ([www.sedi.ca](http://www.sedi.ca)). Filing through SEDI will allow insiders to satisfy the filing requirements of all Canadian jurisdictions.

SEDI will apply to most reporting issuers in Canada with the exception of mutual funds and reporting issuers that are not required to make electronic continuous disclosure filings through SEDAR ("SEDI Issuers"). The insiders of those reporting issuers will have to continue filing their insider reports in paper format.

Most of the information filed by an insider through SEDI will be public and therefore anyone will be able to access information about insider holdings at the SEDI web site.

Reporting issuers should advise all their insiders of this coming change and ensure that appropriate measures are taken in order to prepare for the mandatory Internet filing of insider reports. The steps to be taken are as follows:

### SEDI Users

All SEDI users must be registered before using SEDI to make a filing. Those who wish to access SEDI to make filings (issuers, insiders, filing agents and their representatives) must complete an on-line user registration form in SEDI format. In addition, for security purposes, a paper filing must be mailed, faxed or couriered to CDS Inc., the subsidiary of The Canadian Depository for Securities Limited, the SEDI operator.<sup>1</sup>

### Insiders

Every insider must file an insider profile before the first electronic filing of an insider report. Insiders will have to electronically file a profile that contains basic information about the insider, including a list of the reporting issuers for which the insider must file electronic insider reports. An insider may file only one insider profile, independently of the number of reporting issuers with respect to which he is an insider.

An insider must file an amended insider profile supplement within 10 days of any change to the insider's name or to the insider's relationship with the reporting issuer and within 10 days of the insider ceasing to be an insider.

Every insider must file an insider report within 10 days of a trade.

### Issuers

SEDI Issuers must file a profile supplement to their SEDAR profile on or before **NOVEMBER 5, 2001**, at the latest. Issuers will have to supplement their SEDAR profiles through an electronic SEDI filing. Issuers must disclose the name of each class or series of their issued and outstanding securities. Issuers must also specify the name of an **insider affairs contact**, who will receive notice whenever an insider files an insider profile or an amended insider profile and will monitor these notifications.

A new SEDI issuer must file its issuer profile supplement within three business days of becoming a SEDI issuer.

Issuers must file an amended issuer profile supplement immediately if there is a change in the information disclosed in their profile supplement.



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<sup>1</sup> An insider or issuer planning to use a filing agent or other third party to make SEDI filings need not obtain a user registration.



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**Issuer event reports must be filed one business day after the event, at the latest.**

An issuer must electronically file a report immediately following a stock dividend, stock split, stock consolidation, amalgamation, reorganization, merger or similar event that affects all the holders of a class of securities in the same way.

**Security Access Keys**

SEDI will issue alpha-numeric access keys (codes) to insiders and issuers when their SEDI profiles are first created. Insiders and issuers will be required to give their security access keys to authorized representatives and filing agents to facilitate filings on their behalf.

**Temporary Exemptions**

An insider will be authorized to file an insider report in paper format if technical difficulties or failure by a SEDI issuer to file its issuer profile supplement prevent the insider from filing through SEDI. The insider will however have to file the insider report through SEDI as soon as practicable after the problem is resolved.

**Conclusion**

SEDI will consolidate data from every Canadian jurisdiction. Under this new system, insiders will be able to file their reports electronically, thus avoiding multiple filings with several provincial regulators. However, regulators will also be able to more easily scan data for violations of insider trading rules such as discrepancies between opening and closing balances and late filings. SEDI filings will require that insiders take greater care with respect to the accuracy and timeliness of their insider filings.

Should you require any assistance, including the preparation of your insider profile or amended issuer profile supplement, we would be glad to assist you. A copy of the rules and relevant forms are available at the SEDI web site at [www.sedi.ca](http://www.sedi.ca).

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