

For Immediate Release
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Canadian Securities Regulators adopt changes to the accredited investor, minimum amount investment and short-term debt prospectus exemptions

Vancouver - The Canadian Securities Administrators (CSA) today announced the adoption of two sets of amendments to [National Instrument 45-106 *Prospectus and Registration Exemptions* \(NI 45-106\)](#).

The first set of amendments relates to the accredited investor prospectus exemption (AI exemption) and the minimum amount investment prospectus exemption (MA exemption). These amendments are intended to address investor protection concerns. Among other things, the amendments:

1. introduce a new risk acknowledgement form for individual accredited investors that describes, in plain language, the categories of individual accredited investor and identifies the key risks associated with purchasing securities in the exempt market;
2. provide expanded guidance on the steps a seller should take to verify the status of purchasers acquiring securities under prospectus exemptions, including the AI exemption; and
3. restrict the MA exemption to distributions to non-individual investors.

In Ontario, the definition of accredited investor is also being amended to allow fully managed accounts to purchase investment fund securities using the managed account category of the AI exemption, as is permitted in other Canadian jurisdictions. This change will harmonize this category of the AI exemption in Canada.

The second set of amendments relates to the short-term debt prospectus exemption (short-term debt exemption) in NI 45-106. These amendments are intended to address investor protection and systemic risk concerns. Among other things, the amendments:

1. modify the credit ratings required to distribute short-term debt, primarily corporate commercial paper (CP), under the short-term debt exemption; and
2. make the short-term debt prospectus exemption unavailable for short-term securitized products, which are primarily asset-backed commercial paper (ABCP), and create a new prospectus exemption for the distribution of short-term securitized products (the short-term securitized products exemption).

“The changes to the AI and MA exemptions strengthen investor protection while continuing to provide a cost-effective means for issuers to raise capital,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “The changes to the short-term debt exemption enhance market efficiency and fairness in the commercial paper market, while the new short-term securitized products exemption will support improved practices in the ABCP market and its continued stability.”

The amendments to the AI and MA exemptions are the result of a comprehensive review by the CSA that involved stakeholder consultation across Canada, a review of enforcement cases, and a thorough examination of data from exempt distribution reports filed over a 12-month period. The short-term debt exemption amendments and the new short-term securitized products exemption are the result of the CSA’s review and analysis of investor protection and systemic risk concerns in the Canadian short-term credit market.

Provided all necessary ministerial approvals are obtained, the amendments will come into force on **May 5, 2015**. In Ontario, the amendments to the AI and MA exemptions will come into force on the later of May 5, 2015 and the date on which subsection 12(2) of Schedule 26 of the *Budget Measures Act, 2009* is proclaimed in force.

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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