

For Immediate Release

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Canadian securities regulators propose changes to the offering memorandum prospectus exemption

Calgary and Vancouver - The Canadian Securities Administrators (CSA) today published for comment proposed changes to the offering memorandum prospectus exemption. The changes are reflected in proposed amendments to National Instrument 45-106 *Prospectus Exemptions* (NI 45-106), as well as proposed changes to Companion Policy 45-106CP *Prospectus Exemptions*.

“The CSA recognizes that the offering memorandum prospectus exemption has evolved since it was introduced, with larger issuers from various sectors using it to raise capital,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “The proposed amendments aim to provide more certainty to issuers as to what they must disclose to provide better information to investors.”

The proposed amendments set out new disclosure requirements for issuers that are engaged in “real estate activities” or issuers that are “collective investment vehicles”. These include a new requirement for issuers with real estate activities to provide an independent appraisal of the real property, if it discloses a value for the real property other than in its financial statements, will use a material amount of the proceeds to acquire an interest in real property, or acquire an interest in real property from a related party. It is proposed that issuers that are collective investment vehicles will need to provide better disclosure to investors about the issuer’s investment decision-making process and the composition and performance of the issuer’s portfolio.

Many issuers using the offering memorandum prospectus exemption are issuers that would meet these proposed definitions, and some already provide disclosure that would meet the proposed requirements. The new requirements are intended to set out a clearer framework for these issuers, giving them greater certainty as to what they must disclose, while giving investors more complete and relevant information.

In addition, the proposed amendments include a number of general amendments, which are meant to clarify or streamline parts of NI 45-106 or improve disclosure for investors.

The CSA Notice and Request for Comment setting out the proposed amendments can be found on the websites of CSA members. Comments should be submitted in writing by December 16, 2020.

The CSA, the council of securities regulators of Canada’s provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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