

1.1.2 CSA Staff Notice 45-320 – Exemptions for Certain Foreign Issuers from the Requirement to Identify Purchasers as Registrants or Insiders in Reports of Exempt Distribution



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

CSA Staff Notice 45-320
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July 7, 2016

Introduction

On April 7, 2016, the Canadian Securities Administrators (the **CSA** or **we**) published amendments to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), which came into force in all CSA jurisdictions on June 30, 2016.¹ The amendments to NI 45-106 introduced a new harmonized report of exempt distribution, Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**).

This Notice addresses the granting of an exemption for certain foreign issuers from the requirement in Schedule 1 of Form 45-106F1 to identify whether a purchaser is a registrant or an insider of the issuer.

Substance and Purpose

In Schedule 1 of Form 45-106F1, issuers and underwriters are required to identify whether a purchaser is a registrant or an insider of the issuer. This requirement is found in clauses (f)1 and (f)2² of Schedule 1, respectively. In general, this information is necessary for securities regulators to identify connections between purchasers and issuers, which facilitates our oversight of the exempt market and supports our compliance programs.

Since publication of Form 45-106F1 on April 7, 2016, the CSA has been advised of concerns expressed by foreign issuers and dealers conducting offerings into Canada about the requirement to determine whether a purchaser is a registrant or an insider of the issuer, as those terms are defined under Canadian securities law.

In light of these concerns, relief is being provided from the requirement to disclose whether a purchaser is a registrant or an insider of the issuer if one or more of the following apply:

- (a) the issuer is a foreign public issuer;³
- (b) the issuer is a wholly owned subsidiary of a foreign public issuer;⁴
- (c) the issuer is distributing eligible foreign securities only to permitted clients.⁵

This relief aligns with the exemptions already provided to certain foreign issuers in Item 9 and Schedule 2 of Form 45-106F1.

All CSA members, except Ontario, are issuing blanket orders effective June 30, 2016.⁶ The blanket orders are available on the websites of the applicable CSA members and a list of the blanket orders is contained in Annex A of this Notice.

As blanket orders are not authorized under Ontario securities law, the Ontario Securities Commission (the **OSC**) has approved an amendment instrument (the **Ontario Amendment**) providing the same relief that will amend NI 45-106 in Ontario only. If the Ontario Minister of Finance approves the Ontario Amendment within 60 days of delivery of the Ontario Amendment, it will come into force 15 days after the Ontario Amendment is approved. More detail of the Ontario Amendment is provided in Chapter 5 of the July 7, 2016 OSC Bulletin, and is also available on the OSC website at <http://www.osc.gov.on.ca>.

¹ It is expected the amendments to NI 45-106 will come into force in Saskatchewan but not on June 30, 2016.

² Clause (f)2 is not applicable if the issuer is an investment fund.

³ "Foreign public issuer" is defined in Part B1 of Form 45-106F1.

⁴ Guidance on what is a wholly owned subsidiary of a foreign public issuer is provided in Item 9 of Form 45-106F1.

⁵ "Eligible foreign security" and "permitted client" are defined in Part B1 of Form 45-106F1.

⁶ As Saskatchewan's amendments to NI 45-106 will come into force after June 30, 2016, Saskatchewan will issue the blanket order when the amendments are effective.

Annex to Notice

Annex A – List of Blanket Orders

Questions

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ANNEX A

LIST OF BLANKET ORDERS

Alberta Securities Commission

Alberta Securities Commission Blanket Order 45-518 Exemption Regarding Certain Purchaser Information

British Columbia Securities Commission

BC Instrument 45-537 Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution.

The Manitoba Securities Commission

Blanket Order 45-504 Exemptions from Certain Requirements in Form 45-106F1 Report of Exempt Distribution

Financial and Consumer Services Commission (New Brunswick)

Blanket Order No. 45-510 In the matter of exemptions from certain requirements in Form 45-106F1 Report of Exempt Distributions

Government of Newfoundland and Labrador, Office of the Superintendent of Securities

Blanket Order Number 100

Government of the Northwest Territories, Office of the Superintendent of Securities

Blanket Order 45-503 Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution

Nova Scotia Securities Commission

Blanket Order No. 45-527

Government of Nunavut, Department of Justice

Blanket Order 45-503 Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution

Prince Edward Island Superintendent of Securities

Blanket Order 45-512 Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution

Autorité des marchés financiers

Décision no 2016-PDG-0099 Décision générale relative à la dispense pour certains émetteurs étrangers de fournir certains renseignements exigés dans la déclaration de placement avec dispense établie en la forme prévue à l'Annexe 45-106A1 du *Règlement 45-106 sur les dispenses de prospectus*

Financial and Consumer Affairs Authority of Saskatchewan

General Order 45-502 *Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution*

Office of the Yukon Superintendent of Securities

Superintendent Order 2016/02 Exemptions from certain requirements in Form 45-106F1 Report of Exempt Distribution