

# U R G E N T



## SECURITIES LEGAL ALERT



### SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI): NATIONAL INSTRUMENT 55-102

#### OVERVIEW

Insiders of all reporting issuers will now be required to file their insider reports and certain other information in electronic format through SEDI. This will replace the current paper filing process. By filing an insider report in SEDI, the report will be considered to have been filed in each jurisdiction where the particular insider is required to satisfy an insider reporting requirement under applicable securities laws.

SEDI will serve as a comprehensive electronic record for corporate events that affect all holdings of a class of securities. This means that issuers must file reports for certain events to allow insiders to update information about their holdings accordingly.

There are no fees for filing insider reports on SEDI, although there will be an increase to the existing annual continuous disclosure fees for issuers.

#### EXISTING SEDAR PROFILE

On or before **October 26, 2001**, issuers must ensure that their existing SEDAR profile is accurate, as SEDI relies on this information.

**ISSUERS MUST REGISTER WITH SEDI ON-LINE BETWEEN OCTOBER 29 AND NOVEMBER 5, 2001 AND INSIDERS MUST REGISTER ON THE SEDI WEBSITE (WWW.SEDI.CA) AFTER OCTOBER 29, 2001.**

*For more information on SEDI requirements, or to request assistance with registration, contact a member of the Parlee McLaws Securities Group.*

## CONTACT INFORMATION

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## OCTOBER 29, 2001: GENERAL IMPLEMENTATION DATE ISSUERS

Issuers must **register with SEDI on-line between October 29 and November 5, 2001** and fax or mail a signed copy of the registration to CDS Inc.

Issuers must also **file issuer profile supplements** in the same time frame. The issuer profile supplement contains information about the SEDI issuer's outstanding securities as well as the names and contact information for an individual who will serve as an insider contact for the SEDI issuer.

### INSIDERS

Insiders, or their representatives or agents, need to **register on the SEDI website (www.SEDI.ca) after October 29, 2001** and fax or mail a signed copy of the registration to CDS Inc. Insiders must **also file an electronic insider profile** (which will result in an access key being issued to them) prior to filing any electronic insider reports.

## NOVEMBER 13, 2001: COMMENCEMENT OF FILINGS ISSUERS

After November 13, SEDI issuers **must use SEDI to report** stock dividends, stock splits, consolidations, amalgamations, reorganizations, mergers and other significant corporate developments which affect all holdings for a class of securities, **within one business day** following the occurrence of the event.

### INSIDERS

Insiders, or their representatives and authorized agents, must **file insider reports electronically** using SEDI within 10 days of a transaction.

## GENERAL INFORMATION: THE FINE PRINT

- ALBERTA, BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND, NOVA SCOTIA, ONTARIO, SASKATCHEWAN AND QUEBEC ARE ALL EXPECTED TO IMPLEMENT THIS NATIONAL INSTRUMENT AS A RULE, REGULATION OR POLICY.
- SERVICE CHARGES ARE BY AN INCREASE TO THE ANNUAL CONTINUOUS DISCLOSURE FEE: \$250 FOR SINGLE JURISDICTION ISSUERS; \$750 FOR MULTI-JURISDICTION ISSUERS; AND \$2,500 FOR SHORT FORM PROSPECTUS ISSUERS. THE INITIAL CHARGE WILL BE MADE FOR A 14 MONTH PERIOD.

- BEFORE ANY INSIDER REPORTS MAY BE FILED BY OR ON BEHALF OF AN INSIDER IN SEDI, AN INSIDER PROFILE CONTAINING INFORMATION IDENTIFYING THE INSIDER AND THE INSIDER'S RELATIONSHIP TO ONE OR MORE SEDI ISSUERS MUST BE FILED IN ELECTRONIC FORMAT BY OR ON BEHALF OF THE INSIDER.
  - IF THERE IS A CHANGE IN A PERSON'S NAME OR THE INSIDER'S RELATIONSHIP TO A SEDI ISSUER, AN AMENDED INSIDER PROFILE MUST BE FILED IN SEDI WITHIN 10 DAYS. IF THERE IS A CHANGE IN ANY OTHER INFORMATION DISCLOSED IN THE INSIDER'S MOST RECENTLY FILED INSIDER PROFILE, AN AMENDED INSIDER PROFILE WILL BE REQUIRED AT THE TIME OF THE INSIDER'S NEXT SEDI FILING.
- INDIVIDUALS WISHING TO ACCESS THE SYSTEM TO MAKE A FILING WILL BE REQUIRED TO REGISTER BY GOING TO THE SEDI WEB-SITE AND COMPLETING AN ONLINE REGISTRATION FORM. FOR SECURITY PURPOSES, THE INDIVIDUAL USER WILL ALSO BE REQUIRED TO SIGN A PAPER COPY OF THE REGISTRATION FORM AND DELIVER THE SIGNED COPY TO CDS.
  - AN ACCESS KEY WILL BE REQUIRED TO FILE INFORMATION ON BEHALF OF AN INSIDER OR ISSUER. INSIDERS AND ISSUERS WILL BE ABLE TO PROVIDE THEIR ACCESS KEY TO AUTHORIZED REPRESENTATIVES AND FILING AGENTS, BUT WILL BE ABLE TO OBTAIN A NEW ACCESS KEY AT ANY TIME, THEREBY RETAINING ULTIMATE CONTROL OVER THOSE WHO ARE PERMITTED TO FILE ON THEIR BEHALF.

**THERE ARE NO FEES FOR FILING INSIDER REPORTS ON SEDI, ALTHOUGH THERE WILL BE AN INCREASE TO THE EXISTING ANNUAL CONTINUOUS DISCLOSURE FEES FOR ISSUERS.**

- ISSUERS MUST ASSURE THAT THEIR SEDAR PROFILES ARE ACCURATE BY OCTOBER 26, 2001 AND FILE SUPPLEMENTAL INFORMATION THROUGH SEDI BY NOVEMBER 5, 2001. AN AMENDED ISSUER PROFILE SUPPLEMENT MUST BE FILED IMMEDIATELY IF A SEDI ISSUER DISTRIBUTES A NEW SECURITY OR CLASS OR SERIES OF SECURITIES, IF THERE IS ANY CHANGE IN THE DESIGNATION OF ANY OF ITS SECURITIES, IF ANY OF ITS SECURITIES HAS CEASED TO BE OUTSTANDING AND IS NOT SUBJECT TO ISSUANCE AT A FUTURE DATE, OR IF THERE HAS BEEN ANY CHANGE IN THE INFORMATION DISCLOSED OR REQUIRED TO BE DISCLOSED IN THE ISSUER PROFILE SUPPLEMENT, INCLUDING ANY CHANGE IN AN INSIDER'S CONTACT.

- SECURITIES LEGISLATION WILL REQUIRE INSIDER REPORTS TO BE FILED WITHIN 10 DAYS AFTER A TRADE IS MADE.
- AN "ISSUER EVENT REPORT" MUST BE FILED NO LATER THAN ONE BUSINESS DAY FOLLOWING THE OCCURRENCE OF AN ISSUER EVENT, WHICH INCLUDES A STOCK DIVIDEND, STOCK SPLIT, STOCK CONSOLIDATION, AMALGAMATION, REORGANIZATION, MERGER OR OTHER SIMILAR EVENT THAT AFFECTS ALL HOLDINGS FOR A CLASS OF SECURITIES OF THE SEDI ISSUER IN THE SAME MANNER.

**SECURITIES  
LEGISLATION WILL  
REQUIRE INSIDER  
REPORTS TO BE FILED  
WITHIN TEN DAYS  
AFTER A TRADE IS  
MADE.**

- THE EXEMPTION PROVIDING THAT INSIDER REPORTING REQUIREMENTS WERE MET, IF AN OFFICER OF THE REPORTING ISSUER FILED WRITTEN NOTICE OF A CORPORATE EVENT AFFECTING ALL HOLDINGS OF THE CLASS OF SECURITIES IN THE SAME MANNER WITHIN 10 DAYS OF THE OCCURRENCE OF SUCH AN EVENT, HAS BEEN REVOKED. A NEW EXEMPTION WILL BE IN EFFECT EXEMPTING INSIDERS FROM THE OBLIGATION TO REPORT A CHANGE IN DIRECT OR INDIRECT OWNERSHIP OF, OR CONTROL OR DIRECTION OVER, SECURITIES OF A REPORTING ISSUER RESULTING FROM AN "ISSUER EVENT" PROVIDED THAT THESE CHANGES ARE REPORTED BY THE INSIDER WITHIN THE TIME PERIOD DESCRIBED BY SECURITIES LEGISLATION FOR REPORTING ANY OTHER SUBSEQUENT CHANGE IN DIRECT OR INDIRECT OWNERSHIP OF, OR CONTROL OR DIRECTION OVER, THE SECURITIES OF THE REPORTING ISSUER.

- A "TRANSFER REPORT" MUST BE FILED IN PAPER FORMAT IF AN INSIDER OF A REPORTING ISSUER TRANSFERS SECURITIES OF THAT ISSUER INTO THE NAME OF AN AGENT, NOMINEE OR CUSTODIAN.
- IN ALBERTA, INSIDERS OF SEDI ISSUERS THAT ARE INCORPORATED OR ORGANIZED UNDER LAWS OUTSIDE OF CANADA AND THAT ARE SUBJECT TO U.S. REPORTING REQUIREMENTS WILL NO LONGER BE ABLE TO FILE INSIDER REPORTS USING SEC FORMS AND WILL BE REQUIRED TO FILE INSIDER REPORTS IN ELECTRONIC FORMAT.
- REPORTING UNDER SEDI DOES NOT SATISFY INSIDER REPORTING REQUIREMENTS UNDER FEDERAL LEGISLATION AS IT ONLY SUPPORTS FILING UNDER PROVINCIAL SECURITIES LEGISLATION.
- THE PUBLIC WILL BE ABLE TO ACCESS THE FOLLOWING INFORMATION FROM SEDI FILINGS ON THE SEDI WEBSITE, EXCEPT FOR CERTAIN CONFIDENTIAL, PERSONAL AND OTHER INFORMATION AS SET OUT IN THE COMPANION POLICY:
  - (1) INSIDER PROFILES;
  - (2) SUMMARY REPORTS OF INSIDER INFORMATION, CONSISTING OF (A) INSIDER PROFILES, AND (B) INSIDER REPORTS; AND
  - (3) INFORMATION RELATING TO SEDI ISSUERS, CONSISTING OF (A) ISSUER PROFILES AND SUPPLEMENTS, AND (B) ISSUER EVENT REPORTS.

If you have any further questions or need clarification on any of the above, be sure to contact your Parlee McLaws lawyer or send your inquiry via a return email and it will be forwarded to the appropriate lawyer for you.

We hope you have found this information useful and timely—if you know of other people who should receive upcoming Legal Alerts, or have suggestions for future articles, seminars or newsletters, please contact our Marketing Director, Nancy Martin at [nmartin@parlee.com](mailto:nmartin@parlee.com) or by phone at (403) 294-4565.

We appreciate your taking the time to provide your valuable feedback to us at anytime.

Parlee McLaws is a Gold Sponsor for the upcoming TechExpo happening in Edmonton at the Westin October 23 and 24, 2001. Some of the topics include: wireless technology; internet solutions; networking solutions; e-commerce solutions; web site development and staffing. Visit the website for more information at [www.techexpo.ca](http://www.techexpo.ca) or swing by our booth on site and have some of our Intellectual Property & Innovation, Securities and Tax lawyers answer your legal questions in person!