

**NOTICE OF MULTILATERAL POLICY 34-202
REGISTRANTS ACTING AS CORPORATE DIRECTORS
AND RESCISSION OF NATIONAL POLICY STATEMENT NO. 18**

Notice of Multilateral Policy

The Commission has adopted Multilateral Policy 34-202 Registrants Acting as Corporate Directors and rescinded National Policy Statement No. 18 Conflict of Interest -- Registrants Acting as Corporate Directors.

Multilateral Policy 34-202 comes into force and National Policy Statement No. 18 is rescinded on September 25, 1998.

Substance and Purpose of Multilateral Policy

The purpose of the Multilateral Policy (the "Policy") is to express the views of the Canadian Securities Administrators (the "CSA") other than Quebec as to the potential for conflicts of interest arising if an individual registrant or a representative of a registrant acts as a director of or advisor to a reporting issuer.

The Policy is an initiative of the CSA other than Quebec, and is being adopted as a policy in each of the jurisdictions represented by the CSA other than Quebec. The Multilateral Policy is not being adopted at this time by the Commission des valeurs mobilières du Québec. The Policy is substantially similar to former National Policy Statement No. 18 - *Conflict of Interest -- Registrants Acting as Corporate Directors*, which it replaces. National Policy Statement No. 18 was initially published in April 1971, and was in part based on a statement published by The Toronto Stock Exchange on December 5, 1968.

Because this Policy is not, at this time, being adopted in all of the jurisdictions of the CSA, it is called a Multilateral Policy rather than a National Policy. However, as this Policy is being adopted in a number of jurisdictions, it is numbered as a national policy.

Terms used in the Policy that are defined or interpreted in a definition instrument in force in the jurisdiction should be read in accordance with that definition instrument, unless the context otherwise requires.

Summary of Policy

The Policy alerts registrants to the possibilities of a conflict of interest that can arise when a registrant is acting as a director of a reporting issuer. The Policy reminds those registrants that they have a fiduciary obligation not to reveal confidential information concerning the reporting issuer to anyone not authorized to receive it, including the registrant's personnel and customers. The Policy states the view of the Canadian securities regulatory authorities other than Québec that representatives of a registrant who are not directors of a reporting issuer but are acting in an advisory capacity to a reporting issuer have substantially the same obligations relating to confidential information as a director of the reporting issuer. The Policy notes that in British Columbia, a salesperson of a dealer and a registered individual of an advisor may not act as a director or officer of a reporting issuer.

Written Comments Received by the CSA

A draft of the Multilateral Policy was published for comment in the Ontario Securities Commission Bulletin on February 13, 1998 ((1998), 21 OSCB 970). Certain of the other CSA members also published the draft for comment on or about that time. CSA members received no written submissions with respect to the Multilateral Policy and no changes have been made from the draft, other than adding section 1.7 to clarify the multilateral nature of this Policy.

Multilateral Policy

National Policy Statement No. 18 is replaced by the Multilateral Policy and will be rescinded effective September 25, 1998. The text of the Multilateral Policy follows.

Text of Rescission of National Policy Statement No. 18

The text of the rescission of National Policy Statement No. 18 is:

"National Policy Statement No. 18 entitled "Conflict of Interest -- Registrants Acting as Corporate Directors" is rescinded."

DATED: October 16, 1998.

**MULTILATERAL POLICY 34-202
REGISTRANTS ACTING AS CORPORATE DIRECTORS**

1.1 Introduction - The position of a representative of a registrant acting as a director or adviser to a reporting issuer is one that is fraught with the possibility of a conflict of interest. This arises more particularly in regard to questions of insider information and trading, and timely disclosure.

1.2 Conflicts of Interest - The Canadian securities regulatory authorities emphasize that all registrants should be most conscious of their responsibilities in these situations and weigh the burden of dealing in an ethical manner with the conflicts of interest against the advantages of acting as a director of a reporting issuer, many shareholders of which may be clients of the registrant.

1.3 Disclosure of Information - Every director of a reporting issuer has a fiduciary obligation not to reveal any confidential information to anyone not authorized to receive it. Not until there is full public disclosure of the information, including compliance with applicable Canadian securities legislation, particularly when the information might have a bearing on the market price or value of the securities of the issuer, is a director released from the necessity of keeping information of this character confidential. Any director of a reporting issuer who is a partner, director, officer or employee of a registrant should, in the view of the Canadian securities regulatory authorities, recognize that the director's first responsibility in this area is to the reporting issuer on whose board the director serves. A director should meticulously avoid any disclosure of inside information to partners, directors, officers and employees of the registrant or to its clients.

1.4 Acting in Advisory Capacity - If a representative of a registrant is not a director but is acting in an advisory capacity to a reporting issuer and discussing confidential matters, the Canadian securities regulatory authorities believe that the same care should be taken as if that person were a director. Should the matter require consultation with other personnel of the registrant, adequate measures should, in the view of the Canadian securities regulatory authorities, be taken to guard the confidential nature of the information to prevent its misuse within or outside the registrant.

1.5 Fitness for Registration - The failure of a registrant to comply with the standards described in this Policy may be considered by the Canadian securities regulatory authorities to be prejudicial to the public interest and to affect the fitness for continued registration of the registrant.

1.6 British Columbia Securities Legislation - In British Columbia, a salesperson of a dealer and a registered individual of an advisor may not act as a director or officer of a reporting issuer.

1.7 Exception - For the purpose of this Policy, "Canadian securities regulatory authorities" means the Canadian securities regulatory authorities other than those of Quebec.

