

New Disclosure Requirements for Material Contracts

Dear Clients and Friends:

The Canadian Securities Administrators are adopting new rules governing public disclosure of material contracts (*Regulation 51-102 Respecting Continuous Disclosure Obligations*). The new rules offer greater clarity as to which contracts are “material” and must therefore be disclosed.

Under the new regime, the following contracts must be filed on SEDAR even if they are entered into in the ordinary course of business:

- (a) a contract to which directors, officers or promoters are parties other than a contract of employment;
- (b) a continuing contract to sell the majority of the reporting issuer’s products or services or to purchase the majority of the reporting issuer’s requirements of goods, services or raw materials;
- (c) a franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name;
- (d) a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions;
- (e) an external management or external administration agreement; and
- (f) a contract on which the reporting issuer’s business is substantially dependent.

These new rules come into effect on March 17, 2008.

For further information, please contact our securities professionals.

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