

1.1.6 CSA Staff Notice 12-307 - Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications

CSA STAFF NOTICE 12-307

**CEASING TO BE A REPORTING ISSUER UNDER
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

First published September 12, 2003, revised February 4, 2005.

Background

Effective on September 12, 2003, the local securities regulatory authority or regulator in Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") adopted a revised procedure, accessible under National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications ("NP 12-201") and available in certain circumstances, for requests for exemptive relief under the securities legislation (the "Legislation") of the Jurisdictions in which the applicant is seeking a decision that it cease to be a reporting issuer.

A reporting issuer:

- that is not a reporting issuer in British Columbia (including issuers that have voluntarily surrendered their reporting issuer status under British Columbia Instrument 11-502 Voluntary Surrender of Reporting Issuer Status¹);
- that is seeking a decision, from the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions in which it is a reporting issuer, that it cease to be a reporting issuer;
- whose outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- whose securities are not traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation; and
- that is not in default of any of its obligations under the Legislation as a reporting issuer;

may request the relief by submitting, to each of the Jurisdictions in which the applicant is seeking the relief, the fees applicable under the Legislation and a letter in duplicate prepared by or on behalf of the applicant that:

- states that the applicant is seeking a decision of the Decision Makers that it cease to be a reporting issuer;
- references this Staff Notice; and
- includes representations that the applicant meets each of the criteria set out in this Staff Notice.

An example application letter and form of decision granting the relief is attached as Schedule 1. Notwithstanding the format of the application described, staff may request that the reporting issuer provide additional information in support of the application.

Issuers are reminded to review securities legislation to determine whether relief is required in a jurisdiction. In Manitoba, section 131(3) of *The Securities Act* (Manitoba) describes circumstances where an issuer automatically ceases to be reporting. If an issuer can rely on this section, a letter should be sent to the Commission confirming this reliance and the issuer will no longer be reporting. If the issuer cannot rely on this provision, Manitoba will continue to process the application under this policy. Likewise, in British Columbia an issuer may be able to rely on British Columbia Instrument 11-502 Voluntary Surrender of Reporting Issuer Status.

¹ A reporting issuer in British Columbia with not more than 50 security holders (both debt and equity), whose securities are not traded through any exchange or market, may surrender its status as a reporting issuer simply by filing with the British Columbia Securities Commission the notice described in British Columbia Instrument 11-502 Voluntary Surrender of Reporting Issuer Status.

Objective

The revised procedure will simplify the process, in certain routine circumstances, for a reporting issuer submitting an application under NP 12-201 that it cease to be a reporting issuer. If an applicant requesting relief to cease to be a reporting issuer does not meet the requirements of this Staff Notice, the applicant may submit an application under the standard procedure set out in NP 12-201.

Schedule 1

Example of an Application Letter

*

Dear *

*

Re: * (the “Applicant”) - Application to Cease to be a Reporting Issuer under the securities legislation of – [list the jurisdictions and define as “Jurisdictions”]

We are applying to the **[identify principal regulator]** as principal regulator on behalf of the Applicant for an order under the securities legislation (the “Legislation”) of the Jurisdictions that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Pursuant to CSA Staff Notice 12-307, the Applicant represents that:

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Dated this ___ day of _____, in the City of _____ in the Province of _____.

Applicant name *

Signature of the person who has signing authority

Example of an Order/ Letter Granting the Relief

*

Dear *

*

Re: * (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of – [list the jurisdictions and define as "Jurisdictions"]

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

*

Signature of the person who has signing authority