

**For Immediate Release
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Canadian Securities Regulators finalize significant changes to the rights offering regime

Vancouver – The Canadian Securities Administrators (CSA) today announced the final implementation of a streamlined prospectus exemption for rights offerings by reporting issuers. The amendments to the rights offering regime are intended to address concerns expressed to the CSA by certain market participants that issuers seldom use the prospectus-exempt rights offering to raise capital because of the associated time and cost.

“Rights offerings can be a very effective way for issuers to raise capital while providing existing security holders with an opportunity to protect themselves from dilution,” said Louis Morisset, CSA Chair and President and CEO the Autorité des marchés financiers. “This streamlined exemption is designed to make prospectus-exempt rights offerings more attractive to reporting issuers while maintaining investor protection.”

The amendments create a prospectus exemption that is available only to reporting issuers, but not investment funds subject to National Instrument 81-102 *Investment Funds*. The exemption removes the current requirement for a regulatory review prior to using the rights offering circular while replacing it with alternative investor protections including the addition of statutory secondary market civil liability. This change means that investors under the rights offering will have a right of action if there is a misrepresentation in the rights offering circular or other part of the issuer’s continuous disclosure record.

Other key elements of the exemption include:

- a new notice that reporting issuers must file on SEDAR and send to security holders informing them about how to access the rights offering circular electronically;
- a new rights offering circular in a question and answer format that is intended to be easier for issuers to prepare and more straightforward for investors to understand – it must be filed but not sent to security holders; and
- a dilution limit of 100%, instead of the current 25%.

The amendments also remove the ability of non-reporting issuers to use the rights offering exemption, and update other elements of the rights offering regime.

Provided all necessary Ministerial approvals are obtained, the amendments will come into force on December 8, 2015. A copy of the amendments can be found on CSA members’ websites.

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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