

For Immediate Release

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Canadian securities regulators reduce regulatory burden related to the interpretation of the primary business requirements

Montréal and Toronto – The Canadian Securities Administrators (CSA) today [published changes](#) to harmonize the interpretation of the financial statement requirements for a long form prospectus, such as in an issuer’s initial public offering (IPO). Specifically, the changes 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. The changes were informed by stakeholder feedback that certain inconsistent interpretations of the primary business requirements add time, cost and uncertainty for issuers.

“This new guidance will facilitate a harmonized approach for issuers across Canada. It will reduce the regulatory burden of issuers by giving them additional clarity on the historical financial information required in an IPO, without compromising investor protection,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers.

The changes provide additional guidance on the interpretation of primary business including in what situations, and for which time periods, financial statements would be required. They provide 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 changes also clarify when an issuer can use the optional tests to calculate the significance of an acquisition, and when an acquisition of a mining asset would not be considered an acquisition of a business for securities legislation purposes.

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

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For investor inquiries, please contact your [local securities regulator](#).