STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

Pete Wilson
Governor

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Commissioner of Corporations

DATE: July 25, 1991

RELEASE No. 90-C

PROCEDURAL ACCOMMODATIONS UNDER THE MULTIJURISDICTIONAL DISCLOSURE SYSTEM

On May 30, 1991, the Securities and Exchange Commission issued a series of releases announcing the adoption of rules, forms and schedules intended to facilitate cross-border offerings of securities and continuous reporting by specified Canadian issuers. This multijurisdictional disclosure system ("MJDS") became effective on July 1, 1991.

The purpose of this release is to set forth the procedural accommodations made by the Commissioner of Corporations when an MJDS Form F-7, F-8, F-9 or F-10 registration statement is filed by coordination under Corporations Code Section 25111 with the Department of Corporations' Securities Regulation Division.

1. Seven-Day "Waiting" Period. Corporations Code Section 25111(c) provides, among other things, that qualification by coordination of the sale of securities automatically becomes effective if the application has been on file with the Commissioner for 10 days. However, MJDS contemplates a 7-day "waiting" or review period. In order to accommodate the 7-day period, the Commissioner, by order, waives the 10-day filing requirement under the Corporate Securities Law of 1968 in favor of the 7-day period for an MJDS application, where an application for registration of securities filed with the Securities and Exchange Commission is also filed with the Department of Corporations on the same day. An issuer should note that a delayed filing of an MJDS application in this state will jeopardize the automatic effectiveness of the application under Section 25111(c).

2. MJDS Applications. An MJDS application for qualification by coordination can be made pursuant to either the Department of Corporations' "Facing Page" application form or the Uniform Application to Register Securities (Form U-1) recommended by the Subcommittee on Uniform Forms of the Committee on State Regulation of Securities of the American Bar Association's Section of Banking and Business Law. See, Commissioner's Rules 260.110 and 260.111 (10 C.C.R. Secs. 260.110 and 260.111). In either case, as a condition of an expedited review, an applicant must type "MJDS APPLICATION" at the top of the Facing Page or Uniform Application to Register Securities (Form U-1) so that the application may be quickly identified and processed within the 7-day review period. Failure to designate the application in this manner will preclude the automatic effectiveness of the application under Section 25111(c).

In addition to the requirements of Commissioner's Rules 260.110 and 260.111, Corporations Code Section 25111(b) requires an application to contain, or be accompanied by, the information specified in Section 25160, the Consent to Service of Process required by Section 25165 (see, Commissioner's Rule 260.165), a copy of the registration statement under the Securities Act of 1933 (together with all of the exhibits, other than exhibits incorporated by reference and those specified by rule of the Commissioner), an undertaking to forward to the Commissioner all future amendments to the registration statement under the Securities Act of 1933, and such other information as may be required to evidence compliance with any rules of the Commissioner. Notwithstanding that an application must be filed with the Commissioner not later than the 5th business day following the filing of the registration statement with the Securities and Exchange Commission as provided for in Section 25111(b), an MJDS application must be filed on the same day that it is filed with the Securities and Exchange Commission in order for the application to become effective automatically under Section 25111(c).

The verification (or declaration) part of an application form (whether the Department of Corporations' application form or the Form U-1) need not be changed to reflect Canadian law requirements. The form of verification (or declaration) found in Commissioner's Rules 260.110 and 260.111 meets the requirements of Code of Civil Procedure Section 2015.5. Section 2015.5 provides that if the document is executed in that form at any place within or without the state of California, the execution satisfies the requirements of California law.

3. Financial Statements. Corporations Code Section 25613 authorizes the Commissioner to prescribe by rule or order the form and content of financial statements, among other things. Commissioner's Rule 260.613(e) provides that any financial statements prepared in accordance with the rules and requirements of the Securities and Exchange Commission with respect to registration statements filed with it shall satisfy the requirements of the rule. As a consequence, financial statements accompanying an MJDS application filed in accordance with the rules, forms and schedules adopted by the Securities and Exchange Commission will satisfy the financial statements requirements under the Corporate Securities Law of 1968.

By Order of
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