SCHEDULE B

SUMMARY OF COMMENTS AND RESPONSES OF PARTICIPATING REGULATORS

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1.	Definition of "plan"	One commenter suggested expanding the definition of "plan" in the Instrument to accommodate plans established or maintained by issuers that provide a mechanism through an administrator for employees, consultants, or directors to acquire securities in the issuer using their own resources.	The Participating Regulators agree with the comment and have amended the definition of plan in the Instrument to mean a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by persons and companies described in subsection 2.1(1), as compensation or as an incentive or benefit for services provided by its employees, senior officers, directors, or consultants.
2.	Definition of "senior officer"	One commenter suggested that the Instrument include a definition for "senior" officer to capture the concept of an officer appointed by the board of directors or equivalent governing body of an entity at a level equivalent to or superior to, for example, the office of Vice-President.	The Participating Regulators do not think that a definition of "senior" is required. Each of the participating jurisdictions has a local statute that contains a definition of senior officer. The Participating Regulators are satisfied that the local definitions of this term are adequate for the purposes of the Instrument.
3.	Subsection 2.1(1)(a) and (b) - scope of exemptions	One commenter suggested that the definition of holding entity in the Instrument be expanded to include the holding entity of the spouse of an individual referred to in section 2.1(1)(a).	The comment has been addressed by defining the categories of persons and companies that can acquire securities under the Instrument to include (i) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the spouse of an employee, senior officer, director, and consultant, and (ii) a holding entity of the spouse of the employee, senior officer, director, or

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			consultant. These categories are included in the new defined term "permitted assign".
		One commenter suggested that the "trustee, custodian, or administrator" exemption in section 2.1(1)(b) be expanded to apply to all other persons and entities specified in section 2.1(1). One commenter noted that as many consultants will be entities rather than individuals, consideration should be given to extending the exemptions to employees, directors, and senior officers of consultants.	The Participating Regulators do not think that expansion of the exemptions to include employees, senior officers, and directors of consultants is necessary. A consulting company will be in a position to trade any securities acquired under the exemptions to employees, senior officers, or directors of the consulting company once the seasoning period with respect to the securities has expired. The Participating Regulators will monitor this exemption on an application-by-application basis and consider whether an expansion is justified.
4.	Subsection 2.1(4) - "not a listed issuer" and "non-reporting issuer"	One commenter stated that it was not clear whether the term "not a listed issuer" in subsection 2.1(4) of the Instrument was a distinct concept from a "non-reporting issuer".	"Not a listed issuer" is a separate and distinct concept from a "non-reporting issuer". An issuer that is not a listed issuer is any issuer that is not listed on any of the exchanges set out in the Instrument. A non-reporting issuer could be either a listed issuer or an issuer that is not a listed issuer. In any event, subsection 2.1(4) of the Instrument has been amended to make it clear that the securityholder approval requirement applies to issuers that are reporting issuers in any jurisdiction in Canada and are not listed issuers.
5.	Subsection 2.1(4) - "as compensation"	One commenter noted that the words "as compensation" contained at the end of subsection 2.1(4) of the Instrument before subsection 2.1(4)(a) were not quite appropriate, as for example, a trustee, custodian, or administrator would not be receiving compensation by way of the security.	The Participating Regulators agree that the words "as compensation" in subsection 2.1(4) of the Instrument should not apply to a trade to the persons and companies set out in paragraph (d) of subsection 2.1(4). The words "if the security is issued or granted as compensation" have been removed from above paragraph (a) through (d). The following words have been inserted immediately after

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			paragraph (d): "if the security is issued or granted, directly or indirectly, as compensation for an individual referred to in paragraph (a), (b), or (c) and…".
6.	Subsection 2.1(4) - "fully diluted"	One commenter suggested the relevant calculations described in subparagraphs (i) through (iv) following paragraph (h) in subsection 2.1(4) should be done on a fully diluted basis.	The Participating Regulators agree that the relevant calculations described in subsection 2.1(4) should be done on a fully diluted basis and have amended the subsection by adding the words "on a fully diluted basis" after the word "compensation" contained in the paragraph immediately following paragraph (d) in subsection 2.1(4).
7.	Subsection 2.1(5) - "consent resolution"	One commenter suggested adding a definition for the term "consent resolution", which is used in subsection 2.1(5) of the Instrument.	The term "consent resolution" has been deleted from subsection 2.1(5) of MI 45-105. Instead of requiring delivery of a consent resolution, subsection 2.1(5) of the Instrument will require delivery of a "resolution that will, when signed, evidence the security holder approval".
8.	Subsection 2.1(4) and (5) - scope of security holder approval	Three commenters requested that the Participating Regulators reconsider the scope of the shareholder approval requirement contained in subsection 2.1(4) of the Instrument for trades by issuers that are not listed issuers. One commenter noted that, in subsection 2.1(4) of the Instrument, issuers that are not listed issuers includes issuers that are non-reporting issuers. The commenter pointed out that, in Ontario, non-reporting issuers seeking to issue securities to officers, directors, or investor relations consultants could no longer rely on the "private company" exemption and would generally be required to rely on: (i) the closely held issuer exemption in section 2.1	The Participating Regulators have amended subsection 2.1(4) of the Instrument to reduce the number of issuers that will be subject to the requirement. The security holder approval requirement will apply to an issuer that "is a reporting issuer in any jurisdiction in Canada and not a listed issuer". As a result, private issuers and many foreign issuers will not be required to obtain security holder approval before using the exemptions in the Instrument. The current list of exchanges is derived from the list of exchanges used in OSC Rule 45-503 (inclusive of "foreign-listed issuers"). The Participating Regulators are not inclined to expand on the list of exchanges in the Instrument

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		of the OSC Rule 45-501 *Exempt Distributions* (OSC Rule 45-501); (ii) the accredited investor exemption in section 2.3 of OSC Rule 45-501; or (iii) OSC Rule 45-503. In many circumstances, the exemptions in (i) and (ii) will not be available. Therefore, the shareholder approval requirement may prove to be unnecessarily restrictive. While the requirement may be justifiable in other contexts, it is burdensome for non-reporting issuers, particularly issuers that are private companies. Two commenters suggested that there was no reason to require foreign issuers that were not listed issuers to obtain shareholder approval prior to using the exemptions in the Instrument. One commenter argued that maintaining the requirement for all issuers that are not listed issuers results in the removal of a currently available exemption in Ontario for non-listed issuers under section 3.3 of OSC Rule 45-503. The other commenter argued that it seems anomalous to require a foreign company with a *de minimus* market in Canada to obtain shareholder approval in order to allow a Canadian director or senior officer to participate in a plan offered by the company. The commenter suggested restricting the requirement for shareholder approval to reporting issuers who are not listed issuers. One commenter stated that the definition of listed issuer in the Instrument is too narrow. The commenter argued that the definition should be expanded to include any issuer that has securities listed on an exchange or quoted on a quotation and trade reporting system that is regulated by an ordinary member of the International Organization of Securities Commissions. The commenter points to the definition of foreign exchange-traded security in section 1.1 of National Instrument 21-101 *Marketplace Operation.*	At this time, but will monitor applications and may consider adding exchanges to the list at a later date.

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9.	Subsection 2.1(4) and (5) - "grandfathering" securityholder approval	One commenter suggested "grandfathering" the grant of securities or plans that received shareholder approval prior to the implementation of the Instrument, but which did not comply with subsection 2.1(5) of the Instrument. The commenter noted that it would seem unfair to require issuers to have such grants or issuances re-approved by shareholders if the issuances or grants have already been approved.	A new subsection (6) has been added to section 2.1of the Instrument. Subsection 2.1(6) states that subsection (5) will not apply for a period of 12 months after the effective date of the Instrument if prior security holder approval has been obtained. This effectively "grandfathers" prior security holder approval for a period of 12 months.
10.	Subsection 2.2(3) - price formula	One commenter suggested that subsection 2.2(3) of the Instrument be changed to state that if shareholder approval for the trade is obtained, the written price formula as set out in subsection 2.2(3)(c) is not required.	The Participating Regulators do not agree that shareholder approval is a proper substitute for the written price formula as set out in subsection 2.1(3)(c) of the Instrument.
11.	Section 2.3 - conversions or exchanges.	One commenter suggested that conversions or exchanges of securities by the personal representatives of employees, senior officers, directors, or consultants and holders of securities who are permitted transferees of such persons should be permitted under the Instrument.	Section 2.3 of the Instrument would operate to permit the conversions or exchanges referred to by the commenter.
12.	Subsection 2.3(1) - "in connection with"	One commenter suggested broadening the use of the word "incidental" in subsection 2.3(1) of the Instrument by adding the words "in connection with or" immediately before "incidental".	The Participating Regulators do not think it is appropriate to expand subsection 2.3(1) at this time. The primary purpose of section 2.3 of the Instrument is to provide a mechanism by which convertible or exchangeable securities can be converted or exchanged by persons and companies described in subsection 2.1(1) of the Instrument . The Participating Regulators believe the existing wording achieves this result without the risk of including trades where the primary purpose may not be a simple conversion or exchange of a security by a person or company described in subsection 2.1(1) of the Instrument.

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13.	Section 3.1 and 3.2 - resale restrictions.	One commenter stated that the language of section 3.1 of the Instrument appears to preclude reliance on any section of MI 45-102 other than section 2.6 of MI 45-102 for the first trade of securities acquired under Part 2 of the Instrument. As a result, the commenter argues, the prospectus exemption in section 2.14 of MI 45-102 may not be available for first trades outside Canada for securities acquired under the Instrument. One commenter suggested that the registration exemption contained in section 3.2 of the Instrument be extended to include the first trade of a security acquired under any exemption. The commenter noted that the prospectus exemption contained in section 2.14 of MI 45-102 applies to securities acquired under an "exemption".	The Participating Regulators do not agree that the language of section 3.1 of the Instrument precludes reliance on section 2.14 of MI 45-102 for first trades outside Canada. Section 2.6 of MI 45-102 states that the first trade of a security that has been made subject to section 2.6 of MI 45-102 will be a distribution unless certain conditions are satisfied. A trade can occur outside section 2.6 of MI 45-102 if a prospectus is filed or if an exemption from the prospectus requirement is available. Section 2.14 of MI 45-102 provides an exemption from the prospectus requirement if certain conditions are met. The exemption in section 2.14 of MI 45-102 is available for any trade that is a distribution, if the conditions in section 2.14 are satisfied. Section 3.2 of the Instrument has been amended to apply to the first trade of a security that was acquired by a person or company described in subsection 2.1(1).
14.	Section 4.1 - issuer bid exemption.	One commenter noted a problem with the practical application of the issuer bid exemption contained in section 4.1 of the Instrument. An issuer can use the exemption to acquire its own securities as long as the issuer is acquiring securities that were initially acquired under the Instrument or on the secondary market. The commenter notes that it is difficult and at times impossible to identify the source of the securities being delivered to the issuer in connection with the stock exercise or withholding for tax purposes. For example, the securities being tendered may have been acquired under another exemption from the registration and prospectus requirements. Also, the commenter notes that the exemption would not be available for issuer bids involving securities granted before the introduction of MI 45-105.	Section 4.1 has been amended to apply to acquisitions by an issuer of securities of the issuer that were acquired by a person or company described in subsection 2.1(1) of the Instrument, regardless of how the person or company acquired the security. The purpose of the issuer bid exemption in section 4.1 of the Instrument is to facilitate acquisitions under a variety of incentive and compensation plans offered by issuers. Typically, under these plans, acquisitions by issuers of their own securities occur for the two purposes as set out in the exemption. Giving a complete exemption from the issuer bid requirements to issuers for any purchase from employees would potentially defeat the protections of the issuer bid requirements.

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		The commenter submits that the issuer bid exemption should be available in all cases where a security is acquired by the issuer to fulfill tax withholding obligations or to provide payment on the exercise of an option. The commenter suggests removing the words "acquired under Part 2, or in the secondary market" from section 4.1 of the Instrument. One commenter suggested that the issuer bid exemption in section 4.1 of the Instrument should not be restricted to apply only to trades to fulfill a withholding tax obligation or to provide payment of an exercise price of a stock option. The commenter could identify no policy reason for restricting the exemption as proposed.	
15.	Filing Form 45-102F2 - subsection 2.7(2) of MI 45-102	Two commenters addressed issues regarding the requirement in subsection 2.7(2) of MI 45-102 for a qualifying issuer to file a Form 45-102F2 when securities are issued by a qualifying issuer under the Instrument. One commenter suggested that the filing requirement contained in subsection 2.7(2) of MI 45-102 should be referenced in the Instrument. The commenter pointed out that without a reference to the filing requirement in the Instrument there is a strong possibility that the reporting obligation will be overlooked. The other commenter suggested that the Instrument and MI 45-102 be amended to codify the current administrative practise in Ontario of allowing annual filing of reports of trades.	The Participating Regulators do not agree that it is necessary to refer to the Form 45-102F2 in the Instrument. Issuers are becoming more familiar with the Form 45-102F2, particularly issuers that intend to rely on the shortened hold period by being qualified issuers. Also, staff notice 45-302 provides that the Form 45-102F2 need only be filed in limited circumstances. Finally, amendments have been proposed to MI 45-102 that will eliminate the requirement to file a Form 45-102F2.

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16.	Subsection 2.1(4) - application in British Columbia.	One commenter noted that the British Columbia Securities Commission ("BCSC") invited comment on whether the BCSC should impose the shareholder approval requirement contained in section 2.1(4) of the Instrument that applies to issuers that are not listed issuers. The commenter supports the application of the shareholder approval requirement in all provinces and "strongly encourages" the BCSC to impose the requirement in section 2.1(4) of the Instrument. The commenter does not believe that doing so would negatively affect issuers.	The BCSC thanks the commenters for providing comments on this issue. The BCSC has decided not to add the requirement for shareholder approval as it would be a substantial change from the exemptions that have been in effect in British Columbia for a number of years. As such, the BCSC believes adding the requirement would negatively affect issuers.
		One commenter suggested the shareholder approval requirement should not apply in any jurisdiction. The commenter argued it is not a relevant consideration in determining whether the employee, senior officer, director, or consultant requires a prospectus.	Other than British Columbia, the Participating Regulators believe the shareholder approval requirement for companies that are reporting issuers and not listed, and that exceed the specified thresholds is necessary for reasons that go beyond the protection that a prospectus would offer employees, senior officers, directors, and consultants. Requiring shareholder approval in the circumstances described provides an additional oversight mechanism for the use of these exemptions by an issuer.
17.	Exceptions for British Columbia and Manitoba	One commenter suggested that there should not be any exceptions in the Instrument for British Columbia and Manitoba.	The exceptions for British Columbia and Manitoba take into account regional differences in the local legislation, and the experiences of the local regulator. Specifically, Manitoba does not have a closed system of regulation. As such, it must be excepted out of the first trade provisions of the Instrument. See the discussion above (number 16) for the BCSC's response to the comments on its exceptions.
18.	Reporting Requirements	Two commenters supported removing the requirement to file reports of distributions under the Instrument.	The Participating Regulators agree.

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19.	Fee Requirement for Non-reporting Issuers	One commenter suggested maintaining the fee requirement for non-reporting issuers to, among other things, track the use of the exemption.	The Participating Regulators do not believe it is appropriate to maintain the fee requirement, particularly in the absence of a reporting requirement. It would not be appropriate to impose these obligations on foreign issuers only, as this would discourage the use of the exemptions in the participating jurisdictions, to the prejudice of employees, senior officers, directors, and consultants in those jurisdictions.