

Notice

**National Instrument 45-106
Prospectus and Registration Exemptions,
Form 45-106F1, Form 45-106F2, Form 45-106F3,
Form 45-106F4, Form 45-106F5 and
Companion Policy 45-106CP *Prospectus and Registration Exemptions***

July 8, 2005

Introduction

We, the Canadian Securities Administrators (CSA), have developed National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106), a rule that harmonizes and consolidates exemptions from the prospectus and registration requirements contained in provincial statutes, and national, multilateral and local instruments. Some of the exemptions require that forms be filed. The required forms are Form 45-106F1 *Report of Exempt Distribution*, Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*, Form 45-106F3 *Offering Memorandum for Qualifying Issuers*, Form 45-106F4 *Risk Acknowledgment* and Form 45-106F5 *Risk Acknowledgment-Saskatchewan Close Personal Friends and Close Business Associates* (the Forms). NI 45-106 and the Forms are together referred to as the Instrument.

Companion Policy 45-106CP *Prospectus and Registration Exemptions* (the Policy) includes explanations, discussion and examples on how the CSA will interpret and apply the Instrument.

Concurrent with the publication of this notice is an additional CSA Notice setting out the following consequential amendments:

1. Repeal of

- National Instrument 32-101 *Small Securityholder Selling and Purchase Arrangements*;
- Multilateral Instrument 45-103 *Capital Raising Exemptions*,
- Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors and Consultants*, and
- National Instrument 62-101 *Control Block Distribution Issues*.

2. Amendments to

- National Instrument 33-105 *Underwriting Conflicts* (in Saskatchewan the adoption of this instrument),
- National Instrument 45-101 *Rights Offerings*, and
- National Instrument 62-103 *The Early Warning System and Related Take-over Bid and Insider Reporting Issues*, and

3. Amending and renaming Multilateral Instrument 45-102 *Resale of Securities*.

Each jurisdiction will publish a local notice proposing certain local repeals and amendments. The local notice will also cite local exemptions that are being repealed and not carried forward in the Instrument.

Upon final publication of the Instrument we will publish a third CSA Staff Notice that will cite remaining local exemptions for each jurisdiction.

The Instrument has been made or is expected to be made by each member of the CSA, and will be implemented as

- a rule in each of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland and Labrador;
- a commission regulation in Saskatchewan and a regulation in Québec; and
- a policy in all other jurisdictions represented by the CSA.

We also expect the Policy will be adopted in all jurisdictions.

The Instrument will be implemented in British Columbia and Saskatchewan, subject to obtaining the requisite ministerial approval.

In Québec, the Instrument is a regulation made under section 331.1 of *The Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The Instrument will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation.

Provided all necessary approvals are obtained, the Instrument and consequential amendments will come into force on September 14, 2005.

Substance and Purpose

The Instrument

- harmonizes the majority of prospectus and registration exemptions among Canadian jurisdictions;
- replaces most existing local exemptions;

- consolidates many exemptions to make them more straightforward and user friendly

Summary of Written comments Received by the CSA

During the comment period, we received submissions from 30 commenters on the Instrument and the Policy. We have considered the comments received and thank all the commenters. The names of the 30 commenters and the summary of the comments on the Instrument and the Policy, together with our responses, are contained in Appendices A and B to this notice.

After considering the comments, we have made amendments to the Instrument and the Policy. However, as these changes are not material, we are not republishing the Instrument or the Policy for a further comment period.

Summary of Changes to the Instrument and Policy

See Appendix C for a description of the noteworthy changes made to the Instrument and Policy.

Table of Concordance

See Appendix D for a Table of Concordance that cites the location in the Instrument of existing prospectus and dealer registration exemptions for all jurisdictions. The Table of Concordance is being published concurrently with this CSA Notice in Alberta, British Columbia, Saskatchewan, Quebec, Ontario and Nova Scotia.

Questions

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