

Quebecor

Schedule "C"

to the Initial Order from the Honourable Robert Mongeon, j.s.c., dated January 21, 2008

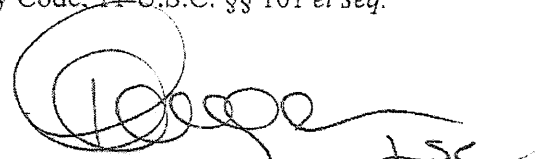
CROSS-BORDER INSOLVENCY PROTOCOL

This cross-border insolvency protocol (this "Protocol") shall govern the conduct of all parties in interest in the Insolvency Proceedings (as defined below).

The Guidelines Applicable to Court-to-Court Communications in Cross-Border cases (the "Guidelines"), attached as Schedule A hereto, shall be incorporated by reference and form part of this Protocol. Where there is any discrepancy between the Protocol and the Guidelines, this Protocol shall prevail.

Background

1. Quebecor World Inc. (the "Canadian Debtor") and certain of its direct and indirect U.S. subsidiaries (collectively, the "U.S. Debtors") commenced reorganization proceedings (collectively, the "Canadian Proceedings") by filing an application under the Canadian *Companies' Creditors Arrangement Act* (the "CCAA") with the Quebec Superior Court in Montreal, Quebec (the "Canadian Court") and an Order (the "CCAA Order") have been granted under which (a) the Canadian Debtor and U.S. Debtors have been determined to be entitled to relief under the CCAA, and (b) Ernst & Young Inc. was appointed as monitor (the "Monitor") of the Canadian Debtor and U.S. Debtors, with the rights, powers, duties and limitations upon liabilities set forth in the CCAA, and the CCAA Order.
2. The U.S. Debtors have commenced reorganization cases (collectively, the "Chapter 11 Cases") under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*

 158

(the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York (the "U.S. Court"), and such cases have been consolidated (for procedural purposes only) under Case No. _____. The U.S. Debtors continue to operate their business and manage their properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Chapter 11 Cases. An official committee of unsecured creditors (the "Committee") may be appointed in the Chapter 11 Cases.

3. For convenience, (i) the U.S. Debtors and the Canadian Debtor shall be referred to herein collectively as the "Debtors", (ii) the Chapter 11 Cases and the Canadian Proceedings shall be referred to herein collectively as the "Insolvency Proceedings", (iii) the U.S. Court and the Canadian Court shall be referred to herein collectively as the "Courts", and (iv) the U.S. Representatives and the Canadian Representatives (each as defined below) shall be referred to herein collectively as the "Representatives".
4. The Canadian Debtor is the direct or indirect corporate parent of all of the other Debtors. The Canadian Debtor is headquartered in Montreal, Quebec. The Canadian Debtor conducts business in Canada and the U.S. Debtors conduct business in the United States. Other subsidiaries controlled directly or indirectly by the Canadian Debtor, not parties to the Insolvency Proceedings (the "Non-Filing Subsidiaries"), conduct business in Canada, the United States and several other parts of the world, and have significant operations in Europe and Latin America.

Purpose and Goals

5. While the Insolvency Proceedings are pending in the United States and Canada, the implementation of basic administrative procedures is necessary to coordinate certain

activities therein, to ensure the maintenance of the Courts' respective independent jurisdiction and to give effect to the doctrines of comity. Accordingly, this Protocol has been developed to promote the following mutually desirable goals and objectives in the Insolvency Proceedings:

- (a) harmonize and coordinate activities between the Courts in the Insolvency Proceedings;
- (b) promote and facilitate the fair, open, orderly and efficient administration of the Insolvency Proceedings to, among other things, maximize the efficiency of same, reduce the costs associated therewith and avoid duplication of efforts, for the benefit of all of the Debtors' creditors and other interested parties, wherever located;
- (c) honor the respective independence and integrity of the Courts and other courts and tribunals of Canada and the United States;
- (d) promote international co-operation and respect for comity among the Courts, the Debtors, the Committee, the Representatives (as defined below) and other creditors and interested parties in the Insolvency Proceedings; and
- (e) implement a framework of general principles to address basic administrative issues arising out of the cross-border nature of the Insolvency Proceedings.

Comity and Independence of the Courts

6. The approval and implementation of this Protocol shall not divest or diminish the U.S. Court's and the Canadian Court's respective independent jurisdiction over the subject matter of the Chapter 11 Cases and Canadian Proceedings, respectively. By approving and implementing this Protocol, neither the U.S. Court, the Canadian Court, the Debtors nor any creditor of any other interested party shall be deemed to have approved or engaged in any infringement on the sovereignty of the United States or Canada.

7. The U.S. Court shall have sole and exclusive jurisdiction and power over the conduct and hearing of the Chapter 11 Cases. The Canadian Court shall have sole and exclusive jurisdiction and power over the conduct and hearing of the Canadian Proceedings. In accordance with the principles of comity and independence recognized herein, nothing contained herein shall be construed to:
- (a) increase, decrease or otherwise modify the independence, sovereignty or jurisdiction of the U.S. Court, the Canadian Court or any other court of tribunal in the United States or Canada, including the ability of any such court or tribunal to provide appropriate relief under applicable law on an *ex parte* or "limited notice" basis;
 - (b) require the U.S. Court to take any action that is inconsistent with its obligations under the laws of the United States;
 - (c) require the Canadian Court to take any action that is inconsistent with its obligations under the laws of Canada;
 - (d) require the Debtors, the Monitor, the Committee or the Representatives to take any action or refrain from taking any action that would result in a breach of any duty imposed on them by any applicable law;
 - (e) authorize any action that requires the specific approval of one or both of the Courts under the Bankruptcy Code or the CCAA after appropriate notice and a hearing (except to the extent that such action specifically is described in this Protocol); or
 - (f) preclude the Debtors, the Committee, the Monitor, the Office of the United States Trustee (the "U.S. Trustee"), any creditor or any other interested party from asserting such party's substantive rights under the applicable laws of the United States, Canada or any other jurisdiction including, without limitation, the rights of interested parties or affected persons to appeal from the decisions taken by one or both of the Courts.

8. The Debtors, the Representatives and their respective employees, members, agents and professionals shall respect and comply with the independent, nondelegable duties imposed upon them by the Bankruptcy Code, the CCAA, the CCAA Order and other applicable laws and court orders.

Cooperation

9. To assist in the efficient administration of the Insolvency Proceedings and in recognizing that any of the Debtors may be creditors of any of the others' estates, the Debtors shall, where appropriate: (i) cooperate with each other in connection with actions taken in both the U.S. Court and the Canadian Court; and (ii) take any other appropriate steps to coordinate the administration of the Insolvency Proceedings for the benefit of the Debtors' respective estates and stakeholders.
10. To harmonize and coordinate the administration of the Insolvency Proceedings, the U.S. Court and the Canadian Court each may coordinate activities and consider whether it is appropriate to defer to the judgment of the other Court. Without limitation:
 - (a) The U.S. Court and the Canadian Court may communicate with one another, with or without counsel present, with respect to any procedural matter relating to the Insolvency Proceeding.
 - (b) If the issue of the proper jurisdiction or Court to determine an issue is raised by any interested party in either of the Insolvency Proceedings with respect to a motion or application filed in either Court, the Court before which such motion or application was initially filed may contact the other Court to determine an appropriate process by which the issue of jurisdiction will be determined; which process shall be subject to submissions by the Debtors, the U.S. Trustee, the Committee, the Monitor and any interested party prior to any determination on the issue of jurisdiction being made by either Court.

- (c) The Courts may, but are not obligated to, coordinate activities in the Insolvency Proceedings such that the subject matter of any particular action, suit, request, application, contested matter or other proceeding is determined in a single Court.
- (d) The U.S. Court and Canadian Court may conduct joint hearings (each, a "Joint Hearing") with respect to any matter in which both Courts consider such a Joint Hearing to be necessary or advisable and, in particular, to facilitate or coordinate proper and efficient conduct of the Insolvency Proceedings. With respect to any such Joint Hearing, unless otherwise ordered by both Courts, the following procedures will be followed:
 - (i) a telephone or video link shall be established so that each Court will be able to simultaneously hear the proceedings in the other Court;
 - (ii) submissions or applications (collectively, the "Pleadings") by any party that are or become the subject of a Joint Hearing shall be made or filed initially only with the Court in which such party is appearing and seeking relief. Promptly after the scheduling of any Joint Hearing, the party submitting such Pleadings to one Court will file courtesy copies with the other Court. In any event, Pleadings seeking relief from both Courts shall be filed with both Courts;
 - (iii) any party intending to rely on written evidentiary materials (collectively, the "Evidentiary Materials") in support of a submission to either Court in connection with any Joint Hearing will submit such Evidentiary Materials in identical form to each Court;
 - (iv) if a party that has not previously appeared in or attorned to the jurisdiction of either Court, it shall be entitled to submit Pleadings or Evidentiary Materials in connection with the Joint Hearing without, by the act of such filing alone, being deemed to have appeared in or attorned to the jurisdiction of such Court, so long as such party does not request any affirmative relief from such Court;

- (v) the Judge of the U.S. Court and Justice of the Canadian Court who will hear the Joint Hearing may communicate with each other in advance of such Joint Hearing, with or without counsel being present, to: (1) establish guidelines for the orderly submission of Pleadings, Evidentiary Materials and any other papers, and for the rendering of decisions; and (2) address any related procedural, administrative or preliminary matters; and
 - (vi) the Judge of the U.S. Court and Justice of the Canadian Court who will hear the Joint Hearing may communicate with each other after such Joint Hearing, with or without counsel being present, for the purposes of: (1) determining whether consistent rulings can be made by both Courts; (2) coordinating the terms of the Courts' respective rulings; and (3) addressing any related procedural or administrative matters.
11. Notwithstanding the terms of paragraph 10 above, this Protocol recognizes that the U.S. Court and Canadian Court are independent courts. Accordingly, although the Courts will seek to cooperate and coordinate with each other in good faith, either of the Courts may at any time exercise its independent jurisdiction and authority with respect to: (i) matters presented to and properly before such Court; and (ii) the conduct of the parties appearing in such matters.
12. If one Court has jurisdiction over a matter the determination of which requires the application of the law of the jurisdiction of the other Court, such Court may, without limitation, hear expert evidence of such law or seek the written advice of the other Court, which advice will be made available to all parties in interest.

Recognition of Stays of Proceedings

13. The Canadian Court hereby recognizes the validity of the stay of proceedings and actions against the U.S. Debtors and their property under section 362 of the Bankruptcy Code

(the "U.S. Stay"). In implementing the terms of this paragraph, the Canadian Court may consult with the U.S. Court regarding: (i) the interpretation, extent, scope and applicability of the U.S. Stay and any orders of the U.S. Court modifying or granting relief from the U.S. Stay; and (ii) the enforcement of the U.S. Stay in Canada.

14. The U.S. Court hereby recognizes the validity of the stay of proceedings and actions against the Debtors and their property under the CCAA Order (the "Canadian Stay"). In implementing the terms of this paragraph, U.S. Court may consult with the Canadian Court regarding: (i) the interpretation, extent, scope and applicability of the Canadian Stay and any orders of the Canadian Court modifying or granting relief from the Canadian Stay; and (ii) the enforcement of the Canadian Stay in the United States. Both the U.S. Court and the Canadian Court note that CCAA Order provides that (i) the Canadian Stay, as it applies to the U.S. Debtors, is deemed to conform to the extent and scope of the U.S. Stay, and (ii) if there is any conflict between the operation of the Canadian Stay, as it applies to the U.S. Debtors, and the operation of the U.S. Stay, then the U.S. Stay shall govern.
15. Nothing contained herein shall affect or limit the Debtors' or other parties' rights to assert the applicability or nonapplicability of the U.S. Stay or the Canadian Stay to any particular proceeding, property, asset, activity or other matter, wherever pending or located. Motions brought respecting the application of the stay of proceedings with respect to assets or operations located in Canada shall be heard and determined by the Canadian Court. Motions brought respecting the application of the stay of proceedings with respect to assets or operations located in the United States shall be heard and determined by the U.S. Court.

Rights to Appear and Be Heard

16. The Debtors, their creditors, the Monitor, and other interested parties in the Insolvency Proceedings, including, without limitation, the Committee, the Representatives or any other committee that may be appointed by the U.S. Trustee, shall have the right and standing: (i) to appear and to be heard in either the U.S. Court or Canadian Court in the Chapter 11 Cases or Canadian Proceedings, respectively, to the same extent as creditors and other interested parties domiciled in the forum country, subject to any local rules or regulations generally applicable to all parties appearing in the forum; and (ii) to file notices of appearance or other papers with the clerk of the U.S. Court or the Canadian Court in respect of the Chapter 11 Cases or Canadian Proceedings, respectively; provided, however, that any appearance or filing may subject a creditor or interested party to the jurisdiction of the Court in which the appearance or filing occurs; provided further, that an appearance by the Committee in the Canadian Proceedings shall not form a basis for personal jurisdiction in Canada over the members of the Committee. Notwithstanding the foregoing, and in accordance with the policies set forth above, including, *inter alia*, paragraph 10 above: (i) the Canadian Court shall have jurisdiction over the U.S. Representatives (as defined below) solely with respect to the particular matters as to which the U.S. Representatives appear before the Canadian Court; and (ii) the U.S. Court shall have jurisdiction over the Canadian Representatives (as defined below) solely with respect to the particular matters as to which the Canadian Representatives appear before the U.S. Court.

Retention and Compensation of Representatives and Professionals

17. The Monitor Parties (as defined below) and any other estate representatives appointed in the Canadian Proceedings (collectively, the "Canadian Representatives") shall (subject

to paragraph 16) be subject to the sole and exclusive jurisdiction of the Canadian Court with respect to all matters including: (i) such Canadian Representatives' tenure in office; (ii) the retention and compensation of such Canadian Representatives; (iii) such Canadian Representatives' liability, if any, to any person or entity, including the Debtors and any third parties, in connection with the Insolvency Proceedings; and (iv) the hearing and determination of any other matters relating to the Canadian Representatives arising in the Canadian Proceedings under the CCAA or other applicable Canadian law. The Canadian Representatives, their counsel (whether Canadian or U.S.) and any other professionals retained therefor shall not be required to seek approval of their retention in the U.S. Court. Additionally, the Canadian Representatives, their counsel (whether Canadian or U.S.) and such other Canadian professionals: (a) shall be compensated for their services solely in accordance with the CCAA, the CCAA Order and other applicable laws of Canada or orders of the Canadian Court; and (b) shall not be required to seek approval of their compensation in the U.S. Court.

18. The Monitor and its respective officers, directors, employees, counsel and agents, wherever located (collectively, the "Monitor Parties"), shall be entitled to the same protections and immunities in the United States as those granted to them under the CCAA and the CCAA Order. In particular, except as otherwise provided in any subsequent order entered in the Canadian Proceedings, the Monitor Parties shall incur no liability or obligations as a result of the CCAA Order, the appointment of the Monitor, the carrying out of its duties or the provisions of the CCAA and the CCAA Order by the Monitor Parties, except any such liability arising from actions of the Monitor Parties constituting gross negligence or wilful misconduct.

19. Any estate representative appointed in the Chapter 11 Cases, including any official committee appointed pursuant to section 1102 of the Bankruptcy Code, or any examiner or trustee appointed pursuant to section 1104 of the Bankruptcy Code (collectively, "U.S. Representatives") shall (subject to paragraph 16) be subject to the sole and exclusive jurisdiction of the U.S. Court with respect to all matters, including: (i) such U.S. Representative's appointment and tenure in office; (ii) the compensation and reimbursement of out-of-pocket costs of such U.S. Representative; (iii) such U.S. Representative's liability, if any, to any person or entity, including the Debtors and any third parties, in connection with the Insolvency Proceedings; and (iv) the hearing and determination of any other matters relating to the U.S. Representatives arising in the Chapter 11 Cases under the Bankruptcy Code or other applicable laws of the United States. The U.S. Representatives, their counsel and any other professionals retained therefor shall not be required to seek approval of their retention in the Canadian Court. Additionally, the U.S. Representatives, their counsel and such other professionals: (i) shall be compensated for their services solely in accordance with the Bankruptcy Code and other applicable laws of the United States or orders of the U.S. Court; and (ii) shall not be required to seek approval of their compensation in the Canadian Court.
20. Any Canadian professionals retained by the Debtors, and any professionals (whether Canadian or U.S.) retained solely by the Canadian Debtor, including in each case, without limitation, counsel and financial advisors (collectively, the "Canadian Professionals") shall be subject to the sole and exclusive jurisdiction of the Canadian Court. Accordingly, the Canadian Professionals: (i) shall be subject to the procedures and standards for the retention and compensation applicable in the Canadian Court under the CCAA, the CCAA Order and any other applicable Canadian law or orders of the

Canadian Court; and (ii) shall not be required to seek approval of their retention or compensation in the U.S. Court.

21. Subject to paragraph 20, any U.S. professionals retained by the Debtors, including, without limitation, counsel and financial advisors (collectively, the "U.S. Professionals") shall be subject to the sole and exclusive jurisdiction of the U.S. Court. Accordingly, the U.S. Professionals: (i) shall be subject to the procedures and standards for retention and compensation applicable in the U.S. Court under the Bankruptcy Code and any other applicable laws of the United States or orders of the U.S. Court; and (ii) shall not be required to seek approval of their retention or compensation in the Canadian Court.

Transactions

22. Any transactions outside the ordinary course of business for the sale, lease or use of property of the Canadian Debtor shall be subject to the sole direction or approval of the Canadian Court. The Canadian Debtor may, and shall where the CCAA Order so requires, seek the direction or approval of the Canadian Court for (i) transactions outside of the ordinary course of business for the sale, lease or use of property of any Non-Filing Subsidiaries, and (ii) transactions by Non-Filing Subsidiaries relating to the restructuring of their respective businesses or financial affairs. In each such case, promptly upon the issuance of an order by the Canadian Court giving directions with respect to or approving any such transaction, a copy of such order shall be filed in the Chapter 11 Cases. Transactions outside the ordinary course of business for the sale, lease or use of property of the U.S. Debtors shall be subject to the sole direction or approval of the U.S. Court. Promptly upon the issuance of an order by the U.S. Court giving directions with respect

to or approving any such transaction, a copy of such order shall be filed in the Canadian Proceedings.

DIP Lenders

23. A Term Sheet dated as of January 18 , 2008 (the "DIP Term Sheet") has been entered into among the Canadian Debtor, the U.S. Debtors, Credit Suisse, for and on behalf of Credit Suisse, acting by its Cayman Islands Branch, as administrative agent (together with any successor appointed pursuant to the terms of the DIP Documents (as defined hereinafter), the "Administrative Agent"), Credit Suisse, acting by its Cayman Islands Branch, as collateral agent (together with any successor appointed pursuant to the terms of the DIP Documents, the "Collateral Agent"), Morgan Stanley Senior Funding, Inc., as syndication agent (together with the Administrative Agent and the Collateral Agent, the "Agents"), acting as Agents for themselves, Credit Suisse, as initial issuing bank (the "Initial Issuing Bank"), and a syndicate of financial institutions (together with the Agents and the Initial Issuing Bank, collectively the "DIP Lenders"), along with such fee letter, credit agreements, loan documents, mortgages, charges, hypothecs, security documents, guarantees, hedging documents and other documents as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lenders pursuant to the terms thereof (collectively, along with the DIP Term Sheet, the "DIP Documents"). The U.S. Court shall have the exclusive jurisdiction to hear and determine all matters relating to the DIP Documents as they affect the U.S. Debtors. The Canadian Court shall have the exclusive jurisdiction to hear and determine all matters relating to the DIP Documents as they affect the Canadian Debtor.

Notice

24. Notice of any motion, application or other Pleading or paper filed in one or both of the Insolvency Proceedings involving or relating to matters addressed by this Protocol and notice of any related hearings or other proceedings shall be given by appropriate means (including, where circumstances warrant, by courier, facsimile or other electronic forms of communication) to the following: (i) all creditors and other interested parties, in accordance with the practice of the jurisdiction where the papers are filed or the proceedings are to occur; and (ii) to the extent not otherwise entitled to receive notice under clause (i) of this paragraph 24, counsel to the Debtors, the U.S. Trustee, the Committee, the Monitor and such other parties as may be designated by either of the Courts from time to time. When any paper is filed by either the U.S. Debtors or the Canadian Debtor in the Chapter 11 Cases or the Canadian Proceedings, respectively, that has cross-border effect, the U.S. Debtors or Canadian Debtor, as applicable, shall serve such papers promptly on counsel for the other U.S. Debtors and Canadian Debtor, the U.S. Trustee, the Monitor, and such other parties as may be designated by either of the Courts from time to time. Notice in accordance with this paragraph shall be given by the party otherwise responsible for effecting notice in the jurisdiction where the underlying papers are filed or the proceedings are to occur. In addition to the foregoing, upon request, the U.S. Debtors or the Canadian Debtor shall provide the U.S. Court or the Canadian Court, as the case may be, with copies of all or any orders, decisions, opinions or similar papers issued by the other Court in the Insolvency Proceedings.

25. When any cross-border issues or matters addressed by this Protocol are to be addressed before a Court, notice shall be provided in the manner and to the parties referred to in paragraph 24 above.

Effectiveness; Modification

26. This Protocol shall become effective only upon its approval by both the U.S. Court and the Canadian Court.
27. This Protocol may not be supplemented, modified, terminated or replaced in any manner except upon the approval of both the U.S. Court and the Canadian Court after notice and a hearing. Notice of any legal proceeding to supplement, modify, terminate or replace this Protocol shall be given in accordance with paragraph 24 above.

Procedure for Resolving Disputes under the Protocol

28. Disputes relating to the terms, intent or application of this Protocol may be addressed by interested parties to either the U.S. Court, the Canadian Court or both Courts upon notice in accordance with paragraph 24 above. In rendering a determination in any such dispute, the Court to which the issue is addressed: (i) shall consult with the other Court; and (ii) may, in its sole and exclusive discretion, either: (a) render a binding decision after such consultation; (b) defer to the determination of the other Court by transferring the matter, in whole or in part, to such other Court; or (c) seek a Joint Hearing of both Courts in accordance with paragraph 10 above. Notwithstanding the foregoing, in making a determination under this paragraph, each Court shall give due consideration to the independence, comity and inherent jurisdiction of the other Court established under existing law.
29. In implementing the terms of the Protocol, the U.S. Court and the Canadian Court may, in their sole, respective discretion, provide advice or guidance to each other with respect to legal issues in accordance with the following procedures:

- (a) the U.S. Court or the Canadian Court, as applicable, may determine that such advice or guidance is appropriate under the circumstances;
- (b) the Court issuing such advice or guidance shall provide it to the other Court in writing;
- (c) copies of such written advice or guidance shall be served by the applicable Court in accordance with paragraph 24 above;
- (d) the Courts may jointly decide to invite the Debtors, the Committee, the Representatives, the U.S. Trustee, the Monitor and any other affected or interested party to make submissions to the appropriate Court in response to or in connection with any written advice or guidance received from the other Court; and
- (e) for clarity, the provisions of this paragraph 29 shall not be construed to restrict the ability of either the U.S. Court or Canadian Court to confer as provided in paragraph 10 above whenever it deems it appropriate to do so.

Preservation of Rights

30. Except as specifically provided herein, neither the terms of this Protocol nor any actions taken under this Protocol shall: (i) prejudice or affect the powers, rights, claims and defenses of the Debtors and their respective estates, the Committees, the Representatives, the U.S. Trustee, the Monitor or any of the Debtors' creditors under applicable law, including, without limitation, the Bankruptcy Code, the CCAA and the orders of the Courts; or (ii) preclude or prejudice the rights of any person to assert or pursue such person's substantive rights against any other person under the applicable laws of Canada or the United States.

SCHEDULE A

THE AMERICAN LAW INSTITUTE

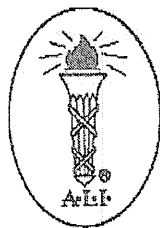
TRANSNATIONAL INSOLVENCY:
COOPERATION AMONG
THE NAFTA COUNTRIES

PRINCIPLES OF
COOPERATION AMONG
THE
NAFTA COUNTRIES

Guidelines Applicable to Court-to-Court Communications in
Cross-Border Cases

As Adopted and Promulgated
BY
THE AMERICAN LAW INSTITUTE
AT WASHINGTON, D.C.

May 16, 2000



The Executive Office
The American Law Institute
4025 Chestnut Street
Philadelphia, Pennsylvania 19104-3099
Telephone: (215) 243-1600 • Telecopier: (215) 243-1636
E-mail: ali@ali.org • Website: <http://www.ali.org>

Guidelines
Applicable to Court-to-Court Communications
in Cross-Border Cases

Introduction:

One of the most essential elements of cooperation in cross-border cases is communication among the administering authorities of the countries involved. Because of the importance of the courts in insolvency and reorganization proceedings, it is even more essential that the supervising courts be able to coordinate their activities to assure the maximum available benefit for the stakeholders of financially troubled enterprises.

These Guidelines are intended to enhance coordination and harmonization of insolvency proceedings that involve more than one country through communications among the jurisdictions involved. Communications by judges directly with judges or administrators in a foreign country, however, raise issues of credibility and proper procedures. The context alone is likely to create concern in litigants unless the process is transparent and clearly fair. Thus, communication among courts in cross-border cases is both more important and more sensitive than in domestic cases. These Guidelines encourage such communications while channeling them through transparent procedures. The Guidelines are meant to permit rapid cooperation in a developing insolvency case while ensuring due process to all concerned.

The Guidelines at this time contemplate application only between Canada and the United States because of the very different rules governing communications with and among courts in Mexico. Nonetheless, a Mexican Court might choose to adopt some or all of these Guidelines for communications by a *sindico* with foreign administrators or courts.

A Court intending to employ the Guidelines — in whole or part, with or without modifications — should adopt them formally before applying them. A Court may wish to make its adoption of the Guidelines contingent upon, or temporary until, their adoption by other courts concerned in the matter. The adopting Court may want to make adoption or continuance conditional upon adoption of the Guidelines by the other Court in a substantially similar form, to ensure that judges, counsel, and parties are not subject to different standards of conduct.

The Guidelines should be adopted following such notice to the parties and counsel as would be given under local procedures with regard to any important procedural decision under similar circumstances. If communication with other courts is urgently needed, the local procedures, including notice requirements, that are used in urgent or emergency situations should be employed, including, if appropriate, an initial period of effectiveness, followed by further consideration of the Guidelines at a later time. Questions about the parties entitled to such notice (for example, all parties or representative parties or representative counsel) and the nature of the court's

consideration of any objections (for example, with or without a hearing) are governed by the Rules of Procedure in each jurisdiction and are not addressed in the Guidelines.

The Guidelines are not meant to be static, but are meant to be adapted and modified to fit the circumstances of individual cases and to change and evolve as the international insolvency community gains experience from working with them. They are to apply only in a manner that is consistent with local procedures and local ethical requirements. They do not address the details of notice and procedure that depend upon the law and practice in each jurisdiction. However, the Guidelines represent approaches that are likely to be highly useful in achieving efficient and just resolutions of cross-border insolvency issues. Their use, with such modifications and under such circumstances as may be appropriate in a particular case, is therefore recommended.

Guideline 1

Except in circumstances of urgency, prior to a communication with another Court, the Court should be satisfied that such a communication is consistent with all applicable Rules of Procedure in its country. Where a Court intends to apply these Guidelines (in whole or in part and with or without modifications), the Guidelines to be employed should, wherever possible, be formally adopted before they are applied. Coordination of Guidelines between courts is desirable and officials of both courts may communicate in accordance with Guideline 8(d) with regard to the application and implementation of the Guidelines.

Guideline 2

A Court may communicate with another Court in connection with matters relating to proceedings before it for the purposes of coordinating and harmonizing proceedings before it with those in the other jurisdiction.

Guideline 3

A Court may communicate with an Insolvency Administrator in another jurisdiction or an authorized Representative of the Court in that jurisdiction in connection with the coordination and harmonization of the proceedings before it with the proceedings in the other jurisdiction.

Guideline 4

A Court may permit a duly authorized Insolvency Administrator to communicate with a foreign Court directly, subject to the approval of the foreign Court, or through an Insolvency Administrator in the other jurisdiction or through an authorized Representative of the foreign Court on such terms as the Court considers appropriate.

Guideline 5

A Court may receive communications from a foreign Court or from an authorized Representative of the foreign Court or from a foreign Insolvency Administrator and

should respond directly if the communication is from a foreign Court (subject to Guideline 7 in the case of two-way communications) and may respond directly or through an authorized Representative of the Court or through a duly authorized Insolvency Administrator if the communication is from a foreign Insolvency Administrator, subject to local rules concerning ex parte communications.

Guideline 6

Communications from a Court to another Court may take place by or through the Court:

- (a) Sending or transmitting copies of formal orders, judgments, opinions, reasons for decision, endorsements, transcripts of proceedings, or other documents directly to the other Court and providing advance notice to counsel for affected parties in such manner as the Court considers appropriate;
- (b) Directing counsel or a foreign or domestic Insolvency Administrator to transmit or deliver copies of documents, pleadings, affidavits, factums, briefs, or other documents that are filed or to be filed with the Court to the other Court in such fashion as may be appropriate and providing advance notice to counsel for affected parties in such manner as the Court considers appropriate;
- (c) Participating in two-way communications with the other Court by telephone or video conference call or other electronic means, in which case Guideline 7 should apply.

Guideline 7

In the event of communications between the Courts in accordance with Guidelines 2 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by either of the two Courts:

- (a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;
- (b) The communication between the Courts should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of both Courts, should be treated as an official transcript of the communication;
- (c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of either Court, and of any official transcript prepared from a recording should be filed as part of the record in the proceedings and made available to counsel for all parties

in both Courts subject to such Directions as to confidentiality as the Courts may consider appropriate; and

- (d) The time and place for communications between the Courts should be to the satisfaction of both Courts. Personnel other than Judges in each Court may communicate fully with each other to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by either of the Courts.

Guideline 8

In the event of communications between the Court and an authorized Representative of the foreign Court or a foreign Insolvency Administrator in accordance with Guidelines 3 and 5 by means of telephone or video conference call or other electronic means, unless otherwise directed by the Court:

- (a) Counsel for all affected parties should be entitled to participate in person during the communication and advance notice of the communication should be given to all parties in accordance with the Rules of Procedure applicable in each Court;
- (b) The communication should be recorded and may be transcribed. A written transcript may be prepared from a recording of the communication which, with the approval of the Court, can be treated as an official transcript of the communication;
- (c) Copies of any recording of the communication, of any transcript of the communication prepared pursuant to any Direction of the Court, and of any official transcript prepared from a recording should be filed as part of the record in the proceedings and made available to the other Court and to counsel for all parties in both Courts subject to such Directions as to confidentiality as the Court may consider appropriate; and
- (d) The time and place for the communication should be to the satisfaction of the Court. Personnel of the Court other than Judges may communicate fully with the authorized Representative of the foreign Court or the foreign Insolvency Administrator to establish appropriate arrangements for the communication without the necessity for participation by counsel unless otherwise ordered by the Court.

Guideline 9

A Court may conduct a joint hearing with another Court. In connection with any such joint hearing, the following should apply, unless otherwise ordered or unless otherwise provided in any previously approved Protocol applicable to such joint hearing:

- (a) Each Court should be able to simultaneously hear the proceedings in the other Court.

- (b) Evidentiary or written materials filed or to be filed in one Court should, in accordance with the Directions of that Court, be transmitted to the other Court or made available electronically in a publicly accessible system in advance of the hearing. Transmittal of such material to the other Court or its public availability in an electronic system should not subject the party filing the material in one Court to the jurisdiction of the other Court.
- (c) Submissions or applications by the representative of any party should be made only to the Court in which the representative making the submissions is appearing unless the representative is specifically given permission by the other Court to make submissions to it.
- (d) Subject to Guideline 7(b), the Court should be entitled to communicate with the other Court in advance of a joint hearing, with or without counsel being present, to establish Guidelines for the orderly making of submissions and rendering of decisions by the Courts, and to coordinate and resolve any procedural, administrative, or preliminary matters relating to the joint hearing.
- (e) Subject to Guideline 7(b), the Court, subsequent to the joint hearing, should be entitled to communicate with the other Court, with or without counsel present, for the purpose of determining whether coordinated orders could be made by both Courts and to coordinate and resolve any procedural or nonsubstantive matters relating to the joint hearing.

Guideline 10

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, recognize and accept as authentic the provisions of statutes, statutory or administrative regulations, and rules of court of general application applicable to the proceedings in the other jurisdiction without the need for further proof or exemplification thereof.

Guideline 11

The Court should, except upon proper objection on valid grounds and then only to the extent of such objection, accept that Orders made in the proceedings in the other jurisdiction were duly and properly made or entered on or about their respective dates and accept that such Orders require no further proof or exemplification for purposes of the proceedings before it, subject to all such proper reservations as in the opinion of the Court are appropriate regarding proceedings by way of appeal or review that are actually pending in respect of any such Orders.

Guideline 12

The Court may coordinate proceedings before it with proceedings in another jurisdiction by establishing a Service List that may include parties that are entitled to receive notice of proceedings before the Court in the other jurisdiction ("Non-Resident

Parties"). All notices, applications, motions, and other materials served for purposes of the proceedings before the Court may be ordered to also be provided to or served on the Non-Resident Parties by making such materials available electronically in a publicly accessible system or by facsimile transmission, certified or registered mail or delivery by courier, or in such other manner as may be directed by the Court in accordance with the procedures applicable in the Court.

Guideline 13

The Court may issue an Order or issue Directions permitting the foreign Insolvency Administrator or a representative of creditors in the proceedings in the other jurisdiction or an authorized Representative of the Court in the other jurisdiction to appear and be heard by the Court without thereby becoming subject to the jurisdiction of the Court.

Guideline 14

The Court may direct that any stay of proceedings affecting the parties before it shall, subject to further order of the Court, not apply to applications or motions brought by such parties before the other Court or that relief be granted to permit such parties to bring such applications or motions before the other Court on such terms and conditions as it considers appropriate. Court-to-Court communications in accordance with Guidelines 6 and 7 hereof may take place if an application or motion brought before the Court affects or might affect issues or proceedings in the Court in the other jurisdiction.

Guideline 15

A Court may communicate with a Court in another jurisdiction or with an authorized Representative of such Court in the manner prescribed by these Guidelines for purposes of coordinating and harmonizing proceedings before it with proceedings in the other jurisdiction regardless of the form of the proceedings before it or before the other Court wherever there is commonality among the issues and/or the parties in the proceedings. The Court should, absent compelling reasons to the contrary, so communicate with the Court in the other jurisdiction where the interests of justice so require.

Guideline 16

Directions issued by the Court under these Guidelines are subject to such amendments, modifications, and extensions as may be considered appropriate by the Court for the purposes described above and to reflect the changes and developments from time to time in the proceedings before it and before the other Court. Any Directions may be supplemented, modified, and restated from time to time and such modifications, amendments, and restatements should become effective upon being accepted by both Courts. If either Court intends to supplement, change, or abrogate Directions issued under these Guidelines in the absence of joint approval by both Courts, the Court should give the other Courts involved reasonable notice of its intention to do so.

Guideline 17

Arrangements contemplated under these Guidelines do not constitute a compromise or waiver by the Court of any powers, responsibilities, or authority and do not constitute a substantive determination of any matter in controversy before the Court or before the other Court nor a waiver by any of the parties of any of their substantive rights and claims or a diminution of the effect of any of the Orders made by the Court or the other Court.

