

**INTERNATIONAL DISCLOSURE STANDARDS
FOR
CROSS-BORDER OFFERINGS AND INITIAL LISTINGS
BY FOREIGN ISSUERS**



International Organization of Securities Commissions

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PART I. DISCLOSURE STANDARDS

INTRODUCTION

Background

The International Organization of Securities Commissions (IOSCO) believes it is important for securities regulators to facilitate cross border offerings and listings by multinational issuers by enhancing comparability of information, while ensuring a high level of investor protection. An important factor in achieving these goals is the development of a generally accepted body of non-financial statement disclosure standards that could be addressed in a single disclosure document to be used by foreign issuers in cross-border offerings and initial listings, subject to the host country review or approval processes.

These International Disclosure Standards have been issued by IOSCO, with a recommendation that IOSCO members accept in their respective home jurisdictions a disclosure document containing the information set forth in the Standards. Additional actions may be needed in some jurisdictions to implement the Standards, and issuers are encouraged to verify that the Standards are in effect in the host country jurisdiction prior to their use. The International Disclosure Standards provide alternative standards for the preparation of a single disclosure document by foreign issuers, but do not necessarily replace a jurisdiction's existing disclosure requirements for foreign or domestic issuers or preclude foreign issuers from complying with those existing requirements if permitted by the host jurisdiction.

Scope of Standards

Part I sets out *International Disclosure Standards* for use by companies in connection with cross-border public offerings and listings of equity securities. The Standards apply to listings and public offers and sales of equity securities for cash. Unless otherwise indicated, the Standards are intended to be used for prospectuses, offering and initial listing documents and registration statements. Companies engaged in specialized industries (i.e., banking, insurance, mining and oil and gas companies) may be required to provide additional information in certain countries, and the sources of these requirements are set forth in Part II. Part II also illustrates information of a general nature and other disclosure requirements that may apply in certain countries. The disclosure requirements for certificates representing shares, such as depository receipts, voting trust certificates or similar forms of ownership representation, are referenced in Part II. Companies should review the disclosure requirements in any jurisdiction in which they plan to offer or list securities to determine whether there are additional requirements similar to those referenced in Part II or whether any of the current Part II requirements have changed.

The International Disclosure Standards relate to non-financial statement disclosure requirements and do not address the issue of which bodies of accounting or auditing principles may be followed by the issuer in preparation of its financial statements. The Standards do not address disclosure requirements that may apply in some countries in connection with other types of transactions, such as business combinations, tender offers, exchange offers, "going private" transactions or interested party transactions. The Standards also do not apply to collective investment schemes, or to "start up" companies with no history of operations. The Standards do not address continuous reporting disclosure mandates which may arise, for example, out of insider trading laws, requirements to disclose material developments or antifraud prohibitions. The Standards also do not address suitability criteria that may be imposed by stock exchanges in connection with listings of equity securities, such as the company's operating history, asset size, profitability, market float, share price, etc.

Cross-Border

An offering or listing of securities is considered to be "cross-border" when it is directed to one or more countries other than the company's home country (whether or not the offering or listing also is being made concurrently in the company's home country). Generally speaking, therefore, in a particular host country the International Disclosure Standards can be applied to offerings or listings by all foreign companies, with the following exceptions:

In Australia, the Standards will not apply to companies incorporated in New Zealand that are listed or seeking to be listed on an Australian Securities Exchange.

In Canada, the Standards will not apply to companies organized in the United States that use the Canadian Multijurisdictional Disclosure System with the United States, described in National Policy No. 45. The Standards will not apply to a company legally organized, incorporated or established in Canada for offerings within Canada.

In the European Union, offerings or listings by a company registered in an EU member state that only take place within EU member states will not be considered to be cross-border (but see also Item XX, Mutual recognition in the European Union in Part II).

In Hong Kong, the Standards will only apply to companies whose primary listing is on a stock exchange approved under the Stock Exchange of Hong Kong's Listing Rule 19.30 as being an exchange that is a "regulated, regularly operating, open stock market recognized for this purpose by the Exchange" and the issuer "conducts its business and makes disclosure according to the accepted standards in Hong Kong".

In the United States, the Standards will not apply to (1) companies that are organized in a foreign country but do not meet the Securities and Exchange Commission's definition of a "foreign private issuer" as set forth in Rule 405 under the Securities Act of 1933, as amended, or in Rule 3b-4 under the Securities Exchange Act of 1934, as amended; or (2) companies

organized in Canada that register under the U.S. federal securities laws using the rules and forms provided for in the U.S. Multijurisdictional Disclosure System with Canada.

Materiality

In addition to the specific disclosures described below, most countries rely on an overriding principle that, in connection with a registration or listing of securities or a public offering of securities, a company should disclose all information that would be material to an investor's investment decision and that is necessary for full and fair disclosure. Thus, information called for by specific requirements contained in these Standards may need to be expanded under this general principle, where supplemental information is deemed to be material to investors and necessary to keep the mandated disclosure provided pursuant to specific requirements from being misleading. The formulation of this general principle varies somewhat in different countries, and a more detailed description is set forth in Item I of Part II.

Omission of Information

If a disclosure requirement is inapplicable to an issuer's sphere of activity or legal form, no information need be provided in response to that requirement, although equivalent information should be given, if possible. The host country securities regulators in some countries may permit information to be omitted in certain limited circumstances, as in the case of information that is required by law to be kept secret, that may not be disclosed for public policy reasons or that represents a trade secret or proprietary information. See Part II for more information on the specific circumstances in which information may be omitted.

Supplementary Information

Any significant change or any inaccuracy in the contents of the document which may materially affect the company or its securities, that occurs between the date of publication of the document and the date of sale or listing must be adequately disclosed and made public. See Part II for additional information.

Equivalence of Information

Various countries require that all information with respect to the company of importance to shareholders made public in other markets be made public in the host country, as well, whether or not disclosure of such information would otherwise be required in the host country.

Presentation

Although the information headings and order of presentation are not mandatory, it is recommended that the format of these Standards be followed to enhance comparability. If the same information required by these Standards is also required by the body of accounting

principles used in preparing the financial statements, the information need not be repeated, as long as there is a cross-reference to the location of the information. It is also recommended that a table of contents be provided at the beginning of the document. The Standards assume that all information contained in a document will be provided in a language acceptable to the host country.

GLOSSARY OF DEFINED TERMS

The following definitions apply to certain terms used in the accompanying disclosure standards, unless the context indicates otherwise.

Affiliate - An “affiliate” of a specified person or entity refers to one who, directly or indirectly, either controls, is controlled by or is under common control with, the specified person or entity.

Beneficial Owner - The term "beneficial owner" of securities refers to any person who, even if not the record owner of the securities, has or shares the underlying benefits of ownership. These benefits include the power to direct the voting or the disposition of the securities or to receive the economic benefit of ownership of the securities. A person also is considered to be the "beneficial owner" of securities that the person has the right to acquire within 60 days by option or other agreement. Beneficial owners include persons who hold their securities through one or more trustees, brokers, agents, legal representatives or other intermediaries, or through companies in which they have a “controlling interest”, which means the direct or indirect power to direct the management and policies of the entity.

Company - References to the "company" mean the company whose securities are being offered or listed, and refer to the company on a consolidated basis unless the context indicates otherwise.

Directors and Senior Management - This term includes (a) the company’s directors, (b) members of its administrative, supervisory or management bodies, (c) partners with unlimited liability, in the case of a limited partnership with share capital, (d) nominees to serve in any of the aforementioned positions, and (e) founders, if the company has been established for fewer than five years. The persons covered by the term “administrative, supervisory or management bodies” vary in different countries and, for purposes of complying with the disclosure standards, will be determined by the host country. In the United States, the persons referred to correspond to a U.S. company’s “executive officers” as defined in Rule 405 under the Securities Act of 1933, as amended and Rule 3b-7 under the Securities Exchange Act of 1934, as amended.

Document - This term covers prospectuses and offering documents used in connection with a public offering of securities and registration statements or prospectuses used in connection with the initial listing of securities.

Equity Securities - The term “equity securities” includes common or ordinary shares, preferred or preference shares, options or warrants to subscribe for equity securities, and any securities, other than debt securities, which are convertible into or exercisable or redeemable for equity securities of the same company or another company. If the equity securities available upon conversion, exercise or redemption are those of another company, the disclosure standards also

apply to the other company. The standards do not apply to debt securities or debt which is convertible into or exercisable or redeemable for equity or debt securities.

Group - A “group” is a parent and all its subsidiaries. References to a company’s group mean the group of which it is a member.

Home Country - This term refers to the jurisdiction in which the company is legally organized, incorporated or established and, if different, the jurisdiction where it has its principal listing.

Host Country - This term refers to jurisdictions, other than the home country, in which the company is seeking to offer, register or list its securities.

Pre-emptive Issue - The term "pre-emptive issue" and references to "pre-emptive purchase rights" refer to offerings made to the company's existing shareholders in order to permit them to maintain their pro rata ownership in the company.

I. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Introduction: The purpose of this standard is to identify the company representatives and other individuals involved in the company's listing or registration. Many countries require identification of the persons responsible for the document. These requirements are referenced in Part II.

Standard:

A. Directors and Senior Management. Provide the names, business addresses and functions of the company's directors and senior management.

B. Advisers. Provide the names and addresses of the company's principal bankers and legal advisers to the extent the company has a continuing relationship with such entities, the sponsor for listing (where required by the host country regulations), and the legal advisers to the issue.

C. Auditors. Provide the names and addresses of the company's auditors for the preceding three years (together with their membership in a professional body).

II. OFFER STATISTICS AND EXPECTED TIMETABLE

Introduction: The purpose of this standard is to provide key information regarding the conduct of any offering and the identification of important dates relating to that offering.

Standard:

A. Offer Statistics. For each method of offering, e.g., rights offering, general offering, etc. state the total expected amount of the issue, including the expected issue price or the method of determining the price and the number of securities expected to be issued.

B. Method and Expected Timetable. For all offerings, and separately for each group of targeted potential investors, the document shall state the following information to the extent applicable to the offering procedure:

1. The time period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of this period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the document is first filed or distributed to the public, describe arrangements for announcing the final or definitive date or period.

2. Method and time limits for paying up securities; where payment is partial, the manner and dates on which amounts due are to be paid.
3. Method and time limits for delivery of equity securities (including provisional certificates, if applicable) to subscribers or purchasers.
4. In the case of pre-emptive purchase rights, the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.
5. A full description of the manner in which results of the distribution of securities are to be made public, and when appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).

III. KEY INFORMATION

Introduction: The purpose of this standard is to summarize key information about the company's financial condition, capitalization and risk factors. If the financial statements included in the document are restated to reflect material changes in the company's group structure or accounting policies, the selected financial data also must be restated. See Item VIII and Part II.

Standard:

A. Selected Financial Data.

1. The company shall provide selected historical financial data regarding the company, which shall be presented for the five most recent financial years (or such shorter period that the company has been in operation), in the same currency as the financial statements. Selected financial data for either or both of the earliest two years of the five-year period may be omitted, however, if the company represents to the host country regulator that such information cannot be provided, or cannot be provided on a restated basis, without unreasonable effort or expense. If interim period financial statements are included, the selected financial data should be updated for that interim period, which may be unaudited, provided that fact is stated. If selected financial data for interim periods is provided, comparative data from the same period in the prior financial year shall also be provided, except that the requirement for comparative balance sheet data is satisfied by presenting the year end balance sheet information).
2. The selected financial data presented shall include items generally corresponding to the following, except that the specific line items presented should be expressed in the same manner as the corresponding line items in the company's financial statements. Such data

shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); net income (loss) from operations per share; income (loss) from continuing operations per share; total assets; net assets; capital stock (excluding long term debt and redeemable preferred stock); number of shares as adjusted to reflect changes in capital; dividends declared per share in both the currency of the financial statements and the host country currency, including the formula used for any adjustments to dividends declared; and diluted net income per share. Per share amounts must be determined in accordance with the body of accounting principles used in preparing the financial statements.

3. Where the financial statements provided in response to Item VIII are prepared in a currency other than the currency of the host country, disclosure of the exchange rate between the financial reporting currency and the currency of the host country should be provided, using the exchange rate designated by the host country for this purpose, if any:

- (a) at the latest practicable date;
- (b) the high and low exchange rates for each month during the previous six months; and
- (c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

B. Capitalization and Indebtedness. A statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the date of the document shall be provided showing the company's capitalization on an actual basis and, if applicable, as adjusted to reflect the sale of new securities being issued and the intended application of the net proceeds therefrom. Indebtedness also includes indirect and contingent indebtedness.

C. Reasons for the Offer and Use of Proceeds.

1. The document shall disclose the estimated net amount of the proceeds broken down into each principal intended use thereof. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purpose should be given, as well as the amount and sources of other funds needed. If the company has no specific plans for the proceeds, it should discuss the principal reasons for the offering.

2. If the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the company or their associates, disclose the persons from whom they will be acquired and how the cost to the company will be determined.

3. If the proceeds may or will be used to finance acquisitions of other businesses, give a brief description of such businesses and information on the status of the acquisitions.

4. If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds of such indebtedness were put.

D. Risk Factors. The document shall prominently disclose risk factors that are specific to the company or its industry and make an offering speculative or one of high risk, in a section headed "Risk Factors". Companies are encouraged, but not required, to list the risk factors in the order of their priority to the company. Among other things, such factors may include, for example: the nature of the business in which it is engaged or proposes to engage; factors relating to the countries in which it operates; the absence of profitable operations in recent periods; the financial position of the company; the possible absence of a liquid trading market for the company's securities; reliance on the expertise of management; potential dilution; unusual competitive conditions; pending expiration of material patents, trademarks or contracts; or dependence on a limited number of customers or suppliers. The Risk Factors section is intended to be a summary of more detailed discussion contained elsewhere in the document.

IV. INFORMATION ON THE COMPANY

Introduction: The purpose of this standard is to provide information about the company's business operations, the products it makes or the services it provides, and the factors which affect the business. The standard also is intended to provide information regarding the adequacy and suitability of the company's properties, plants and equipment, as well as its plans for future increases or decreases in such capacity. Some countries may require the company to provide current valuations of its properties, and additional information regarding these requirements is set forth in Part II.

Standard:

A. History and Development of the Company. The following information shall be provided:

1. The legal and commercial name of the company.
2. The date of incorporation and the length of life of the company, except where indefinite.
3. The domicile and legal form of the company, the legislation under which the company operates, its country of incorporation and the address and telephone number of its

registered office (or principal place of business if different from its registered office). Provide the name and address of the company's agent in the host country, if any.

4. The important events in the development of the company's business, e.g. information concerning the nature and results of any material reclassification, merger or consolidation of the company or any of its significant subsidiaries; acquisitions or dispositions of material assets other than in the ordinary course of business; any material changes in the mode of conducting the business; material changes in the types of products produced or services rendered; name changes; or the nature and results of any bankruptcy, receivership or similar proceedings with respect to the company or significant subsidiaries.

5. A description, including the amount invested, of the company's principal capital expenditures and divestitures (including interests in other companies), since the beginning of the company's last three financial years to the date of the offering or listing document.

6. Information concerning the principal capital expenditures and divestitures currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external).

7. An indication of any public takeover offers by third parties in respect of the company's shares or by the company in respect of other companies' shares which have occurred during the last and current financial year. The price or exchange terms attaching to such offers and the outcome thereof are to be stated.

B. Business Overview. The information required by this item may be presented on the same basis as that used to determine the company's business segments under the body of accounting principles used in preparing the financial statements. The following information shall be provided:

1. A description of the nature of the company's operations and its principal activities, stating the main categories of products sold and/or services performed for each of the last three financial years. Indicate any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.

2. A description of the principal markets in which the company competes, including a breakdown of total revenues by category of activity and geographic market for each of the last three financial years.

3. A description of the seasonality of the company's main business.

4. A description of the sources and availability of raw materials, including a description of whether prices of principal raw materials are volatile.

5. A description of the marketing channels used by the company, including an explanation of any special sales methods, such as installment sales.
6. Summary information regarding the extent to which the company is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to the company's business or profitability.
7. The basis for any statements made by the company regarding its competitive position shall be disclosed.
8. A description of the material effects of government regulations on the company's business, identifying the regulatory body.

C. Organizational Structure. If the company is part of a group, include a brief description of the group and the company's position within the group. Provide a listing of the company's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.

D. Property, Plants and Equipment. The company shall provide information regarding any material tangible fixed assets, including leased properties, and any major encumbrances thereon, including a description of the size and uses of the property; productive capacity and extent of utilization of the company's facilities; how the assets are held; the products produced; and the location. Also describe any environmental issues that may affect the company's utilization of the assets. With regard to any material plans to construct, expand or improve facilities, describe the nature of and reason for the plan, an estimate of the amount of expenditures including the amount of expenditures already paid, a description of the method of financing the activity, the estimated dates of start and completion of the activity, and the increase of production capacity anticipated after completion.

V. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Introduction: The purpose of this standard is to provide management's explanation of factors that have affected the company's financial condition and results of operations for the historical periods covered by the financial statements, and management's assessment of factors and trends which are anticipated to have a material effect on the company's financial condition and results of operations in future periods. Some countries may require a forecast or statement of the company's prospects for the current year and / or other future periods.

Standard:

Discuss the company's financial condition, changes in financial condition and results of operations for each year and interim period for which financial statements are required, including the causes of material changes from year to year in financial statement line items, to the extent necessary for an understanding of the company's business as a whole. Information provided also shall relate to all separate segments of the company. Provide the information specified below as well as such other information that is necessary for an investor's understanding of the company's financial condition, changes in financial condition and results of operation.

A. Operating Results. Provide information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the company's income from operations, indicating the extent to which income was so affected. Describe any other significant component of revenue or expenses necessary to understand the company's results of operations.

1. To the extent that the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services.
2. Describe the impact of inflation, if material. If the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and a discussion of the impact of hyperinflation on the company's business shall be disclosed.
3. Provide information regarding the impact of foreign currency fluctuations on the company, if material, and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments.
4. Provide information regarding any governmental economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the company's operations or investments by host country shareholders.

B. Liquidity and Capital Resources. The following information shall be provided:

1. Information regarding the company's liquidity (both short and long term), including:
 - (a) a description of the internal and external sources of liquidity and a brief discussion of any material unused sources of liquidity. Include a statement by the company that, in its opinion, the working capital is sufficient for the company's present requirements, or, if not, how it proposes to provide the additional working capital needed.

(b) an evaluation of the sources and amounts of the company's cash flows, including the nature and extent of any legal or economic restrictions on the ability of subsidiaries to transfer funds to the company in the form of cash dividends, loans or advances and the impact such restrictions have had or are expected to have on the ability of the company to meet its cash obligations.

(c) information on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements and the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use.

2. Information regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. The discussion also should include funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, the currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of financial instruments for hedging purposes.

3. Information regarding the company's material commitments for capital expenditures as of the end of the latest financial year and any subsequent interim period and an indication of the general purpose of such commitments and the anticipated sources of funds needed to fulfill such commitments.

C. Research and Development, Patents and Licenses, etc. Provide a description of the company's research and development policies for the last three years, where it is significant, including the amount spent during each of the last three financial years on company-sponsored research and development activities.

D. Trend Information. The company should identify the most significant recent trends in production, sales and inventory, the state of the order book and costs and selling prices since the latest financial year. The company also should discuss, for at least the current financial year, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the company's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

VI. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Introduction: The purpose of this standard is to provide information concerning the company's directors and managers that will allow investors to assess such individuals' experience, qualifications and levels of compensation, as well as their relationship with the company. The definition of the persons covered by this disclosure standard may vary in each country and would be determined by host country law. Information concerning the company's employees is also required.

Standard:

A. Directors and Senior Management. The following information shall be disclosed with respect to the company's directors and senior management, and any employees such as scientists or designers upon whose work the company is dependent:

1. Name, business experience, functions and areas of experience in the company.
2. Principal business activities performed outside the issuing company (including, in the case of directors, other principal directorships).
3. Date of birth or age (if required to be reported in the home country or otherwise publicly disclosed by the company).
4. The nature of any family relationship between any of the persons named above.
5. Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management.

B. Compensation. Provide the following information for the last full financial year for the company's directors and members of its administrative, supervisory or management bodies:

1. The amount of compensation paid, and benefits in kind granted, to such persons by the company and its subsidiaries for services in all capacities to the company and its subsidiaries by any person. Disclosure of compensation is required on an individual basis unless individual disclosure is not required in the company's home country and is not otherwise publicly disclosed by the company. The standard also covers contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date. If any portion of the compensation was paid (a) pursuant to a bonus or profit-sharing plan, provide a brief description of the plan and the basis upon which such persons participate in the plan; or (b) in the form of stock options, provide the title and amount of securities covered by the options, the exercise price, the purchase price (if any), and the expiration date of the options.
2. The total amounts set aside or accrued by the company or its subsidiaries to provide pension, retirement or similar benefits.

C. Board Practices. The following information for the company's last completed financial year shall be given with respect to, unless otherwise specified, the company's directors, and members of its administrative, supervisory or management bodies.

1. Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.
2. Details of directors' service contracts with the company or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement.
3. Details relating to the company's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.

D. Employees. Provide either the number of employees at the end of the period or the average for the period for each of the past three financial years (and changes in such numbers, if material) and, if possible, a breakdown of persons employed by main category of activity and geographic location. Also disclose any significant change in the number of employees, and information regarding the relationship between management and labor unions. If the company employs a significant number of temporary employees, include disclosure of the number of temporary employees on an average during the most recent financial year.

E. Share Ownership.

1. With respect to the persons listed in subsection VI.B., above, provide information as to their share ownership in the company as of the most recent practicable date (including disclosure on an individual basis of the number of shares and percent of shares outstanding of that class, and whether they have different voting rights) held by the persons listed and options granted to them on the company's shares. Information regarding options shall include: the title and amount of securities called for by the options; the exercise price; the purchase price, if any; and the expiration date of the options.
2. Describe any arrangements for involving the employees in the capital of the company, including any arrangement that involves the issue or grant of options or shares or securities of the company.

VII. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Introduction: The purpose of this standard is to provide information regarding the major shareholders and others that control or may control the company. The standard also provides information regarding transactions the company has entered into with persons affiliated with the company and whether the terms of such transactions are fair to the company. These standards may require disclosure of related party transactions not required to be disclosed under the body of accounting principles used in preparing the financial statements. This standard is not intended to

address the thresholds at which shareholders are required, on a continuing basis, to disclose their beneficial ownership of securities.

Standard:

A. Major Shareholders. To the extent that the following information is known to the company or can be ascertained from public filings, it should be provided as of the most recent practicable date, with references to the number of shares held in the company including shares beneficially owned.

1. The following information shall be provided regarding the company's major shareholders, which means shareholders that are the beneficial owners of 5% or more of each class of the company's voting securities (unless the company is required to disclose a lesser percentage in its home country, in which case that lesser percentage applies):

(a) Provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders.

(b) Disclose any significant change in the percentage ownership held by any major shareholders during the past three years.

(c) Indicate whether the company's major shareholders have different voting rights, or an appropriate negative statement.

2. Information shall be provided as to the portion of each class of securities held in the host country and the number of record holders in the host country.

3. To the extent known to the company, state whether the company is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

4. Describe any arrangements, known to the company, the operation of which may at a subsequent date result in a change in control of the company.

B. Related Party Transactions. Provide the information required below for the period since the beginning of the company's preceding three financial years up to the date of the document, with respect to transactions or loans between the company and (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company; (b) associates; (c) individuals owning, directly or

indirectly, an interest in the voting power of the company that gives them significant influence over the company, and close members of any such individual's family; (d) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors and senior management of companies and close members of such individuals' families; and (e) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the company and enterprises that have a member of key management in common with the company. Close members of an individual's family are those that may be expected to influence, or be influenced by, that person in their dealings with the company. An associate is an unconsolidated enterprise in which the company has a significant influence or which has significant influence over the company. Significant influence over an enterprise is the power to participate in the financial and operating policy decisions of the enterprise but is less than control over those policies. Shareholders beneficially owning a 10% interest in the voting power of the company are presumed to have a significant influence on the company.

1. The nature and extent of any transactions or presently proposed transactions which are material to the company or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the company or any of its parent or subsidiaries was a party.

2. The amount of outstanding loans (including guarantees of any kind) made by the company or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.

C. Interests of Experts and Counsel. If any of the named experts or counselors was employed on a contingent basis, owns an amount of shares in the company or its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the company or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

VIII. FINANCIAL INFORMATION

Introduction: The purpose of this standard is to specify which financial statements must be included in the document, as well as the periods to be covered, the age of the financial statements and other information of a financial nature. The comprehensive bodies of accounting and auditing principles that will be accepted for use in preparation and audit of the financial statements will be determined by the host country. In this connection, in a separate project IOSCO is working with other international bodies with the goal of having comprehensive bodies

of international accounting standards and international audit standards that could be used in cross border listings, offerings and periodic reports. If the company prepares both annual accounts of its entity and annual consolidated accounts for the group, both may be required to be provided. Certain countries may require separate financial statements of an entity other than the company to be provided. Certain countries also may require restated financial statements when there has been a material change to the company's group structure or accounting policies. In other cases, certain countries may require that specified information of a financial nature be disclosed in the document if it is not otherwise required by the body of generally accepted accounting principles used in preparing the financial statements. All of these specific country requirements are referenced in Part II. If the financial statements and other financial information are presented in a currency other than the host country currency, some countries may require that principal monetary figures also be stated in the host country currency.

Standard:

A. Consolidated Statements and Other Financial Information.

1. The document must contain consolidated financial statements, audited by an independent auditor and accompanied by an audit report, comprised of:

- (a) balance sheet;
- (b) income statement;
- (c) statement showing either (i) changes in equity other than those arising from capital transactions with owners and distributions to owners; or (ii) all changes in equity (including a subtotal of all non-owner items recognized directly in equity);
- (d) cash flow statement;
- (e) related notes and schedules required by the comprehensive body of accounting standards pursuant to which the financial statements are prepared; and
- (f) if not included in the primary financial statements, a note analyzing the changes in each caption of shareholders' equity presented in the balance sheet.

2. The document should include comparative financial statements that cover the latest three financial years, audited in accordance with a comprehensive body of auditing standards.

3. The audit report(s) must cover each of the periods for which these international disclosure standards require audited financial statements. If the auditors have refused to provide a report on the annual accounts or if the report(s) contain qualifications or

disclaimers, such refusal or such qualifications or disclaimers shall be reproduced in full and the reasons given, so the host country securities regulator can determine whether or not to accept the financial statements. Include an indication of any other information in the document which has been audited by the auditors.

4. The last year of audited financial statements may not be older than 15 months at the time of the offering or listing; provided, however, that in the case of the company's initial public offering, unless the host country regulator permits otherwise, the audited financial statements also shall be as of a date not older than 12 months at the time the document is filed. In such cases, the audited financial statements may cover a period of less than a full year.

5. If the document is dated more than nine months after the end of the last audited financial year, it should contain consolidated interim financial statements, which may be unaudited (in which case that fact should be stated), covering at least the first six months of the financial year. The interim financial statements should include a balance sheet, income statement, cash flow statement, and a statement showing either (i) changes in equity other than those arising from capital transactions with owners and distributions to owners, or (ii) all changes in equity (including a subtotal of all non-owner items recognized directly in equity). Each of these statements may be in condensed form as long as it contains the major line items from the latest audited financial statements and includes the major components of assets, liabilities and equity (in the case of the balance sheet); income and expenses (in the case of the income statement) and the major subtotals of cash flows (in the case of the cash flow statement). The interim financial statements should include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year end balance sheet. If not included in the primary financial statements, a note should be provided analyzing the changes in each caption of shareholders' equity presented in the balance sheet. The interim financial statements should include selected note disclosures that will provide an explanation of events and changes that are significant to an understanding of the changes in financial position and performance of the enterprise since the last annual reporting date. If, at the date of the document, the company has published interim financial statements that cover a more current period than those otherwise required by this standard, the more current interim financial statements must be included in the document. Companies are encouraged, but not required, to have any interim financial statements in the document reviewed by an independent auditor. If such a review has been performed and is referred to in the document, a copy of the auditor's interim review report must be provided in the document.

6. If the amount of export sales constitutes a significant portion of the company's total sales volume, provide the total amount of export sales and the percent and amount of export sales in the total amount of sales volume.

7. Provide information on any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings and those involving any third party, which may have, or have had in the recent past, significant effects on the company's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.

8. Describe the company's policy on dividend distributions.

B. Significant Changes. Disclose whether or not any significant change has occurred since the date of the annual financial statements, and/or since the date of the most recent interim financial statements, if any, included in the document.

IX. THE OFFER AND LISTING

Introduction: The purpose of this standard is to provide information regarding the offer or listing of securities, the plan for distribution of the securities and related matters.

Standard:

A. Offer and Listing Details.

1. Indicate the expected price at which the securities will be offered or the method of determining the price, and the amount of any expenses specifically charged to the subscriber or purchaser.

2. If there is not an established market for the securities, the document shall contain information regarding the manner of determination of the offering price as well as of the exercise price of warrants and the conversion price of convertible securities, including who established the price or who is formally responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for establishing the price.

3. If the company's shareholders have pre-emptive purchase rights and where the exercise of the right of pre-emption of shareholders is restricted or withdrawn, the company shall indicate the basis for the issue price if the issue is for cash, together with the reasons for such restriction or withdrawal and the beneficiaries of such restriction or withdrawal if intended to benefit specific persons.

4. Information regarding the price history of the stock to be offered or listed shall be disclosed as follows:

- (a) for the five most recent full financial years: the annual high and low market prices;
- (b) for the two most recent full financial years and any subsequent period: the high and low market prices for each full financial quarter;
- (c) for the most recent six months: the high and low market prices for each month;
- (d) for pre-emptive issues, the market prices for the first trading day in the most recent six months, for the last trading day before the announcement of the offering and (if different) for the latest practicable date prior to publication of the document.

Information shall be given with respect to the market price in the host market and the principal trading market outside the host market. If significant trading suspensions occurred in the prior three years, they shall be disclosed. If the securities are not regularly traded in an organized market, information shall be given about any lack of liquidity.

5. State the type and class of the securities being offered or listed and furnish the following information:

- (a) Indicate whether the shares are registered shares or bearer shares and provide the number of shares to be issued and to be made available to the market for each kind of share. The nominal par or equivalent value should be given on a per share basis and, where applicable, a statement of the minimum offer price. Describe the coupons attached, if applicable.

- (b) Describe arrangements for transfer and any restrictions on the free transferability of the shares.

6. If the rights evidenced by the securities being offered or listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed or offered.

7. With respect to securities other than common or ordinary shares to be listed or offered, outline briefly the rights evidenced thereby.

- (a) If subscription warrants or rights are to be listed or offered, state: the title and amount of securities called for; the amount of warrants or rights outstanding; provisions for changes to or adjustments in the exercise price; the period during which and the price at

which the warrants or rights are exercisable; and any other material terms of such warrants or rights.

(b) Where convertible securities or stock purchase warrants to be listed or offered are subject to redemption or call, the description of the conversion terms of the securities or material terms of the warrants shall include whether the right to convert or purchase the securities will be forfeited unless it is exercised before the date specified in the notice of redemption or call; the expiration or termination date of the warrants; the kind, frequency and timing of notice of the redemption or call, including where the notice will be published; and, in the case of bearer securities, that investors are responsible for making arrangements to prevent loss of the right to convert or purchase in the event of redemption or call.

B. Plan of Distribution.

1. The names and addresses of the entities underwriting or guaranteeing the offering shall be listed.
2. To the extent known to the company, indicate whether major shareholders, directors or members of the company's management, supervisory or administrative bodies intend to subscribe in the offering, or whether any person intends to subscribe for more than 5% of the offering.
3. Identify any group of targeted potential investors to whom the securities are offered. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
4. If securities are reserved for allocation to any group of targeted investors, including, for example, offerings to existing shareholders, directors, or employees and past employees of the company or its subsidiaries, provide details of these and any other preferential allocation arrangements.
5. Indicate whether the amount of the offering could be increased, such as by the exercise of an underwriter's over-allotment option or "greenshoe," and by how much.
6. Indicate the amount, and outline briefly the plan of distribution, of any securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of brokers or dealers, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify the broker(s) or dealer(s) that will participate in the offering and state the amount to be offered through each.
7. If the securities are to be offered in connection with the writing of exchange-traded call options, describe briefly such transactions.

8. If simultaneously or almost simultaneously with the creation of shares for which admission to official listing is being sought, shares of the same class are subscribed for or placed privately or if shares of other classes are created for public or private placing, details are to be given of the nature of such operations and of the number and characteristics of the shares to which they relate.

9. Unless otherwise described under the response to Item X.C. Material Contracts, describe the features of the underwriting relationship together with the amount of securities being underwritten by each underwriter in privity of contract with the company or selling shareholders. The foregoing information should include a statement as to whether the underwriters are or will be committed to take and to pay for all of the securities if any are taken, or whether it is an agency or the type of "best efforts" arrangement under which the underwriters are required to take and to pay for only such securities as they may sell to the public.

10. If any underwriter or other financial adviser has a material relationship with the company, describe the nature and terms of such relationship.

C. Markets. The company shall disclose all stock exchanges and other regulated markets on which the securities to be offered or listed are traded. When an application for admission to any exchange and/or regulated market is being or will be sought, this must be mentioned, without creating the impression that the listing necessarily will be approved. If known, the dates on which the shares will be listed and dealt in should be given.

D. Selling Shareholders. The following information shall be provided:

1. The name and address of the person or entity offering to sell the shares, the nature of any position, office or other material relationship that the selling shareholder has had within the past three years with the company or any of its predecessors or affiliates.

2. The number and class of securities being offered by each of the selling shareholders, and the percentage of the existing equity capital. The amount and percentage of the securities for each particular type of securities beneficially held by the selling shareholder before and immediately after the offering shall be specified.

E. Dilution. The following information shall be provided:

1. Where there is a substantial disparity between the public offering price and the effective cash cost to directors or senior management, or affiliated persons, of equity securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offering and the effective cash contributions of such persons.

2. Disclose the amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date.

3. In the case of a subscription offering to existing shareholders, disclose the amount and percentage of immediate dilution if they do not subscribe to the new offering.

F. Expenses of the Issue. The following information shall be provided:

1. The total amount of the discounts or commissions agreed upon by the underwriters or other placement or selling agents and the company or offeror shall be disclosed, as well as the percentage such commissions represent of the total amount of the offering and the amount of discounts or commissions per share.

2. A reasonably itemized statement of the major categories of expenses incurred in connection with the issuance and distribution of the securities to be listed or offered and by whom the expenses are payable, if other than the company. If any of the securities are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given.

X. ADDITIONAL INFORMATION

Introduction: The purpose of this standard is to provide information, most of which is of a statutory nature, that is not covered elsewhere in the document. With respect to Documents on Display, the sources of information as to which types of documents must be available on display in certain countries are set forth in Part II.

Standard:

A. Share Capital. The following information shall be given as of the date of the most recent balance sheet included in the financial statements and as of the latest practicable date:

1. The amount of issued capital and, for each class of share capital: (a) the number of shares authorized; (b) the number of shares issued and fully paid and issued but not fully paid; (c) the par value per share, or that the shares have no par value; and (d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the past five years, that fact should be stated.

2. If there are shares not representing capital, the number and main characteristics of such shares shall be stated.

3. Indicate the number, book value and face value of shares in the company held by or on behalf of the company itself or by subsidiaries of the company.
4. Where there is authorized but unissued capital or an undertaking to increase the capital, for example, in connection with warrants, convertible obligations or other outstanding equity-linked securities, or subscription rights granted, indicate: (i) the amount of outstanding equity-linked securities and of such authorized capital or capital increase and, where appropriate, the duration of the authorization; (ii) the categories of persons having preferential subscription rights for such additional portions of capital; and (iii) the terms, arrangements and procedures for the share issue corresponding to such portions.
5. The persons to whom any capital of any member of the group is under option or agreed conditionally or unconditionally to be put under option, including the title and amount of securities covered by the options; the exercise price; the purchase price, if any; and the expiration date of the options, or an appropriate negative statement. Where options have been granted or agreed to be granted to all the holders of shares or debt securities, or of any class thereof, or to employees under an employees' share scheme, it will be sufficient so far as the names are concerned, to record that fact without giving names.
6. A history of share capital for the last three years identifying the events during such period which have changed the amount of the issued capital and / or the number and classes of shares of which it composed, together with a description of changes in voting rights attached to the various classes of shares during that time. Details should be given of the price and terms of any issue including particulars of consideration where this was other than cash (including information regarding discounts, special terms or installment payments). If there are no such issues, an appropriate negative statement must be made. The reason for any reduction of the amount of capital and the ratio of capital reductions also shall be given.
7. An indication of the resolutions, authorizations and approvals by virtue of which the shares have been or will be created and / or issued, the nature of the issue and amount thereof and the number of shares which have been or will be created and / or issued, if predetermined.

B. Memorandum and Articles of Association. The following information shall be provided:

1. Indicate the register and the entry number therein, if applicable, and describe the company's objects and purposes and where they can be found in the memorandum and articles.
2. With respect to directors, provide a summary of any provisions of the company's articles of association or charter and bylaws with respect to: (a) a director's power to vote on a proposal, arrangement or contract in which the director is materially interested; (b) the

directors' power, in the absence of an independent quorum, to vote compensation to themselves or any members of their body; (c) borrowing powers exercisable by the directors and how such borrowing powers can be varied; (d) retirement or non-retirement of directors under an age limit requirement; and (e) number of shares, if any, required for director's qualification.

3. Describe the rights, preferences and restrictions attaching to each class of the shares, including: (a) dividend rights, including the time limit after which dividend entitlement lapses and an indication of the party in whose favor this entitlement operates; (b) voting rights, including whether directors stand for reelection at staggered intervals and the impact of that arrangement where cumulative voting is permitted or required; (c) rights to share in the company's profits; (d) rights to share in any surplus in the event of liquidation; (e) redemption provisions; (f) sinking fund provisions; (g) liability to further capital calls by the company; and (h) any provision discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

4. Describe what action is necessary to change the rights of holders of the stock, indicating where the conditions are more significant than is required by law.

5. Describe the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are convoked, including the conditions of admission.

6. Describe any limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by foreign law or by the charter or other constituent document of the company or state that there are no such limitations if that is the case.

7. Describe briefly any provision of the company's articles of association, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the company (or any of its subsidiaries).

8. Indicate the bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.

9. With respect to items 2 through 8 above, if the law applicable to the company in these areas is significantly different from that in the host country, the effect of the law in these areas should be explained.

10. Describe the conditions imposed by the memorandum and articles of association governing changes in the capital, where such conditions are more stringent than is required by law.

C. Material Contracts. Provide a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the company or any member of the group is a party, for the two years immediately preceding publication of the document, including dates, parties, general nature of the contracts, terms and conditions, and amount of any consideration passing to or from the company or any other member of the group.

D. Exchange Controls. Describe any governmental laws, decrees, regulations or other legislation of the home country of the company which may affect:

1. the import or export of capital, including the availability of cash and cash equivalents for use by the company's group.
2. the remittance of dividends, interest or other payments to nonresident holders of the company's securities:

E. Taxation. The company shall provide information regarding taxes (including withholding provisions) to which shareholders in the host country may be subject. Information should be included as to whether the company assumes responsibility for the withholding of tax at the source and regarding applicable provisions of any reciprocal tax treaties between the home and host countries, or a statement, if applicable, that there are no such treaties.

F. Dividends and Paying Agents. Disclose any dividend restrictions, the date on which the entitlement to dividends arises, if known, and any procedures for nonresident holders to claim dividends. Identify the financial organizations which, at the time of admission of shares to official listing, are the paying agents of the company in the countries where admission has taken place or is expected to take place.

G. Statement by Experts. Where a statement or report attributed to a person as an expert is included in the document, provide such person's name, address and qualifications and a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of that person, who has authorized the contents of that part of the document.

H. Documents on Display. The company shall provide an indication of where the documents concerning the company which are referred to in the document may be inspected. Exhibits and documents on display generally should be translated into the language of the host country, or a summary in the host country language should be provided.

I. Subsidiary Information. Certain information relating to the company's subsidiaries must be provided in some countries, if the information is not otherwise called for by the body of generally accepted accounting principles used in preparing the financial statements. See Item XVIII. of Part II.

PART II - DISCLOSURE ISSUES OUTSIDE THE SCOPE OF THE STANDARDS

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PART II. DISCLOSURE ISSUES OUTSIDE THE SCOPE OF THE STANDARDS

There follows a discussion of several disclosure matters that may bear on a company's disclosure obligations in a host country, which are not addressed by the disclosure standards contained in Part I. In addition to an explanation of the concept of materiality in various countries, Part II includes disclosure matters that relate to specific industries, that are only required in a few countries or with respect to which there is such wide variation in the type of information required, that companies are advised to look to the specific requirements of the host country. *The information in Part II relates only to certain countries for illustrative purposes. Other countries that permit use of the International Disclosure Standards in offerings and listings may have their own schedule of Part II information that should be consulted by the company before filing an offering or listing document.*

I. MATERIALITY

As noted in the introduction to Part I, most countries rely on the principle that a company should disclose all information that would be material to an investor's investment decision or that is necessary for full and fair disclosure. This principle overrides the country's specific line item disclosure requirements for non-financial statement information in documents used for listings or public offerings of securities. Additional information may be required to satisfy the materiality concept, even if the information is not expressly called for by a specific disclosure line item. The formulation of the materiality concept varies in different countries. Set forth below is an explanation of the materiality concept as it applies to non-financial statement disclosures in certain countries.

Australia

The following describes the concept of materiality for the purposes of disclosure of information in connection with the offer of securities for subscription or purchase in Australia.

In Australia, disclosure in offer documents is governed by section 1022 (1) of the Corporations Law which became operative on January 1st 1991. That provision does not generally require the disclosure of any specific item of information. Rather it requires that a prospectus contain all such information as investors and their professional advisers would reasonably require, and reasonably expect to find in the prospectus, for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position, profits and losses, and the prospects of the corporation; and
- (b) the rights attaching to the securities.

Under sub-section 1020A(2) the Commission is empowered to refuse to register a prospectus if:

- (a)
- (b) the Commission is of the opinion that the prospectus contains a false or misleading statement or that there is an omission from the prospectus.

In addition, section 996 (1) prohibits the issue of a prospectus in which there is a material statement that is false or misleading.

The above provisions have, to date, not been subject to judicial interpretation. The philosophy underlying them, however, is to facilitate better informed investment decisions and to minimize the risk of fraud.

Having regard to the foregoing therefore, information may be said to be material for the purposes of the disclosure requirements of the Corporation Law if it is required to enable prospective investors to reach an informed assessment of the matters specified in sub-section 1022 (1).

Two significant amendments were made to the Corporations Law by the Corporate Law Reform Act 1994 (CLRA) which relate to the concept of "materiality". These amendments took effect from September 5, 1994.

Firstly, the concept of "materiality" was defined in relation to the statutory obligations of continuous disclosure introduced under the amendments. For those purposes, a statement or omission is material if it is objectively capable of influencing the decision making of a person who commonly invests in securities (see s1001D and 1002C). This definition may be useful as guidance when considering the concept of "materiality" in relation to the content of a prospectus.

Secondly, the concept of materiality is altered in the case of a transaction specific prospectus which complies with the content requirements of s1022AA. Section 1022AA allows certain entities (e.g. entities with securities listed on the Australian Stock Exchange) to issue a prospectus with limited content. This was in recognition of the increased disclosure obligations imposed upon these "disclosing entities" under the enhanced disclosure and continuous reporting regime introduced by the CLRA. The rationale underlying s1022AA is that when a listed disclosing entity makes a fresh issue of its securities, the market will have already formed a view about the relevant securities based on previous disclosures which the issuer has made to the market about its activities, financial standing and prospects. As such the only new information which investors would require from the prospectus is:

- (a) information about the effect of the offer on the issuer and the rights attaching to the securities (s1022 (3) (2) (a) and (b)); and

- (b) any update to information previously disclosed to the market to cover confidential information held back under exceptions to the continuous reporting requirements (s1022AA (6)).

The European Union

The word "material" does not feature in European Law, and no definition of materiality exists; thus, the mechanistic application of a percentage test is inappropriate. However, Article 4 of the Listing Particulars Directive states that:

"The listing particulars shall contain the information which, according to the particular nature of the issuer and of the securities for the admission of which application is being made, is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer and of the rights attaching to such securities."

An example is information regarding a company's financial position which was not disclosed in a fund raising document and which would have led to an investor of average intelligence and imaginative faculty not acquiring the securities of the company or to have at least influenced the price of the securities.

Each case is taken on an individual basis in the light of the circumstances. In general, practitioners tend to take a cautious view and advise full disclosure of items which are only debatably material.

The overriding disclosure requirement contained in Article 4 is in addition to the requirement to disclose a list of specific information set out in the Directive; the responsibility for ensuring the document contains all the relevant information rests with those making the "responsibility statement" in the document -- usually the directors of the issuer (see Responsibility Statement).

Nevertheless, each member state has the right (under Article 10 of the Admission Directive) to make the admission of a security subject to any special condition which the competent authorities consider appropriate and of which they have explicitly informed the applicant, when this is in the interests of protecting investors.

Hong Kong

The following is a description of the concept of "materiality" in the disclosure of information in listing documents and prospectuses in Hong Kong.

The listing of securities in Hong Kong is governed by the Stock Exchange of Hong Kong's Listing Rules ("Listing Rules") and the Companies Ordinance. Paragraph 11.07 of the Listing Rules imposes a general duty of disclosure in listing documents published in compliance with the Listing Rules, namely:

"In addition to these detailed requirements all listing documents issued ... must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issuer and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and of the rights attaching to such securities."

A similar requirement is imposed on a prospectus published under the Companies Ordinance.

Japan

The following describes the concept of materiality under the Japanese disclosure system:

1. In Japan, the concept of materiality is applied to various areas in the preparation of disclosure documents, including accounting, presentation of financial statements and disclosure of corporate information other than financial statements.

2. The concept of materiality is considered to have generally two functions. The first function is to select such information that is particularly useful as investment information and therefore is to be disclosed. The second function is to work as a criterion to clarify the scope of information that is to be disclosed or to permit a company to apply less strict accounting practices so long as such treatments are not contrary to the underlying purpose of disclosure (*i.e.*, providing appropriate information for investors).

3. The application of the concept of materiality, in relation to the disclosure of corporate information other than financial statements, is mostly provided in the ministerial ordinances, circulars and so forth under the Securities and Exchange Law. There are two types of such provisions: (1) the concept of materiality is specifically stated in the provisions and (2) the scope of disclosure requirement is stipulated by numerical yardsticks that reflect the concept of materiality. An example of the former type is a ministerial ordinance that requires an issuer to provide a brief description of the transfer of a "material part of the business". The latter type includes a ministerial ordinance which provides that, in disclosing the changes in the amount of capital stock, the company may indicate only the sums of the increased amounts and decreased amounts for changes that are less than 10% of the capital stock as of the end of the fiscal year.

Mexico

The “Guidance for Prospectus Elaboration” in Rule 11-29 defines material information as any information that investors may need to form an opinion on the implicit risk, financial situation, operation results of a company, and its securities. It also states that it is the responsibility of each issuer to determine which information is material according to the above definition in the context of the issuer’s own affairs. The materiality of information shall be determined taking into account qualitative and quantitative factors.

Rule 11-28 requires registered companies to disclose to the Commission, the Mexican Stock Exchange and the public, all the material information, which is defined as any developments, facts or events capable of influencing the price of their issued securities. Rule 11-8 also states that Stock Exchanges may request information of the causes of any uncommon change in the market price of the issuer’s securities, and any other information that is considered material or may be of clarifying interest for investors. The Stock Exchanges must immediately inform the Commission of the requested information.

Ontario

Both "material fact" and "material change" are defined terms under the Securities Act (Ontario) (the "Act"). The term "material fact" where used in relation to securities issued or proposed to be issued is defined under the Act as "a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities". See the Act, Section 1 (1) (22). Particulars in respect of any material fact relating to the securities proposed to be offered must be disclosed in the offering prospectus. See Securities Act Regulation, Form 12, Item 32. In Ontario, an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading constitutes a misrepresentation under the Act. See Section 1 (1) (24).

Certain disclosure requirements expressly incorporate the concept of materiality. Examples include, the requirement to disclose in a prospectus any legal proceedings material to the issuer, and the requirement to provide certain financial disclosure in the case of a material business acquisition. See e.g., Securities Act Regulation, Form 12, Item 16 and OSC Policy Statement No. 5.1, respectively. Other requirements give more specific guidance as to whether and when disclosure is necessary; however, the obligation to disclose all material facts provides an overriding requirement in addition to such specific requirements.

A prospectus filed in Ontario must contain a certificate stating that the prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered. Such certificates are signed by certain officers and any two directors of the issuer, underwriters in a contractual relationship with the issuer or selling securities holder and, where appropriate, a promoter of the issuer. See the Act, Section 57-58.

A "material change", where used in relation to the affairs of an issuer, is defined under the Act to mean a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer and includes a decision to implement such a change made by the board of directors of the issuer or by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable.

When a material change occurs in the affairs of a reporting issuer, the reporting issuer must issue and file a press release authorized by a senior officer which discloses the nature and substance of the material change. A material change report must be filed by the reporting issuer as soon as practicable and, in any event, within ten days of the date of the material change. Procedures exist such that a confidential material change report may be filed in lieu of a press release where the disclosure would be unduly detrimental to the interests of the reporting issuer. Such a confidential report is filed, together with written reasons for non-disclosure, and must be updated every ten days with reasons for continuing to keep the material change confidential.

In respect of continuous disclosure required by the Annual Information Form and management discussion and analysis requirements, "materiality" is defined as "a matter of judgment in particular circumstances, and should generally be judged in relation to an item's significance to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. In determining whether information is material, an issuer shall take into account both quantitative and qualitative factors. While this concept of materiality is broader than the definition of "material change" in the Securities Act ... it is consistent with the financial reporting notion of materiality contained in the CICA Handbook (The Canadian Institute of Chartered Accountants' Handbook)". See OSC Policy Statement No. 5.10.

Material information is any information relating to the business and affairs of an issuer that results in or would reasonably be expected to result in a significant change in the market price or value of any of the issuer's securities. Material information consists of both material facts and material changes relating to the business and affairs of an issuer.

It is the responsibility of each issuer to determine what information is material according to the above definition in the context of the issuer's own affairs. The materiality of information varies from one issuer to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors.

An amendment to a preliminary prospectus must be filed where a material adverse change occurs after a receipt for the preliminary short form prospectus has been issued and before the receipt for the prospectus is issued, and an amendment to a prospectus must be filed where a material change occurs after a receipt for the prospectus has been issued but prior to completion of the distribution under the prospectus.

The above concepts are narrower than the concept of materiality in relation to the financial reporting notion contained in accounting rules and used in a consistent manner in continuous disclosure requirements in the AIF and MD&A which is that materiality is a matter of judgment in particular circumstances, and should generally be judged in relation to an item's significance to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. In determining whether information is material, an issuer shall take into account both quantitative and qualitative factors.

Quebec

The concept of materiality is defined in Schedule VII - Annual report - of the Quebec Regulation, as a matter of judgment in particular circumstances and should be judged in relation to an item's significance to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. In determining whether information is material, an enterprise shall take into account both quantitative and qualitative factors. According to paragraph 73 of the Act, where a material change occurs that is likely to have a significant influence on the value or the market price of the securities of a reporting issuer and is not generally known, the reporting issuer shall immediately prepare and distribute a press release disclosing the substance of the change. Certain disclosure requirements of the Act and Regulation incorporate the concept of materiality. However, there is an overriding requirement that material facts and changes must be disclosed.

Switzerland

The principle of materiality in Switzerland is similar to that in the European Union.

The United States

The following is a description of the concept of "materiality" under the United States' federal securities laws.

Disclosure under the federal securities laws generally is based on detailed disclosure requirements on a variety of topics. The liability provisions of the Securities Act of 1933 (the "Securities Act"), however, impose liability if the registration statement, prospectus or other communications made in connection with an offering contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Other liability provisions relating to material misstatements and omissions are found in the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the registration and sale of securities in the secondary market and with the solicitation of proxies by means of a proxy or information statement. Under these general antifraud provisions of the securities laws, an issuer may also be obligated under certain

circumstances (such as when it is trading in its own securities or where it is responsible for leaks in the marketplace) to disclose all material information.

The concept of "materiality," except as used in connection with certain specific disclosure regulations, is not defined under the Securities Act or the Exchange Act, but instead has developed in case law. The question of what constitutes a material fact is a mixed question of law and fact. In 1976, the U.S. Supreme Court, in TSC Industries, Inc. v. Northway, Inc., articulated the following definition of "materiality" in connection with proxy soliciting materials:

"[A]n omitted fact is material if there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote. It does not require proof of a substantial likelihood that disclosure of the omitted fact would have caused the reasonable investor to change his vote. What the standard does contemplate is a showing of a substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable shareholder. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."

The TSC Industries definition of materiality has been followed under the federal securities laws in contexts other than proxy solicitations. In 1988, the Supreme Court, in Basic Inc. v. Levinson, held that the TSC Industries definition applies under the antifraud provisions of the securities laws. This standard applies to both misstatements and to the omission of information.

In certain instances, the specific disclosure requirements of the Securities Act and the Exchange Act, and the rules and regulations thereunder, contain express limitations on what information needs to be disclosed. For example, no information need be given regarding a lawsuit or other proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10% of the current assets of the company and its subsidiaries on a consolidated basis. Similarly, the interest of an "expert" (other than an accountant) or counsel in an offering will not be deemed substantial and need not be disclosed if it does not exceed \$50 000.

The liability provisions of the Securities Act and the Exchange Act provide a strong incentive for issuers to take an expansive view of materiality.

II. INCORPORATION BY REFERENCE

Some countries permit information that is required to be disclosed in a document to be incorporated into that document by reference to another, previously filed document. In some cases, companies also may be permitted to incorporate information in "shelf" offering documents

on an ongoing basis, by reference to documents to be filed in the future. The procedures for incorporation by reference, its availability for foreign companies and the specific circumstances in which it may be used vary from one country to another. The incorporation by reference requirements in the countries indicated are referenced below.

Australia - The Corporations Law enables documents to be incorporated by reference in a prospectus if they are required to be lodged with the ASC and the prospectus includes a "summary" of the document. The requirements are set forth in s1024F (1) of the Corporations Law. For the purposes of s1024F, the ASC accepts as a "summary" of a document, a description which is accurate and sufficient to indicate whether a person needs to obtain a copy of the document, or part of it, being incorporated by reference.

Further, the ASC is prepared to allow incorporation into a prospectus of a document lodged at the same time as the prospectus. The document must exist when the prospectus is signed, must be lodged no later than the prospectus and must have been lodged as required or allowed by another provision of the Corporations Law.

The European Union - There are three systems in operation within the European Union, although two of these systems are not strictly incorporation by reference.

Under Art. 6 (1) of the Listing Particulars Directive, the supervisory authorities in Germany, Italy, Luxembourg, Spain and the UK allow a company issuing securities in certain circumstances to circulate a document published within the previous 12 months and approved by that authority in lieu of a new document, providing a note is attached to the earlier document describing the characteristics of the issue and containing any updates as necessary (any material changes, accounts for the latest financial year, interim financial statements).

In Belgium, France and Spain this Article forms the basis for a "shelf registration" system whereby a "shelf document " containing general information on the company and financial statements is submitted to and approved by the supervisory authority on an annual basis. When an issue is made an "issue document " is published which contains the characteristics of the offering and any applicable updating of the shelf document and which must be approved by the supervisory authority.

Finally, two countries permit incorporation by reference, notably Luxembourg (for Eurobonds only, under Article 10 of the Listing Particulars Directive) and the Netherlands.

Japan - A company is able to incorporate by reference under the Securities and Exchange Law Section 5-3, and the Ministerial Ordinance regarding the Disclosure of the Company, Section 9-3.

Ontario and **Quebec** - Ontario has a prompt offering qualification system (the "POP system") for the distribution of securities of eligible issuers which was designed to shorten the time period

and to streamline the procedures by which these issuers and their selling security holders could have access to the Canadian capital markets through a prospectus offering. The POP system permits the incorporation of certain information by reference. The requirements are set forth in National Policy No. 47 - Prompt Offering Qualification System, and National Policy No. 44 - Rules for Shelf Prospectus Offerings and for Pricing Offerings After the Final Prospectus is Received. report and the articles of association.

Switzerland - Incorporation by reference is possible if equity securities of the issuer are already listed and the new equity securities are offered to holders of equity securities on the basis of ordinary or preferential subscription rights either with or without payment, or have been made available for the servicing of convertible debt securities or warrants. In such cases, all information which is specially marked in Annex I of the Listing Rules may be omitted from the listing particulars, provided such information was included in the last annual report or the last interim report and there have been no material changes since. In the latter case, the documents in question to which reference is made in the listing particulars are an integral part of the listing particulars and must be provided with them. Furthermore, incorporation by reference is also permitted with respect to earlier listing particulars provided such earlier listing particulars are, as of the date of the publication, not older than three months. However, in all cases of incorporation by reference, the principle of up-to-date information remains valid.

The United States - A foreign company generally may incorporate previously filed reports by reference into a registration statement under the Securities Act of 1933, both on a going forward basis as well as retroactively, if it meets certain eligibility criteria. The company must have been subject to and satisfied the reporting requirements of the Securities Exchange Act of 1934 for at least 12 months, have filed at least one annual report, and the worldwide market value of voting securities held by nonaffiliates of the company must be at least \$75 million. There is an exception to the \$75 million requirement if the company is registering non-convertible investment grade securities. The registration statements that permit incorporation by reference are Forms F-2, F-3 and F-4.

III. DOCUMENTS ON DISPLAY

In connection with the filing of documents for public offerings or listings, many host countries require the filing of additional documents as exhibits or documents on display. Such documents may be publicly available through the facilities of the stock exchange or securities regulatory authority, or may be required to be kept on file at the issuer's offices. Such documents generally are not required to be circulated or distributed directly to investors or the general public, but the issuer may be required to provide copies upon request. The document in connection with which these additional documents are filed should specify where the filed documents may be inspected and whether copies may be obtained. Exhibits or documents on display generally should be translated into the language of the host country or a summary in the host country language should be provided. If a document has been filed once as an exhibit and is

required to be included as an exhibit in a subsequently filed offering document, listing application or annual report, some countries may permit the document to be incorporated into the new filing by reference to the earlier filing. Specific requirements relating to documents on display in some countries are referenced below.

Australia - Under s1029 of the Corporations Law, an issuer of a prospectus is required to make certain documents available to any person for inspection and other documents available to potential investors on request.

Under s1024F, the issuer of a prospectus incorporating by reference a document must provide a copy of the document, free of charge to a person who asks for it during the period the issuer is prepared to take applications under the prospectus.

Further, under s1022AA, the issuer of a transaction specific prospectus must provide copies of certain documents, free of charge, to a person who asks for it during the period the issuer is prepared to take applications under the prospectus.

The European Union - The Listing Particulars Directive (Schedule A paragraph 3.1.5) requires the company to indicate where the documents concerning the company which are referred to in the listing particulars may be inspected. For all European Union countries these documents will include the statutory documents (charter and bylaws) which should be filed in the following places:

<u>Country</u>	<u>Place of filing</u>
Belgium	Office of the Commercial Court
France	Office of the Commercial Court
Germany	Commercial Registrar; paying agent
Italy	The paying agent
Luxembourg	Registrar of the District Court of Luxembourg
The Netherlands	The paying agent
Spain	The Public Register of Legal Documents at the CNMV offices, the Issuer offices, the Underwriters' offices and the Commercial Register
The United Kingdom	Named place in or near City of London

Some countries specify other documents which must be put on display, notably: Italy (see Listing Regulations Schedule 1 Chapter 11 Section 2 and Chapter 13) and the UK (see Listing Rule 6 C 7).

Hong Kong - For a reasonable period (not less than 14 days) the documents listed in paragraph 53 of Appendix 1 Part A of the Stock Exchange of Hong Kong's Listing Rules should be made available at a named place in Hong Kong.

Japan - Under the Securities and Exchange Law, Section 25-1, 25-2, 25-3, documents must be put on display for a prescribed period at the Ministry of Finance, Issuer company and Security Exchange. With respect to a registration statement filed by a foreign company, additional documents are required in the Ministerial Ordinance Regarding the Disclosure of the Company Information, Section 10-1-4. The Ministerial Ordinance, Section 9-3 also requires additional documents to be translated in Japanese.

Mexico - Under Rule 11-29 of the CNBV, certain documents must be filed as exhibits to the registration statement for an offering or listing of securities. The Stock Exchanges must ensure that such documents as well as the prospectus are publicly available in their offices at least 10 days prior to the public offering.

Ontario - The requirements for documents on display are set forth in Ontario Securities Act Regulation, Form 12, Item #33 Material Contracts.

Switzerland - The Admission Board may require that any documents containing material information referred to in the listing particulars (e.g., experts' reports, trust deeds and important contracts) should be made available by the applicant in Basle, Geneva or Zurich for inspection by the investing public.

The United States - In the United States, certain contracts, agreements, opinions and other documents must be filed as exhibits to the registration statement for an offering or listing of securities, to the extent applicable to the specific offering or listing. The documents that must be filed are set forth in Item 601 of the Securities and Exchange Commission's (SEC's) Regulation S-K. Subsequent registration statements filed by the same issuer generally may incorporate previously filed exhibits by reference to the earlier filing. The exhibits must be accompanied by an exhibit index, and exhibits in a language other than English must be accompanied by an English summary, version or translation.

IV. PROJECTIONS AND FORWARD LOOKING INFORMATION

Forecasts, projections or similar forward looking information may be required in some countries or prohibited in others, and legal consequences may result from incorrect disclosures. The following is a summary of the requirements in the countries indicated.

Australia - The Corporations Law does not set out the circumstances in which a forecast is required to be included in a prospectus in order to comply with the general disclosure requirements under s1022. This decision will need to be assessed by the directors of the issuer of the prospectus on a case by case basis.

The recently amended ASC Practice Note 63 sets forth guidance on forecasts and distinguishes between financial forecasts and projections. A forecast or projections may be implied in other statements contained in a prospectus. For example, in some circumstances a projection in a prospectus may be taken by implication to contain a forecast, in the sense of a statement about likely future results prepared on best-estimate assumptions. An implication of this kind arises if investors may be led to infer from the way in which the projection is specified in a prospectus that the issuer expects the projected results to in fact occur. The ASC does not consider that the provisions of the Corporations Law prohibit projections. However great care should be taken when including a projection in a prospectus to ensure that it will be clear to the reader that the projection is merely hypothetical and not a prediction. If readers are not warned of the limitations of a projection it will be misleading.

Finally, s765 of the Corporation Law stipulates that when a person makes a representation with respect to any future matter and the person does not have reasonable grounds for doing so, the representation is taken to be misleading.

The European Union - The Listing Particulars Directive (Schedule A paragraphs 7.1 and 7.2) requires a company to give:

“General information on the trend of the issuer’s business since the end of the financial year to which the last published annual accounts relate, in particular:

- the most significant recent trends in production, sales and stocks and the state of the order book, and
- recent trends in costs and selling prices.

Information on the issuer’s prospects for at least the current financial year.”

Other information on projections and forward looking information is neither mandatory or forbidden under the Directive. The following EU countries have additional requirements:

Belgium and Germany - It should be indicated if this information has been audited by the auditors.

France - If the company makes a projection, a limited review must be conducted by the auditor or a negative statement must be given.

Luxembourg - Companies which are not able to present annual accounts for the three consecutive years preceding the official application for listing will have to complete their application for listing with forecasts established for three years. Forecasts, in this case, mean any

indications relating to the activities into which the company has engaged or is intending to engage, to the viability of the company's business, its commercial potentials and any other evaluation as to the evolution of their financial results. Such forecasts must be set up by an independent expert or consultant or be submitted to an independent expert or consultant in the case they have been set up by the company itself. The prospectus must mention in all cases that these forecasts do not bind the company with respect to future results and that these forecasts are included in the prospectus solely for information purposes. Companies which need such a waiver of the requirements for three years' annual accounts must publish quarterly financial statements for the period for which the waiver has been granted initially, i.e., at least until publication of the annual reports of the third year, and the prospectus will have to mention that the quarterly reports will be available at the place mentioned. Companies which do not need waivers of the requirement for three years annual accounts and who make a forecast would need to submit that forecast to an independent expert or consultant and the prospectus will have to mention that these forecasts do not bind the company with respect to future results and that these forecasts are included in the prospectus solely for information purposes.

Spain - Projections applicable to the current fiscal year in which the prospectus is filed are regulated in "Annex A" of the Ministerial Order of July 12, 1993 and in the Ministerial Order of June 19, 1997. This regulation requires projections for a maximum of two financial or fiscal years; the information must be reviewed by an independent expert, whose report must be included in the prospectus.

The United Kingdom - Profit forecasts in listing particulars generally have to be reported on by an issuers' sponsors and auditors or reporting accountants. However, where the laws or regulation in the country where an overseas company has its primary listing require a statement to be included in listing particulars as to the future prospects of the company which constitutes a profit forecast, the London Stock Exchange will allow its inclusion without the need for it to have been reported on provided that the issuer confirms to the Exchange in writing that the statement has been properly compiled on a basis consistent with the accounting policies normally adopted by the company and has been made after due and careful inquiry.

Where new companies do not have an adequate trading record (such as scientific research based companies and companies undertaking major capital projects) they may be required to include an estimate of future funding and profit and dividend projections which will need to be reported on.

Hong Kong - If a profit forecast is presented, it must be examined and reported on by the reporting accountants. A report from the company's sponsors is also required.

Japan - Disclosure of projections and forward looking information is neither prohibited nor required. There are some cases where foreign companies voluntarily provide this type of information.

Mexico - Projections of financial statements are not required in the prospectus, however if the issuer decides to disclose such information, it has to justify its projections adequately. The issuer also has to provide an explanation of the way the projections were calculated, all the assumptions taken into account, and the risk of failure in the projection results.

Ontario and **Quebec** - The decision of whether to publish future oriented financial information ("FOFI") and the responsibility for published FOFI rests with the issuer. The manner in which FOFI in prospectuses and continuous disclosure documents is to be prepared, disclosed, dated, subsequently compared with actual results and updated where applicable, and the involvement of auditors is specified in National Policy No. 48. In Ontario, reference is also made to O.S.C. Policy No. 5.10 - Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations. In Quebec, reference is made to Quebec's policy statement Q-11 - Future-oriented financial information.

The United States - The inclusion of forward-looking information that has a reasonable basis in filed documents is encouraged by the SEC. A statement of the SEC's position is set forth in Item 10 (b) of Regulation S-K. There is a statutory safe harbor for forward-looking statements made by certain reporting issuers and specified persons that is set forth in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. This safe harbor permits greater flexibility to those who make use of the statutory protections; a safe harbor for issuers who make oral forward-looking statements also is provided. In addition, in Rule 175 under the Securities Act of 1933, there is a regulatory safe harbor for forward-looking statements of issuers or outside reviewers retained by issuers, made in documents filed with the SEC. This safe harbor generally provides that such statements will not be deemed to be fraudulent statements unless the statements were made or reaffirmed without a reasonable basis or were disclosed other than in good faith.

V. SPECIALIZED INDUSTRIES OUTSIDE THE SCOPE OF THE STANDARDS

In addition to the disclosure standards that are set forth in Part I, some countries have additional disclosure requirements relating to specific industries, as referenced below. Companies in such industries are advised to contact the securities regulatory authority in the host country for further information on these specific disclosure requirements.

BANKING

Japan - Specific disclosure requirements for banking activities are set forth below.

1. Financial statements (terms, forms, method of preparation)
Business report to the Minister of Finance
 - Ministerial ordinance for financial statements - §2, §10, §78, §119
 - Banking law - §19

- Ministerial ordinances for banking law - §18
2. Business activities and financial position (as a public record)
- Banking law - §21

Specific disclosure requirements for the securities business are set forth below.

Financial statements (terms, forms, method of preparation)

Business report to the Minister of Finance

- Ministerial ordinance for financial statements §2, §10, §78, §119
- Securities and exchange law - §53
- Ministerial ordinance for securities companies - §5

Ontario and **Quebec** - The specific disclosure requirements for banking activities are set forth in:

1. O.S.C. Policy 5.10 Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations, Part II Annual Information Form, Item 3 (1) (i) (Narrative Description of the Business); and
2. National Policy No. 47 Prompt Offering Qualification System, Appendix A (AIF).

Spain - Under the "Final Article" of the Ministerial Order of July 12, 1993, the CNMV has the legal power to regulate the content of prospectuses of specialized industries. This power has been used to regulate prospectuses of the banking and insurance economical sectors, specifically with respect to description of business, management's discussion and analysis of financial condition and results of operations, risks inherent to the business and derivatives trading and open positions.

The United States - The SEC's Guide 3, Statistical Disclosure by Bank Holding Companies, sets forth detailed requirements for information to be provided by banks, bank holding companies and similar depository financial institutions.

MINERAL, OIL AND GAS OPERATIONS

Australia - Mining companies seeking listing on the Australian Stock Exchange (ASX) are required to comply with the normal requirements for admission on the official list. These requirements are contained in Chapter 1 of the ASX Listing Rules. The rules specify particular net tangible asset tests for mining exploration entities, investment entities and scientific research based entities. Chapter 5 of the Listing Rules contains some requirements for reporting by listed companies of their mining and exploration activities, in addition to the general continuous and periodic reporting required of all listed companies.

Appendix 5A is the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (the JORC Code). The Code was developed by the relevant professional bodies, the Australasian Institute of Mining and Metallurgy and the Australian Mining Industry Council. It provides detailed standards and guidelines for the public reporting of mineral resources and ore reserves. By virtue of the incorporation of the Code as an Appendix to the Listing Rules, it is mandatory for companies when reporting exploration results, mineral resources and ore reserves to abide by the Code.

The Australasian Institute of Mining and Metallurgy has also produced a Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The Valmin Code). The Valmin Code was produced in 1995, and applies to reports produced by members of the Institute commencing on or after July 1st, 1995. The ASX is currently considering whether to include the Valmin Code, as well as the JORC Code, as an Appendix to the Listing Rules.

The Code can be used as a guide to preparing reports in any circumstances in which an Independent Expert's Report is required by law or the Listing Rules. The Code is also used where an expert's report is not required by law but is nevertheless commissioned.

The European Union - The Listing Particulars Directive (Schedule A, Paragraph 4.1.3) requires the following disclosure:

“For mining, extraction of hydrocarbons, quarrying and similar activities in so far as significant, description of deposits, estimate of economically exploitable reserves and expected period of working.

Indication of the periods and main terms of concessions and the economic conditions for working them.

Indication of the progress of actual working.”

The following EU country has additional requirements:

The United Kingdom - The specific disclosure requirements that apply to mineral and other extractive industries are set forth in Chapter 19 of the Listing Rules.

Hong Kong - Mineral companies are required to disclose the information set out in Chapter 18 of the Stock Exchange of Hong Kong's Listing Rules.

Japan - The specific disclosure requirements for gas activities are set forth below.

Financial statements (terms, forms, method of preparation)

- Business report to the Chief of the International Trade and Industry Bureau
- Ministerial ordinance for financial statements - §2, §10, §78, §119
 - Gas business law - §26, §46
 - Ministerial ordinance for gas business accounting

Ontario and **Quebec** - The specific disclosure requirements for mining activities are set forth in:

1. National Policy Statement No. 2-A - Guide for Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators;
2. O.S.C. Policy 5.10 Annual Information form and Management's Discussion and Analysis of Financial Conditions and Results of Operations, Part II Annual Information form, Item 3 (1) (i) (Narrative Description of the Business);
3. National Policy No. 47 Prompt Offering Qualification System, Appendix A (AIF); and
4. Quebec Policy Statement Q-4 and Schedules I - Prospectus and VII - Annual Report of Quebec's Regulation.

The specific disclosure requirements that apply to oil and gas activities are set forth in:

1. National Policy No. 2-B - Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators;
2. O.S.C. Policy 5.10 Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations, Part II Annual Information Form, Item 3 (1) (i) (Narrative Description of the Business);
3. National Policy No. 47 Prompt Offering Qualification System, Appendix A (AIF); and
4. Quebec's policy statement Q-4 and Schedules I - Prospectus and VII - Annual Report of Quebec's Regulation.

The United States - The disclosure requirements that apply to mining operations of foreign companies are set forth in Guide 7, Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations.

The specific disclosure requirements that apply to oil and gas operations of foreign companies are set forth in Appendix A to Form 20-F.

INSURANCE

Japan - The specific disclosure requirements for the insurance business are set forth below:

1. Financial statements (terms, forms, method of preparation)
Business report to the Minister of Finance
 - Ministerial ordinance for financial statements - §2, §10, §78, §119
 - Insurance business law - §110
 - ministerial ordinance for insurance business law - §59

2. Business activities and financial position (as a public record)
 - Insurance business law - §111, §196, §240

Spain - The requirements for the contents of prospectuses issued by insurance companies have been specifically adapted in respect of description of business, management's discussion and analysis of financial conditions and results and risks inherent to the insurance business.

The United States - Specific disclosure requirements for insurance companies are determined by:

- (1) Article 7 of the SEC's Regulation S-X.

- (2) Staff Accounting Bulletins (SABs), including the following SABs relating to property / casualty (non-life) insurance companies:
 - SAB 62 - Discounting of Reserves by Property Casualty Companies.
 - SAB 87 - Contingency Disclosures Regarding Property Casualty Reserves.
 - SAB 92 - Loss Contingencies.

- (3) Industry Guide 6, Disclosures Concerning Unpaid Claims and Claim Adjustment Expenses of Property-Casualty Underwriters.

- (4) The financial statement schedule requirements set forth in Rules 12-15 (Summary of Investments), 12-16 (Supplementary Insurance Information), 12-17 (Reinsurance), and 12-18 (Supplemental Information for Property-Casualty Insurance Underwriters).

MISCELLANEOUS

Switzerland - For the listing of investment companies specific disclosure is required as set forth in additional Listing rules of October 13, 1997. (These rules do not apply to mutual funds.) Investment companies are defined as capital investment bodies organized according to company law, which have the purpose, either exclusively or mainly, of generating yields and/or capital gains and which do not pursue active entrepreneurial activities in the original sense of the term. If by majority vote or by any other means a company combines with one or several other companies and / or undertakes investments either directly or indirectly under unified management (as a member of a group) such company is no longer defined as an investment company.

The United Kingdom - There are separate rules for property companies contained in Chapter 19 of the Listing Rules. In addition, other listed companies which own property or which carry out certain property related transactions must also comply with the requirements for a valuation and a valuation report contained in Chapter 18. There are also separate rules for scientific research based companies and venture capital trusts contained in Chapters 20 and 26 respectively of the Listing Rules.

The United States - Companies engaged in real estate activities should refer to the disclosure requirements of Form S-11, and will be required to provide the financial statement schedules set forth in Rules 12-23 (Mortgage Loans on Real Estate and Interest Earned on Mortgages), 12-24 (Real Estate Owned and Rental Income), 12-28 (Real Estate and Accumulated Depreciation) and 12-29 (Mortgage Loans on Real Estate).

VI. PROPERTY VALUATIONS

Certain countries require that a valuation report of an issuer's interests in land and buildings be included in the prospectus. The specific requirements in certain countries are reference below.

Hong Kong - Valuations of and information on all the issuer's interests in land and buildings ("properties") are required to be included in a prospectus of a new applicant. All valuation reports must contain all material details of the basis of valuation which must follow the "Hong Kong Guidance Notes on the Valuation of Property Assets" published by the Royal Institution of Chartered Surveyors (Hong Kong Branch) and The Hong Kong Institute of Surveyors. The valuation reports included in the prospectus should include the information set out in the Stock Exchange of Hong Kong's Listing Rules 5.06.

Mexico – Rule 11-27, in accordance with the bulletin B-10 of the Mexican Institute of Public Accountants, permits but does not require issuers to inform the market value of fixed assets in the notes to the financial statements, however if they inform it, the appraisal must be practiced by an independent expert authorized by the Commission.

The United Kingdom - There are separate rules for property companies contained in Chapter 18 of the Listing Rules. In addition, other listed companies which own property or which carry out certain property related transactions must also comply with the requirements for a valuation and a valuation report contained in Chapter 18.

VII. RESPONSIBILITY STATEMENTS

In some countries the liability of underwriters, issuers, directors and / or others involved in the offering or listing for information in the document is imposed by statute, while other countries may require a specific statement from such parties regarding their liability. Such a statement is not intended to create legal liability which would not otherwise exist in the home country. The following requirements for responsibility statements apply in the countries indicated:

The European Union - Under EU Law, the document should include a declaration by those responsible for it (usually the directors of the issuer) that, “to the best of their knowledge, the information given in that part of the document for which they are responsible is in accordance with the facts and contains no omissions likely to affect the import of the document”.

The competent authorities in a number of EU countries require a copy of the prospectus to be signed by those taking responsibility for it. In addition to this declaration, some countries require other statements in the document:

France - the company must appoint, with the agreement of the COB, a French auditor who has to sign a statement in the document that the translation of the financial statements is accurate and that any additional information which is included for a proper understanding by the French public is relevant.

Italy - a statement must be included in the document that the declaration by those responsible for the document has been underwritten by the legal representative and by the Chairman of the Board of auditors.

In the UK, side agreements with the competent authority are required so that the issuer’s sponsor must sign a declaration that all the listing rules have been complied with, the document is complete, application procedures have been complied with and that the issuer will comply with the listing rules in the future. They are also required to confirm that they have explained to the directors the nature of the responsibilities and obligations and that there are no omissions from the document.

Hong Kong - Each prospectus must include a statement as follows:

"This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, Limited for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of

which would make any statement herein misleading." (The Stock Exchange of Hong Kong's Listing Rule 11.12 and Paragraph 2 of Appendix 1 Part A of the Listing Rules.)

Mexico – Rule 11-29 states that the company board, its management, the agent brokerage house, and an external lawyer have to sign responsibility statements ensuring that they do not have knowledge of any material omissions, falseness or distortions in the information contained in the prospectus.

Ontario and **Quebec** - In Ontario, the requirements are set forth in Ontario Securities Act, Sections 58, 59, and 130. In Quebec, Division IX of chapter I of Title II of Quebec's Regulation prescribes documents to be filed. Whenever a prospectus mentions the name of a person, by reason of the standing connected with his profession, who has drafted or certified part of the prospectus or who has made an appraisal or drawn up a report used in preparing the prospectus, the written consent of that person must be obtained, and the appraisal or report must be filed with the Commission along with the prospectus.

Switzerland - The listing particulars must include the name and function - in the case of legal entities or companies, the name and address - of individuals or companies bearing responsibility for the contents of listing particulars or, if applicable, for specific sections of them; they must also contain a declaration by such person or company representative that to the best of their knowledge and belief the information is correct and that no material factor has been omitted. One of the copies of the listing particulars which has to be filed with the Swiss Admission Board must be duly signed by an authorised representative of the issuer and, where applicable, of the guarantor.

VIII. COVER PAGE DISCLOSURE AND UNDERTAKINGS

Some countries have specific requirements for the information which must be set forth on or near the cover page or at other specified locations in the document. The requirements in certain countries are referenced below.

Australia - Under s1021 of the Corporations Law a prospectus must contain certain statements. However, the Corporations Law does not specify the location of these statements.

Belgium - The offering document must contain (in the first pages) a statement to the effect that it is published after having been approved by the Commission Bancaire et Financière in accordance with the Belgian regulation and that this approval does not involve any assessment of the desirability and quality of the operation or of the situation of the issuer.

France - The "visa" granted by the COB to the prospectus should be printed on the cover page of the prospectus. Under French regulations, the COB can give a warning ("avertissement"). In this case, it has to be printed together with the "visa" on the prospectus.

Germany - The last page of the prospectus must contain the approval of the Admissions Board of the Stock Exchange with which the application for admission has been made.

Hong Kong - All listing documents must contain on the front cover of the listing document a prominent and legible disclaimer statement as follows: "The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document." (The Stock Exchange of Hong Kong's Listing Rule 11.20)

Italy - The cover page must contain:

- Name and legal form of the person making the offer or of the issuer in the case of listing particulars.
- "Offering document published by way of deposit in the Offering Document Archive of the Consob on [...] with no. [...]."
- A summary description of the public offer / listing particulars dealt with in the prospectus.

In the first pages:

- The index.

In the pages that follow the index it must be mentioned: "The public offering document is in conformity with the original published by way of deposit in the Offering Documents Archive of the Consob on [...] with no. [...]. The fulfillment of the public offering publication does not imply any judgment of the Consob on the opportunity of the proposed investment and on the merit of the data and the information therein. The responsibility for the completeness and accuracy of the figures and information contained in the offering document lies with the drafters of the same for the parts for which they are respectively responsible. Individually, the drafters of the offering document shall also be responsible for any other fact or information which they were required to know or verify."

Moreover, indication, if any, that Consob authorized, with resolution no. [...] date [...], the admission to listing of the securities for which public offer was sought and that the start of stock exchange trading is subordinated both to the outcome of the public offer and to the fulfillment of the following commitments:

- informing the Consob, together with the lead manager of the placement syndicate, of the results of the public offer within ten days of the date fixed for the payment of the securities by the subscribers or purchasers;

- delivery of the securities to their rightful owners by depositing them with Monte Titoli S.p.A. within ten days of the payment date.

Finally, indication of the risk factors. In particular, the generic and specific risks regarding the issuer and/or the proposed investment should be provided. If the securities for which official listing is sought are not listed and the issuer does not yet require admission to the official stock exchange listing, it is necessary to indicate that no listing on any stock exchange is envisioned and that, therefore, there is no assurance for possible disinvestment.

Japan - The requirements for cover page information are set forth in the Ministerial Ordinance regarding the Disclosure of the Company Information, Form 7.

Luxembourg - The Luxembourg Supervisory Authority requires that in addition to the information normally mentioned on the cover page, a reference is made to risk factors and special considerations, if any.

Mexico - Certain information is required to be disclosed on the front cover of the prospectus. This information is set forth in the "Guidance for Prospectus Elaboration" included in Rule 11-29 or the CNBV.

Ontario and **Quebec** - Certain information is required to be disclosed on the cover page of the prospectus or in another location in the prospectus. The specific requirements are set forth in Ontario Securities Act Regulation, Form 12 and Ontario Securities Act Regulation, Sections 50 and 51, and in Schedule I and Title II of Quebec's Regulation.

Spain - The information required on the cover page of the prospectus is regulated in "annex A" of the Ministerial Order of July 12, 1993. Among other information the cover page should have the date on which the CNMV has filed and given the "visa" for the offering prospectus. Also, as additional introductory information since 1996 it has been a widely extended practice required by the CNMV to include an index of the prospectus next to the cover page, and next to that index, a chapter called 0 (zero) summarizing the special circumstances (summary of risks) that should be considered by investors prior to taking an investment decision in relation to the securities to be offered and the underlying company whose securities are to be offered. The Spanish Securities Regulations compulsorily require the following warning to be added on the cover page or next to that cover page: "Positive verification and consequent registration of the prospectus by the CNMV does not imply any recommendation to the public that the securities be subscribed to, nor any statement with regard to the solvency of the issuing entity or its profitability."

The United States - In the United States, certain information is required to be disclosed either on the front or back cover of the prospectus or in another prominent location in the forepart of the registration statement. This information is set forth in Items 501, 502, 503, 510, 701 and 702 of the SEC's Regulation S-K.

Companies also may be required to include in the registration statement (but not the prospectus) various undertakings in connection with certain types of filings or offerings. These undertakings and the circumstances in which they are required are set forth in Item 512 of Regulation S-K.

IX. ENFORCEABILITY OF CIVIL LIABILITIES

Some countries require disclosure regarding the potential difficulties involved in obtaining or enforcing legal judgments outside the host country. The specific disclosure requirements in certain countries are referenced below.

Belgium - Belgian courts should be competent in the event of a litigation concerning securities offered and subscribed or bought in Belgium. This should be stated in the Document.

France - The prospectus should include an indication of the courts competent in the event of litigation.

Ontario and **Quebec** - The requirements for prospectuses for international offerings are set forth in National Policy No. 53 (currently in draft) - Foreign Issuer Prospectus and Continuous Disclosure System.

Spain - The Ministerial Order of July 12, 1993 requires the disclosure of the courts competent in the event of litigation. All securities placed in Spain are subject first to the Spanish Securities Market Law, which may carry administrative sanctions for the offerer, the issuers, and the leading underwriters; and as a second step to other Civil Liabilities through the general application of the Spanish Civil Common Law; and, as a third step, in certain circumstances, also to the Spanish Publicity and consumption Law.

The United States - Companies are required to include, either on the inside front cover page of the prospectus or elsewhere in the prospectus under an appropriate caption, a statement of how the enforcement by investors of civil liabilities under the U.S. federal securities laws may be affected by the fact that the company is located in a foreign country. The specific information that is required is set forth in Item 502 of the SEC's Regulation S-K.

X. INDEMNIFICATION OF DIRECTORS AND OFFICERS

One country requires disclosure of matters relating to indemnification of certain persons associated with the company from liability in connection with the performance of their duties and/or in connection with the offering. The specific requirements are referenced below.

The United States - The information required is set forth in Items 510 and 702 of Regulation S-K.

XI. RATIO OF EARNINGS TO FIXED CHARGES

In some countries information must be disclosed regarding the ratio of assets and earnings to fixed charges in connection with preferred securities. The specific disclosure requirements in certain countries are referenced below.

Hong Kong - Where listing is sought for securities with a fixed dividend, particulars of the profits cover for the dividend must be disclosed in accordance with paragraph 16 of Appendix 1 Part A of the Stock Exchange of Hong Kong's Listing Rules.

Ontario and **Quebec** - The requirements for statements of asset coverage and earnings coverage are set forth in Ontario Securities Act Regulation, Section 59, and in Schedule I of Quebec's Regulation.

Spain - Although Spanish rules do not required a ratio, in "annex B" of the Ministerial Order of July 12, 1993, it is required to provide in the prospectus all the necessary data and information to enable calculation of this ratio.

The United States - The ratio of earning to fixed charges (or the ratio of earnings to combined fixed charges and preferred stock dividends if preferred stock is being registered) must be disclosed. There are specific requirements as to the manner of computation of the ratio and the definition of certain terms. The requirements are set forth in Item 503 of the SEC's Regulation S-K.

XII. SEPARATE FINANCIAL INFORMATION

Financial statements or other financial information relating to an entity other than the issuer of the securities being offered or listed may be required in certain circumstances in some countries. The specific disclosure requirements in certain countries are referenced below.

The European Union - The information in relation to the company on a consolidated basis required in Item IV.A.5 and 6; Item IV.B.1, 2 and 6; Item IV.D; Item V.A, Item V.B.3; Item V.C; Item V.D; Item VI.D. and Item VIII.A.7 of Part I must also be given separately for the company on an unconsolidated basis, if material. (Schedule A, paragraph 5.5 of the Listing Particulars Directive.)

Hong Kong - Financial information requirements in VIII of Part I also apply to any business or company being acquired.

Japan - Separate financial information is required when it is considered to be material for an investor's decision. Ministerial Ordinance regarding the Disclosure of the Company, Form 7. (For example, a convertible bond that converts to securities of another company.)

Ontario and **Quebec** - The separate financial statement disclosure requirements for business acquisitions are set forth in Ontario Securities Act Regulation, Sections 55, 56, and 65; National Policy Statement No. 44 – Section 3.10; National Policy Statement No. 47 – Appendix B, Item #13; O.S.C. Policy Statement No. 5.1, Item #23; and Staff Accounting Communiqué No. 9 - Pro Forma Financial Statements. The separate requirements for guarantor financial statements are set forth in Ontario Securities Act Regulation, Section 53 (4) and National Policy Statement No. 47 – Appendix B, Item #14: Issues of Guaranteed Securities. Reference also is made to Section II of Title II of Quebec's Regulation as well as to Quebec's Staff Accounting Communiqué no. 2 - Pro forma financial statements.

The United Kingdom - Separate financial information on an entity other than the company may be required in certain circumstances, particularly where the company has made or is intending to make a large acquisition. The specific requirements are set out in Chapter 12 of the Listing Rules.

The United States - Separate financial statements or, as applicable, summarized or condensed financial information, of an entity other than the company must be provided in certain circumstances, particularly in the case of an acquired business, an equity investee or a guarantor. The specific requirements are set forth in Items 3-05, 3-09 and 3-10 of the SEC's Regulation S-X. Rule 12-04 (Condensed Financial Information of Registrant) of Regulation S-X also requires a separate financial statement schedule. Rule 3-13 of Regulation S-X permits the SEC to require other financial statements where necessary or appropriate for an adequate presentation of the issuer's financial condition or where necessary for the protection of investors.

XIII. SUPPLEMENTARY INFORMATION

Certain countries have requirements for the disclosure of information that becomes available after a document has been approved. The specific disclosure requirements in certain countries are set forth below.

Australia - A supplementary or replacement prospectus must be lodged if, during the life of a prospectus, the issuer becomes aware that the prospectus is deficient or outdated in that:

- (a) the prospectus contains a material statement that is false or misleading (s1023B (1) (a));
- (b) there is a material omission from the prospectus (s1023B (1) (b));
- (c) there has been a significant change affecting information in the prospectus (s1024 (1) (a)); or
- (d) a significant new matter has arisen, and the prospectus content requirements of the Corporation Law would have required information about that matter to have been included in the prospectus if the matter had arisen when the prospectus was being prepared (s1024 (1) (b)).

The issuer must lodge the supplementary or replacement prospectus as soon as practicable after becoming aware of that fact.

A replacement prospectus is a prospectus that has the same wording as the original prospectus, except for (a) the provision of new or additional information; and (b) the correction of deficiencies in the original prospectus.

As described above, the Corporations Law requires an issuer to lodge supplementary and replacement prospectuses in specified circumstances. However, their use is not limited to these cases. They can be used and lodged whenever an issuer wants to correct a deficiency in the original prospectus; update the original prospectus by providing information about something which has happened since the prospectus was prepared, whether or not material; or provide additional information, whether or not the information is new or material. Supplementary and replacement prospectuses can also be used to correct, update or add to the original prospectus at any time, e.g., before the start of the application period of the prospectus. For example, they can be used to update a prospectus which has been lodged or registered but not yet issued.

The European Union - Every significant new factor capable of affecting assessment of the securities which arises between the time when the prospectus is approved and the time when stock exchange dealings begin shall be covered by a supplement to the prospectus approved and published in the usual way. (Article 23 of Listing Particulars Directive).

Hong Kong - Except with the approval of the Stock Exchange of Hong Kong a supplementary prospectus must be approved and published in the usual way, if, after the issue of a prospectus, or a supplementary prospectus, and before commencement of dealings, the issuer becomes aware that -

- (a) there has been a significant change affecting any matter contained in the prospectus, or
- (b) a significant new matter has arisen, the inclusion of which would have been required to be in the prospectus if it had arisen before the prospectus was issued.

Significant in this context means significant for the purposes of making an informed assessment of the matters mentioned in 11.07 of the Stock Exchange of Hong Kong's Listing Rules (see 1 of Part II above). (The Stock Exchange of Hong Kong's Listing Rules 11.13.)

Mexico – Rule 11-29 states that every significant change in the information, between the time the prospectus is approved and the time when stock exchange dealings begin, shall be disclosed to the public through a press release or in a supplement to the prospectus.

XIV. OMISSION OF INFORMATION

Some countries may permit certain information that would otherwise be required to be disclosed, to be omitted in certain circumstances. In some countries this decision is made on a case by case basis after discussions between the company and the securities regulatory authority, while in other countries there are specific rules relating to the omission of information. The specific requirements in certain countries are set forth below.

The European Union - In the European Union, securities authorities may authorize omission of information from the prospectus if they consider that: (a) such information is of minor importance only and is not such as will influence assessment of the assets and liabilities, financial position, profits and losses and prospects of the company; or (b) disclosure of such information would be contrary to the public interest or seriously detrimental to the company, provided that, in the latter case, such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. [Article 7 of the Listing Particulars Directive.] Companies may be required to state specifically that the omitted information has been omitted because it is of minor importance, either in a letter to the regulatory authority or in the document itself.

Mexico – Rule 11-29 states that in the event that certain information requested in the “Guidance for Prospectus Elaboration” represents a competitive advantage for the company and its disclosure could affect its financial situation or operating results, the issuer could request of the Commission an authorization for not disclosing it, but only when it does not refer to

consummated acts. In these cases, issuers must explain the reason for not making public such information. Additionally, it states that when certain requirements of the prospectus are not applicable to the specific issuer's activity, it would not be necessary to submit that information, however if it is possible, the issuer must disclose equivalent information.

The United States - Rule 3-13 under the SEC's Regulation S-X provides that, upon written request, the SEC may permit the omission of one or more of the required financial statements or the substitution of comparable statements.

XV. CERTIFICATES REPRESENTING SHARES

References in Part I to "equity" include depositary receipts, voting trust certificates, or similar forms or representations of ownership. The disclosure requirements in Part I and Part II apply to the underlying securities, but some countries may have additional disclosure requirements that relate specifically to the receipts, certificates or other evidence of ownership of the underlying shares. The specific requirements in certain countries are referenced below.

The European Union - In the case of certificates representing shares, the issuer of the shares will be treated as the issuer for the purpose of the listing rules, consequently the information required as regards the shares is the same as that which would be required in the case of an application to list those shares, with additional requirements in respect of the issuer of the certificates and the certificates themselves. These specific disclosure requirements are set forth in Schedule C to the Listing Particulars Directive in accordance with Article 16 of that Directive. The requirements for debt securities convertible, redeemable or exchangeable for equity securities are set forth in article 13 and 14 and Schedule B of the Directive of March 17, 1980 (80/390/EEC). The following EU countries have additional requirements:

Spain - Spain has not adopted Schedule C of the Directive. Securities giving access to other securities (i.e., shares) have specific disclosure requirements which are regulated in paragraphs 12 to 16 of the chapter II of "annex B" of the Ministerial Order of July 12, 1993. The requirements include (i) full information on all the legal aspects of the securities to be placed (i.e. details of the authorizations under which the securities have been created, a comparison of the characteristics of the securities with the Commercial Code and the company's by-laws, any restriction or condition imposed on the holders of the securities, the political and economical rights of the holders, etc.); (ii) full description of the procedure required (deadlines, payments, etc.) to exercise options; (iii) full details of the effect or impact on the company's outstanding capital (number of shares, amount, net book value, etc.) where options are exercised.

The United Kingdom - The UK requires a statement regarding the nature of the securities and any conditionality together with details of the dealing arrangements and special investment considerations; full details can be found in Chapter 23 of the Listing Rules.

The United States - In the case of American Depositary Receipts or similar certificates representing shares, the information set forth in Item 202 (f) of the SEC's Regulation S-K should be provided.

XVI. DERIVATIVES AND MARKET RISK

Certain countries are developing, or have developed, requirements relating to the measurement and/or disclosure of derivative financial instruments and other derivative securities. Companies with derivative securities are encouraged to contact the securities regulatory authority in the host countries to determine whether such requirements exist and what information is required to be provided. The specific requirements in certain countries are referenced below.

Japan - The definitions of the derivatives are set forth in the Ministerial Ordinance for Financial Statements, Section 8. Disclosure requirements for all derivatives are set forth in the Ministerial Ordinance for Financial Statements, Section 8-8. These informations are disclosed in the footnotes of the financial statements.

Ontario and **Quebec** - The requirements are set forth in CICA Handbook Section 3860: Financial Instruments - disclosure and presentation.

Spain - Derivative securities have been regulated in the specific disclosure requirements developed by the CNMV for banking and credit card companies' prospectuses.

The United States - In January 1997 the SEC adopted rule amendments that supplement the disclosures that were previously required by generally accepted accounting principles and the Commission's rules, to make information about derivative financial instruments and certain derivative commodity instruments more useful to readers assessing the market risk associated with these instruments. The Commission has added Item 305 to Regulation S-K to address certain of these matters.

XVII. RESTATEMENT OF FINANCIAL STATEMENTS

Certain countries may require that the three years of financial statements that is required in the document be reformatted into a combined presentation with one audit report rather than being presented as three sets of annual financial statements, or may require that financial statements for earlier years be restated to reflect changes such as a change in accounting policies. The specific requirements in certain countries are referenced below.

Hong Kong - In the case of a company listing in Hong Kong for the first time, particularly where there have been material changes to the group structure or accounting policies, certain

adjustments or reclassifications to the figures previously reported in the financial statements may be required if the amounts involved are material. Adjustments are required where necessary in order for the financial statements to be presented on a consistent and comparable basis. The specific requirements are set out in Chapter 4 of the Stock Exchange of Hong Kong's Listing Rules.

Spain and **The United Kingdom** - In the case of a company listing in Spain or the UK for the first time, restated financial statements reported on by accountants may be required in certain circumstances particularly if there has been a material change to the company's group structure or accounting policies, unless the Supervisory Authority considers adequate disclosure has been made in relation to any such change. The specific requirements are set out for the UK in Chapter 12 of the Listing Rules.

XVIII. SUBSIDIARY INFORMATION

Certain countries will require disclosure of the following information, to the extent not otherwise called for by the body of generally accepted accounting principles used in preparing the financial statements.

The European Union -

1. If the company's consolidated annual accounts (or the annual accounts of its entity, if required to be provided) do not give a true and fair view of the assets and liabilities, financial position and profits and losses, more detailed and / or additional information must be given.
2. Provide information in respect of the matters listed below relating to each undertaking in which the company holds (directly or indirectly) on a long term basis an interest in the capital likely to have a significant effect on the assessment of the company's own assets and liabilities, financial position or profits and losses:
 - (a) the name and address of the registered office;
 - (b) the field of activity;
 - (c) the proportion of capital held;
 - (d) the issued capital;
 - (e) the reserves;

- (f) the profit or loss arising out of ordinary activities, after tax, for the last financial year;
- (g) the value at which the company shows in its accounts the interest held;
- (h) any amount still to be paid up on shares held;
- (i) the amount of dividends received in the course of the last financial year in respect of shares held; and
- (j) the amount of the debts owed to and by the company with regard to the undertaking.

The items of information listed above must be given in any event for every undertaking in which the company has a direct or indirect participating interest, if the book value of that participating interest represents at least 10% of the consolidated net assets (or capital and reserves of the company's own accounts, if required to be provided) or accounts for at least 10% of the consolidated net profit or loss of the group (or the company's own accounts, if required to be provided).

The information required by (e) and (f) above may be omitted where the undertaking in which a participating interest is held does not publish annual accounts.

With the permission of the host country regulator, the information required by (d) to (j) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the security in question.

With the permission of the host country regulator, the information provided for under points (g) and (j) may be omitted if such omission does not mislead investors.

3. Provide individual details relating to the undertakings not referred to in item 2., above, in which the issuer holds at least 10% of the capital. The name and registered office of the undertaking and the proportion of the capital held may be omitted when they are of negligible importance.

4. When the document includes consolidated annual accounts, provide disclosure:

- (a) of the consolidation principles applied (which must be described explicitly where such principles are not consistent with generally accepted accounting principles in the host country);
- (b) of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, the financial position and the profits and losses of the company. It is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in item C.2 above; and
- (c) for each of the undertakings referred to in (b) above:
 - (i) the total proportion of third-party interest, if annual accounts are wholly consolidated;
 - (ii) the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.

XIX. LISTING ON OTHER EXCHANGES

One jurisdiction requires disclosure of whether or not the securities being offered in the host country may be traded on other exchanges. The specific requirements are set forth below:

Hong Kong - Advise the name of any other stock exchange on which the company's securities (equity or debt) are listed or are planned to be listed. Indicate the stock exchange(s) where the company will have its primary listing. Advise the dealing and settlement arrangements on each exchange and between such exchanges. (The Stock Exchange of Hong King's Listing Rules, Appendix 1 Part A Paragraph 11).

XX. MUTUAL RECOGNITION WITHIN THE EUROPEAN UNION

Offerings or listings which take place within the EU member states by a company having its registered office in a member state (or any other country if the host member state allows) will be subject to the mutual recognition provisions of the EU Directives. These provisions stipulate that the document must, subject to any translation, be recognized by the other member states in which admission to listing has been applied for, without its being necessary to obtain the approval of the supervisory authorities of those states. The host supervisory authorities in EU member states may require that the documents contain information on the way in which notices to investors are published. (Article 24 of the Listing Particulars Directive)