

**For Immediate Release
August 12, 2021**

**Canadian securities regulators seek comments on proposal to harmonize the interpretation of the
Primary Business Requirements**

Montreal and Toronto – The Canadian Securities Administrators (CSA) is proposing clarifications to harmonize the interpretation of the financial statement requirements for a long form prospectus. Specifically, the clarifications apply in situations where an issuer has acquired a business, or proposes to acquire a business, that a reasonable investor would regard as being the primary business of the issuer.

“We heard from stakeholders that certain inconsistent interpretations of the primary business requirements can add time, cost and uncertainty for issuers,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers. “The proposed harmonized interpretation is intended to reduce the regulatory burden of issuers by giving them additional clarity on the historical financial information required in an initial public offering, without compromising investor protection.”

The proposal provides additional guidance on the interpretation of primary business and predecessor entity including in what situations, and for which time periods, financial statements would be required. It provides guidance on the circumstances when additional information may be necessary for the prospectus to meet the requirement to contain full, true and plain disclosure of all material facts relating to the securities being distributed. The proposal also clarifies when an issuer can use the optional tests to calculate the significance of an acquisition, and when an acquisition of mining assets would not be considered an acquisition of a business for securities legislation purposes.

Stakeholders are invited to provide comments in writing on or before October 11, 2021.

[CSA Notice and Request for Comment of the Proposed Changes to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*](#) can be found on CSA [members websites](#).

Subject to the comment process and required approvals, the final amendments are expected to become effective on July 15, 2022.

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

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For Investor inquiries, please refer to your respective securities regulator. You can contact them [here](#).

For inquiries from market participants (issuers and registrants, or their representatives), please refer to the list of subject matter experts at the end of the [Notice](#).