

**PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 PROSPECTUS AND
REGISTRATION EXEMPTIONS**

1. *National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.*

2. *Section 1.1 is amended by*

(a) *replacing the definition of “AIF” with the following:*

"AIF" has the same meaning as in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*,

(b) *inserting the following definitions after the definition of “AIF”;*

"alternate AIF" means either:

(a) a prospectus filed in a jurisdiction, other than a prospectus filed under a CPC instrument, if the issuer has not filed or been required to file an AIF or annual financial statements under National Instrument 51-102 *Continuous Disclosure Obligations* or an annual report under National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*, as applicable;

(b) a QT circular if the issuer has not filed or been required to file annual financial statements under National Instrument 51-102 *Continuous Disclosure Obligations* or an annual report under National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*, as applicable, subsequent to filing a QT circular;

"annual report" has the same meaning as in section 1 of National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

“applicable time” has the same meaning as in section 3 of National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

(c) *inserting the following definition after the definition of “marketplace”:*

“material change report” means for an issuer that at the applicable time,

(a) was a reporting issuer but not a venture issuer, a completed Form 51-102F3 *Material Change Report*,

(b) was a venture issuer, a completed Form 51-103F2 *Report of Material Change, Material Related Entity Transaction or Major Acquisition*;

(d) replacing the definition of MD&A with the following:

“MD&A” means, for an issuer that at the applicable time,

- (a) was a reporting issuer but not a venture issuer, has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*,
- (b) was a venture issuer, means the management’s discussion and analysis in a completed Form 51-103F1 *Annual and Mid-Year Reports* for an annual report or mid-year report, as applicable;

(e) inserting the following definitions after the definition of "MD&A":

"mid-year period" has the same meaning as in National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

"mid-year report" has the same meaning as in National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

(f) replacing subsection (c) in the definition of "qualifying issuer" with the following:

- (c) if not required to file an AIF, annual report or alternate AIF, has filed in the jurisdiction,
 - (i) one of the following,
 - (A) an AIF for its most recently completed financial year for which annual statements are required to be filed,
 - (B) an annual report for its most recently completed financial year, or
 - (C) an alternate AIF, and
 - (ii) copies of all material incorporated by reference in the AIF not previously filed;

(g) adding the following definition after the definition of “TFSA”:

“venture issuer” has the same meaning as in National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

3. Section 2.11(b)(i) is amended by inserting ", National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*" after "Obligations".

4. **Section 3.11(b)(i) is amended by inserting** ", National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*" **after** "Obligations".

5. **Part 5 is amended**

(a) **in subsection 5.2(a) and in subparagraphs 5.2(e)(iA), 5.2(e)(iC), 5.2(e)(iD) and 5.2(e)(iE) by inserting** ", annual report or alternate AIF" **after** "AIF",

(b) **in subparagraph 5.2(e)(iB) by adding** ", if any" **after** "those financial statements",

(c) **in subparagraph 5.2(e)(iC) by adding** ", if any" **after** "document",

(d) **by adding the following subparagraph after subparagraph 5.2(e)(iE):**

F) a mid-year report, if any.,

(e) **by adding the following section:**

5.4 Cover page - A venture issuer must include in bold face type on the cover page of the offering document the following statement:

“[Insert name of venture issuer] is a venture issuer subject to the governance and disclosure regime applicable to venture issuers under National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*. Consequently, it is not required to provide certain disclosure applicable to issuers that are not venture issuers, such as three and nine month interim financial reports and associated management’s discussion and analysis. Further, although management is responsible for ensuring processes are in place to provide them with the information they need to comply with disclosure obligations on a timely basis, [insert name of venture issuer] is not required to establish and maintain disclosure controls and procedures and internal control over financial reporting. [Insert name of venture issuer] will also be subject to certain other obligations not applicable to issuers that are not venture issuers.

The disclosure provided by [insert name of venture issuer] will not necessarily be comparable in some ways to that provided by issuers that are not venture issuers..

6. **Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended**

(a) **in Instruction A.12 by adding** "or NI 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*, as applicable" **after** "as defined in NI 51-102 *Continuous Disclosure Obligations* (NI 51-102)",

(b) by replacing Instruction B.1 with the following:

1. All financial statements incorporated by reference into the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and either, for an issuer that at the applicable time was:
 - (a) a reporting issuer but not a venture issuer, NI 51-102,
 - (b) a venture issuer, National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers.*,

(c) by replacing Instruction B.2 with the following:

2. Forward-looking information included in an offering memorandum must
 - (a) in the case of an issuer that was not a venture issuer at the applicable time,
 - (i) comply with section 4A.2 of NI 51-102,
 - (ii) include the disclosure described in section 4A.3 of NI 51-102, and
 - (iii) in the case of FOFI or a financial outlook, as those terms are defined in NI 51-102, comply with Part 4B of NI 51-102,
 - (b) in the case of an issuer that was a venture issuer at the applicable time, comply with section 37 of National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers.*,

(d) by amending Instruction C.1 by inserting ", annual report or alternate AIF" after "AIF",

(e) in Instruction D.1 by

(i) replacing paragraph (a) with the following:

- (a) one of the following, as applicable:
 - (i) the issuer's AIF for the issuer's most recently completed financial year for which annual financial statements are either required to be filed or have been filed,
 - (ii) the issuer's annual report for the most recently completed financial year which is required to be filed or has been filed,
 - (iii) the issuer's alternate AIF.,

- (ii) **amending paragraph (b) by**
 - (A) **inserting** "and related financial statements" **after the first occurrence of** "material change reports", **and**
 - (B) **inserting** ", annual report or alternate AIF" **after** "AIF",
- (iii) **amending paragraph (c) by adding** "or mid-year report for the issuer's most recently completed mid-year period, as applicable, for the issuer's most recently completed interim period" **after the first occurrence of** "interim financial report" **and by adding** "or mid-year report" **after the second occurrence of** "interim financial report",
- (iv) **amending paragraph (d) by adding** "in the case of an issuer that was not a venture issuer at the applicable time," **before** "the comparative financial statements",
- (v) **amending paragraph (e) by adding** "in the case of an issuer that was not a venture issuer at the applicable time," **before** "if, before the offering memorandum is filed",
- (vi) **by inserting the following after paragraph (e):**
 - (e.1) in the case of a venture issuer, if, before the offering memorandum is filed, financial information about the issuer is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication, if the financial information is for a financial period more recent than either
 - (i) the period required to be covered by the financial statements required to be included in the AIF, annual report or alternate AIF in (a),
 - (ii) the mid-year report required under (c),,
- (vii) **amending paragraph (f) by adding** "in the case of an issuer that was not a venture issuer at the applicable time," **before** "management's discussion and analysis (MD&A)",
- (viii) **replacing paragraph (g) with the following**
 - (g) each business acquisition report filed by the issuer under Part 8 of NI 51-102 for acquisitions completed since the beginning of the financial year in respect of which the issuer's current AIF, annual report or alternate AIF is filed, unless the issuer either

- (i) incorporated the business acquisition report by reference into its current AIF, annual report or alternate AIF,
 - (ii) incorporated at least 9 months of the acquired business or related businesses operations into the issuer's current annual financial statements,"
 - (ix) **amending paragraph (h) by inserting "**, annual report or alternate AIF" **after "AIF",**
 - (x) **replacing paragraph (i) with the following:**
 - (i) if the issuer has oil and gas activities, as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, the most recent Form 51-101F1, Form 51-101F2 and Form 51-101F3, filed by an SEC issuer, unless one of the following applies:
 - (i) the issuer's AIF is in the form of Form 51-102F2,
 - (ii) the issuer included in its annual report disclosure in accordance with subsection 16(4) of Form 51-103F1;
 - (iii) the issuer is otherwise exempted from the requirements of NI 51-101,,
 - (xi) **amending paragraphs (j) and (k) by inserting "**, annual report or alternate AIF" **after "AIF",**
- (f) **by inserting the following section after section 1:**
- 1.1 *Additional Documents Incorporated by Reference* – An issuer may incorporate any additional document provided that the document is available for viewing on the SEDAR website and that, on request by a purchaser, the issuer provides a copy of the document to the purchaser, without charge,
- (g) **by replacing Instruction D.2 with the following:**
2. *Mineral Property* – If a material part of the funds available as a result of the distribution is to be expended on a particular mineral property and if the issuer's most recent AIF, annual report or alternate AIF does not contain the disclosure required under section 5.4 of Form 51-102F2 or subsection 16(2) of Form 51-103F1 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 of Form 51-102F2 or under section subsection 16(2) of Form 51-103F1,

(h) in Instruction D by adding the following sections:

3. A venture issuer must include in bold face type on the cover page of the offering memorandum the following statement:

“[Insert name of venture issuer] is a venture issuer subject to the governance and disclosure regime applicable to venture issuers under National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*. Consequently, it is not required to provide certain disclosure applicable to issuers that are not venture issuers, such as three and nine month interim financial reports and associated management’s discussion and analysis. Further, although management is responsible for ensuring processes are in place to provide them with the information they need to comply with disclosure obligations on a timely basis, [insert name of venture issuer] is not required to establish and maintain disclosure controls and procedures and internal control over financial reporting. [Insert name of venture issuer] will also be subject to certain other obligations not applicable to issuers that are not venture issuers.

The disclosure provided by [insert name of venture issuer] will not necessarily be comparable in some ways to that provided by issuers that are not venture issuers.

4. If a venture issuer has decided to file interim financial reports for optional interim periods, also include the following statement in bold type on the cover page of the offering memorandum:

“[Insert name of venture issuer] intends to file 3 and 9 month interim financial reports”.

5. If a venture issuer incorporates any other documents by reference into the offering memorandum, the document must be available for viewing on the venture issuer's profile on the SEDAR website and, on request of a purchaser, the issuer must provide a copy of that document without charge..

7. This instrument comes into force on ●.