

PRACTICE STANDARD NO. 530

FAIRNESS OPINIONS

FILE DOCUMENTATION STANDARDS AND RECOMMENDATIONS

1. A Fairness Opinion is defined as **“any written communication containing a conclusion as to the fairness of a proposed transaction to security holders (or a group of security holders), from a financial point of view.”** A Fairness Opinion does not include work product that is in the process of being completed that is provided to a client or knowledgeable third party in circumstances where each of the following conditions are met: (i) the work product is clearly marked as being in draft form and subject to change; (ii) the work product is issued for the purpose of obtaining comment, instruction, confirmation or other information required to complete the Fairness Opinion; and (iii) the Fairness Opinion issuer knows, or reasonably ought to know, that the intended reader(s) does not intend to rely on the work product or distribute the work product to a third party who may in turn rely on such work product.
2. At a minimum, file documentation for a Fairness Opinion shall consist of the following items set out in bold characters. “Recommendations” are not mandatory, but encouraged. “Explanatory comments” provide additional guidance in applying the specific provisions of the Standard.
3. **General Standards**
 - A. **Work performed in the course of a Fairness Opinion engagement shall be documented and files shall be maintained in an organized manner;**
 - B. **The form and extent of working papers shall suit the circumstances and needs of the engagement for which they are prepared;**
 - C. **All documents and working papers evidencing the nature and extent of work performed shall be retained for a reasonable time following completion of the engagement; and**
 - D. **The identities of the individual(s) performing the Fairness Opinion engagement shall be documented.**
4. **Specific Standards**
 - A. **A copy of the final issued Fairness Opinion shall be retained on file;**
 - B. **When the Fairness Opinion issuer has determined that an engagement letter is required, it shall be retained on file. When no engagement letter has been received, the Fairness Opinion issuer’s file shall contain a summary of the**

- nature and purpose of the mandate, including the nature of the instructions received from the person requesting the Fairness Opinion;
- C. **Summaries of key meetings, discussions and correspondence shall be retained on file;**
 - D. **The Fairness Opinion issuer shall either retain on file, or have access to, information upon which he or she relied when conducting the engagement;** (*Recommendation*: the following documents should normally be retained on file:
 - I. Any information that provides the Fairness Opinion issuer with a sufficient understanding of the subject of the Fairness Opinion;
 - II. Where applicable, information providing sufficient understanding of the economic context and industry outlook bearing on the subject of the Fairness Opinion.)
 - E. **The approach taken shall be documented along with the reasoning for its selection;** (*Explanatory comment*: this documentation standard will be met if this information is included in the Fairness Opinion itself.);
 - F. **The specific techniques used shall be documented along with the reasoning for their selection. Key areas considered and key assumptions made shall be documented. A copy of the calculations, including all necessary explanations and supporting documentation, shall be retained on file.** (*Explanatory comment*: this documentation standard will be met if this information is included in the Fairness Opinion itself.);
 - G. **Where the work of a specialist was relied upon, the conclusions arrived at by the specialists shall be documented and when a written opinion or report prepared by the specialist is obtained, a copy thereof shall be retained on file; and**
 - H. **When the Fairness Opinion issuer has determined that a client representation letter and/or a management representation letter is necessary, this (these) letter(s) shall be retained on file. When the representation letter(s) indicates that the client or management relied on a draft copy of the Fairness Opinion in order to make its representations, this draft copy shall be retained on file. When no representation letter has been received, the Fairness Opinion issuer's file shall indicate why no such letter was obtained.**

February 26, 2010