

ONTARIO'S NEW SECONDARY MARKET LIABILITY REGIME

*Legal Updates and Cases • Corporate and Executive Risk Management Strategies
• Insurance Needs/Underwriting Issues • Fraud • Mitigating Class Action Risk*

PROGRAM CHAIR

René R. Sorell
Partner
McCarthy Tétrault LLP

May 15, 2006 • St. Andrew's Club and Conference Centre • 150 King Street West, Toronto

While key provisions will be addressed, the conference focuses on the impact and direction of this new law since coming into force and offers practical advice and guidance for issuers and counsel, including new sessions on:

A New Securities Battleground?

- Senior counsel from the plaintiff and defense bars debate the impact of secondary market liability and the new threat to publicly traded companies in Canada

A New Era of Corporate and Executive Risk Exposure

- Top-notch risk management experts offer strategies and advice on minimizing corporate and executive risk

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WHO SHOULD ATTEND

Corporate/Financial Executives:

- CEOs
- CFOs
- Chief Risk Officers
- Chief Compliance Officers
- Chief Underwriting Officers
- Insurance and Underwriting Specialists
- VPs, Directors, and Managers of Financial Reporting and Regulatory Compliance
- Corporate Secretaries
- Directors and Officers
- Investor Relations Professionals
- Controllers
- Internal Auditors
- Risk Management Professionals

Legal Experts:

- In-house Counsel
- General Counsel
- Associate General Counsel
- Securities Lawyers
- Plaintiff and Defense Lawyers
- Regulatory Experts

Dear Colleague,

Insight Information is pleased to present **Ontario's New Secondary Market Liability Regime**, our second Toronto conference on this topic.

Insight was the first to offer a comprehensive conference (Secondary Market Liability: Preparing for Ontario's New Regime, October 2005, Toronto) shortly after the Government of Ontario announced the "in force" date last August.

The May 15 conference builds on the previous program and is timed to allow for the market's response to this new regime and to address what has been learned in the first months after coming into force on December 31, 2005. While key provisions will be addressed, the focus is on the impact and direction of this new law and will offer updates on legal issues and cases and practical advice and guidance for issuers on corporate and executive risk management strategies, insurance requirements and underwriting issues, the impact on class action proceedings and mitigating claims, and much more.

Secondary market liability provisions represent a fundamental and controversial change to existing securities law and will impact issuers, stakeholders and market participants across the country. Similar provisions in B.C. are expected to become law in 2006 and other jurisdictions are expected to follow. This new regime gives secondary market investors a statutory right to sue companies that are Ontario reporting issuers, and other issuers with a "substantial connection to Ontario", for misleading, insufficient, or late corporate disclosures. It will also allow proceedings against directors, senior officers, and other parties.

The conference features a roster of senior securities lawyers, risk management and insurance experts, and representatives from public companies and is intended to provide issuers and legal counsel the practical tools and guidance now that secondary market liability is a reality in Canada.

We look forward to seeing you on May 15.

COMMENTS FROM PAST DELEGATES

"I learned a lot. The speakers were knowledgeable and summarized complex standards well. It's a minefield of information out there, so gaining tools to sort through complex information was valuable."

M. Didow, Partner, Meyers Norris Penny LLP

"Very good 'insight' into latest governance, disclosure, financial certification standards. Great topic to raise awareness of corporate governance best practices."

R. MacDonald, IDC

"Very good program. Very timely."

T. Reinsch, Ceramic Protection Corporation

"Excellent program addressing in sufficient detail what Canadian companies are facing and how they are dealing with it!"

S. Campbell, Director, Corporate Reporting, Cineplex Galaxy Income Fund

"[I] have become aware of the importance and magnitude of the task facing our company."

K. Fraser, Director, Canadian Broadcasting Corporation

Delegates will receive a set of original materials as well as online access to fully searchable conference papers through Insight's *in*CONFERENCE™ that will serve as an invaluable reference source.

MONDAY

MAY 15, 2006

8:00 Registration and Continental Breakfast

8:30 Welcome Remarks from Insight Information

8:35 Opening Remarks from the Chair

René R. Sorell

Partner

McCarthy Tétrault LLP

8:40 The New Regime: Overview and Updates on Secondary Market Liability Since the In Force Date

René R. Sorell

Partner

McCarthy Tétrault LLP

Ontario's secondary market liability regime came into effect on December 31, 2005 and represents a fundamental and controversial change to existing securities law. This session will offer an overview of what has been learned since the "in force" date and what impact the new regime is having on the securities market. It will look at the first case laws, interpretation of key statutes, the response in Ontario and other jurisdictions, developments in cross-border actions, and what we can expect in the future.

9:15 A New Securities Battleground? The Plaintiffs Versus the Defendants

Moderator:

Jacquie McNish

Senior Writer

The Globe and Mail

Representing the plaintiff bar:

Bryan Finlay, Q.C.

Partner

WeirFoulds LLP

Peter R. Jervis

Partner

Lerners LLP

Representing the defense bar:

John A. Fabello

Partner

Torys LLP

Lawrence E. Ritchie

Partner

Osler, Hoskin & Harcourt LLP

A key issue with Bill 198 and secondary market liability is the way civil actions, including class actions, will be brought, fought and settled in Canada, and the extent of the risk to publicly traded companies. Some argue that companies and their advisors should brace for U.S. style class action law suits from U.S. and Canadian plaintiff firms, now that Ontario has opened the floodgates; others suggest this will not open the floodgates, due to deterrents built into the legislation. This session will debate this emerging battleground, with representatives from both the plaintiff and the defense bars. It will also address the evidence to date on how the legal landscape has been changed and what direction it is heading.

- The plaintiff's view
- The defense view
- Impact on class actions to date
- Impact of the recent Court of Appeal reversal of the landmark Danier decision
- Differences between the U.S. and Ontario regimes
- Liability safeguards and deterrents in Canada
 - damage caps
 - obtaining leave of the court to proceed
 - Ontario's "loser-pays" regime
 - what must the plaintiff prove?
 - the due diligence defense for public companies
- Who is winning the battle?

10:00 Coffee Break

10:15 A New Era of Corporate and Executive Risk Exposure: Risk Management Issues and Strategies

Valerie D. Cusano

President

Purves Redmond NMB Ltd.

Susan Meltzer

Assistant Vice President, Risk Management
Sun Life Assurance Co. of Canada

CROSS-FIRE DEBATE

Garth Pepper

Senior Associate
Leader, Management Risk Practice
Integro Canada Ltd.

Sarah Robson

Managing Director, Executive Risk Practice
Marsh Canada Ltd.

A tough new regulatory environment has contributed significantly to a greater emphasis on risk management as integral to a corporation's overall business strategy. Secondary market liability will expose corporations and their senior officers and directors to greater risk. This session will address the impact of the new regulatory environment on risk management trends; in particular it will discuss best practices for minimizing corporate and executive risk exposure in the new era of secondary market liability.

- Influence of regulatory initiatives on risk management trends
- Secondary market liability and new corporate and executive risk exposure
- Corporate governance best practices
- Board oversight
- Internal controls and financial disclosure: what has changed?
- The role of Chief Risk Officer and other risk management professionals

11:30 Fraud on the Market**John A. Campion**

Partner
Fasken Martineau DuMoulin LLP

The Ontario Act has incorporated a rebuttal presumption of deemed reliance and of loss causation into the civil liability causes of action framed in misrepresentations and in failure to make timely disclosure. As such, plaintiffs bringing actions in Ontario will be relieved of the traditional common law burden of proving reliance on the alleged misrepresentation or failure to disclose and may be relieved of the requirement to prove that the alleged misrepresentation or failure to disclose caused the loss asserted, shifting the burden to the defendant.

This is comparable in scope to the "fraud on the market" theory developed in the United States and is a marked departure from traditional common law principles. It will alter the securities landscape in serious and surprising ways and is one of the more important developments of the new secondary market liability regime. What do issuers and counsel need to know?

12:15 Networking Lunch**1:15 We've Got You Covered: D&O Liability, Insurance Implications, and Underwriting Views****Adam Briklyn**

Senior Vice President, Financial Lines
Executive Risk Insurance

Mary Margaret Fox

Partner
Borden Ladner Gervais LLP

Jordon S. Solway

Vice President, Claims & Legal
Arch Insurance Group (Canada)

- Secondary market liability in Canada and the personal liability of directors and officers:
 - issues to consider in assessing the adequacy of insurance and indemnification
 - potential changes/amendments to D&O coverage
- Underwriting the secondary market risk:
 - real time market underwriting views
 - pricing and terms implications
 - has there been a knee-jerk reaction from the underwriting community?
- Risk factors which have impacted the U.S. experience under rule 10(b)(5): will they apply in Canada?
- Structuring your insurance program:
 - how are the insurance markets reacting?
 - what to expect from your insurance advisors
 - how are insureds dealing with the new regulations?
 - claims management in advance of a claim
- Is "guidance to investors" a good thing?

2:15 Refreshment Break

2:30 Mitigating Class Action Risk: Monitoring Accruals as Red Flags

Neil Baron

Chairman

Criterion Research Group, LLC

Extensive back-testing has demonstrated that companies with the highest accrual (non-cash) components to their earnings experience more class actions, earnings restatements, SEC enforcement proceedings and poorer stock and bond returns. Audit committees, internal auditors and CFOs can mitigate these risks, particularly class action risk, by monitoring:

- The size of the accrual component of their company's earnings
- Which accrual is contributing most to the non-cash component of earnings
- Their company's accrual component patterns and frequencies, i.e. how frequently and for how long are accruals driving earnings

This session will also address how director's and officer's liability insurers monitor accruals in determining premium rates and coverage, and how accounting professionals do the same to identify companies with high restatement risk.

- What are issuers doing about disclosure controls and procedures:
 - development of formal corporate disclosure policies
 - setting up a formal disclosure committee
 - forward-looking corporate disclosure to meet the safe harbour requirements
 - confidential information containment
- Challenges and issues for small to mid cap companies
- Assessment of efficiency and effectiveness of board and management level oversight to ensure timely discovery and mitigation of risks
- Tone at the top: communication from senior management and across the organization

4:30 Chair's Closing Remarks and Conference Concludes

3:15 Impact on Corporate Culture

ISSUER'S ROUNDTABLE

Moderator:

Jennifer Purves

Managing Director

JEM Corporate Services

Andrea Horton

Senior Counsel

Royal Bank of Canada

Vicki Jones

CFO & Corporate Secretary

Sleep Country Canada Income Fund

- Impact on corporate culture: proactive versus knee-jerk responses

UPCOMING INSIGHT EVENTS
<p>SECONDARY MARKET LIABILITY <i>March 6, 2006 • Calgary</i></p>
<p>DISCLOSURE CONTROLS AND PROCEDURES COURSE <i>March 7, 2006 • Calgary</i></p>
<p>DISCLOSURE CONTROLS AND PROCEDURES COURSE <i>April 10, 2006 • Toronto</i></p>

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May 15, 2006

St. Andrew's Club and Conference Centre • 150 King Street West, Toronto

Conference Code: **SCC06958**

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The St. Andrew's Club and Conference Centre is conveniently located at 150 King Street West (the 27th floor), Toronto, ON. Tel: 416-366-4228. For overnight accommodation, please contact The Hilton Toronto, located at 145 Richmond St. West, Toronto, ON. Tel: 416-869-3456 or by fax 416-869-3187. Please ask for the Insight corporate rate.

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