

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 National Instrument 51-102 *Continuous Disclosure Obligations*;

(b) *adding the following definitions;*

"alternate AIF" means

(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, or

(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 National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

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

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

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

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

(b) a venture issuer, a report completed as required by section 19 of National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*;

(c) **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;
 - (C) an alternate AIF, and
 - (ii) a copy of all material incorporated by reference in the AIF and not previously filed,;

(d) **in the definition of "TFSA", replacing "." with "; and" after "(Canada)";**

(e) **adding the following definition:**

"venture issuer" has the same meaning as in National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers*.,

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

4. **Part 5 is amended**

- (a) **in paragraph 5.2(a) and in clauses 5.2(e)(i)A), 5.2(e)(i)C), 5.2(e)(i)D) and 5.2(e)(i)E), by inserting "**, annual report or alternate AIF" **after "AIF",**
- (b) **in clause 5.2(e)(i)B), by adding "**, if any" **after "those financial statements",**
- (c) **in clause 5.2(e)(i)C) by adding "**, if any" **after "document",**
- (d) **by adding the following clause after subparagraph 5.2(e)(i)E):**
 - F) all interim reports filed after the date of the annual report but before or on the date of the TSX Venture Exchange offering document.,

(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*. 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.”.

5. ***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* (NI 51-103), 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

(a) NI 51-102 for a reporting issuer that is not a venture issuer, or

(b) NI 51-103 for a venture issuer,

(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,

(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, and
 - (b) in the case of an issuer that was a venture issuer, comply with section 39 of NI 51-103.
- 2.1 Additional guidance on forward-looking information may be found in the Companion Policy to NI 51-102.,
- (d) *in Instruction C.1 by*
 - (i) *adding "or alternate AIF" after "AIF",*
 - (ii) *adding "or, for a venture issuer, annual report," after "audited financial statements", and*
 - (iii) *adding "or, for a venture issuer, any annual report or interim reports," after "any financial statements".*
 - (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 for which an annual report is required to be filed or has been filed;
 - (iii) the issuer's alternate AIF for the most recently completed financial year for which annual financial statements are either required to be filed or have been filed.,
 - (ii) *in paragraph (b) by inserting ", annual report or alternate AIF" after "AIF",*
 - (iii) *in paragraph (c) by inserting "or interim report," after each occurrence of "interim financial report" and by replacing "have been filed" with "has been filed",*
 - (iv) *in paragraph (d) by inserting "in the case of an issuer that was not a venture issuer," before "the comparative financial statements",*

- (v) ***in paragraph (e) by inserting "in the case of an issuer that was not a venture issuer," before "if, before the offering memorandum is filed,"***
- (vi) ***by inserting the following paragraph:***
 - (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
 - (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), or
 - (ii) the interim report required under (c),,
- (vii) ***in paragraph (f) by inserting "in the case of an issuer that was not a venture issuer," before "management's discussion and analysis (MD&A)"***,
- (viii) ***by replacing paragraph (g) with the following:***
 - (g) in the case of an issuer that was not a venture issuer, each business acquisition report required to be 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 or alternate AIF is filed, unless the issuer incorporated the business acquisition report by reference into its current AIF or alternate AIF or incorporated at least 9 months of the acquired business or related businesses operations into the issuer's current annual financial statements,,
- (ix) ***by inserting the following paragraph***
 - (g.1) in the case of an issuer that was a venture issuer, each report required to be filed by the issuer under sections Parts 5 and 6 of NI 51-103 for major acquisitions completed since the beginning of the financial year in respect of which the issuer's annual report is filed, unless the issuer incorporated at least 9 months of the acquired business, or related businesses operations into the issuer's current annual financial statements included in its annual report,,
- (x) ***in paragraph (h) by inserting ", annual report or alternate AIF" after "AIF",***

(xi) 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's annual report is in the form of Form 51-103F1;
 - (iii) the issuer is otherwise exempted from the requirements of NI 51-101,

(xii) in 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 if 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 significant 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 17(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 17(2) of Form 51-103F1, as applicable.
- 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*. 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. This instrument comes into force on ●.