

**NOTICE AND REQUEST FOR COMMENT**

Proposed 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*

**December 17, 2004**

**Introduction**

We, the Canadian Securities Administrators (CSA), seek comment on proposed National Instrument 45-106 *Prospectus and Registration Exemptions* (the “Instrument”), which contains exemptions from the prospectus and registration requirements. The Instrument consolidates and harmonizes the prospectus and registration exemptions contained in various provincial statutes and national, multilateral and local instruments into a single national instrument.

Certain 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 Acknowledgement*, and Form 45-106F5 *Risk Acknowledgement - Saskatchewan Close Personal Friends and Close Business Associates* (the “Forms”).

Proposed Companion Policy 45-106CP *Prospectus and Registration Exemptions* (the “Companion Policy”) provides guidance on how the CSA will interpret and apply the Instrument and the Forms.

We are publishing the Instrument, Forms and Companion Policy for a 90-day comment period.

We are concurrently publishing an additional CSA Notice proposing repeals, amendments and adoptions as follows:

- repeal of the following national and multilateral instruments:
  - National Instrument 32-101 *Small Security Holder Selling and Purchase Arrangements* (“NI 32-101”)
  - National Instrument 62-101 *Control Block Distribution Issues* (“NI 62-101”)
  - Multilateral Instrument 45-103 *Capital Raising Exemptions* (“MI 45-103”)
  - Multilateral Instrument 45-105 *Trades to Employees, Senior Officers, Directors and Consultants* (“MI 45-105”), and

- amendments to the following national and local instruments:
  - National Instrument 33-105 *Underwriting Conflicts*
  - National Instrument 45-101 *Rights Offerings* (“NI 45-101”)
  - National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (“NI 62-103”)
  - Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”)
  - Saskatchewan Local Instrument 33-502 *Requirements for Sale of Certain Securities*
- adopt in Saskatchewan:
  - National Instrument 33-105 *Underwriting Conflicts*
  - Saskatchewan Local Instrument 11-502 *Removal of Statutory Exemptions*

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

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

We have prepared 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.

The Instrument will be implemented as a

- rule or blanket order in British Columbia,
- rule in Alberta, Manitoba, Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador,
- regulation in Quebec,
- commission regulation in Saskatchewan, and
- policy or code in the Northwest Territories, Nunavut and Yukon.

### **Purpose and Benefits**

We believe that the Instrument will yield substantial benefits and reduce costs to market participants by harmonizing both the majority of prospectus and registration exemptions currently available across Canada, and the disclosure and filing requirements associated with those exemptions.

At present, most jurisdictions have a similar set of exemptions, however they are not identical, and market participants that wish to effect a multi-jurisdictional exempt distribution must familiarize themselves with the various exempt distribution regimes of the relevant jurisdictions. This typically necessitates culling through the various acts, regulations and instruments of the different jurisdictions. Upon implementation of the Instrument, however, market participants will generally have to look no further than the Instrument to view the landscape of exemptions. This should result in reduced transaction costs because market participants will no longer need to expend time and money dealing with a collection of exempt distribution regimes and their associated disclosure and filing requirements. For example, an issuer that wishes to rely on the accredited investor or business combination exemption to distribute securities across Canada will need to review only one exemption.

In addition to harmonizing the majority of exemptions we have consolidated many exemptions to make them more straightforward and user friendly. Examples of consolidated exemptions are the take-over bid and issuer bid exemption (section 2.16) and the estates, bankruptcies and liquidations exemption (section 3.4). The scope of certain exemptions has been modified and new exemptions have been added in response to a number of relatively routine exemptive relief applications. These changes should yield additional benefits to market participants.

The Instrument contains a few definitions and exemptions that do not apply in all jurisdictions. These differences are necessary to accommodate local securities legislation or as a means of addressing local policy concerns.

## **Summary**

### **Key Definitions**

#### ***Canadian Financial Institution***

The definition of “Canadian financial institution” is broader than the definition of the same term in National Instrument 14-101 *Definitions*. The definition in the Instrument includes an association or central cooperative society governed by the *Cooperative Credit Associations Act* (Canada) and a league governed by the *Credit Union and Caisse Populaires Act, 1994* (Ontario).

#### ***Founder***

The Instrument contains the definition for “founder” from MI 45-103. The definition of “founder” is similar to the definition of “promoter” that is currently contained in the securities legislation of most jurisdictions. The difference between “founder” and “promoter” is that a “founder” must be actively involved in the business of the issuer at the time of the trade. Unlike the definition of “promoter”, a person cannot become a “founder” solely through the acquisition of a certain percentage of an issuer’s securities.

#### ***Person***

The definition of “person” in the Instrument includes an individual, corporation, partnership, trust or fund. It also includes an association, syndicate, organization or other organized group of

persons, whether incorporated or not and an individual or other person in their capacity as a trustee, executor, administrator, or personal or other legal representative.

## **Interpretations**

### ***Control***

The concept of control has two different interpretations in the Instrument. For the purposes of Division 4 of Part 2 (trades to employees, executive officers, directors and consultants), the interpretation of control is contained in section 2.23(1). For the purposes of the rest of the Instrument the interpretation of control is found at section 1.3. The reason for having two different interpretations of control is that the exemption for trades to employees, executive officers, directors and consultants requires a broader concept of control than is considered necessary for the rest of the Instrument to accommodate trades of compensation securities in a wide variety of business structures.

### ***Trade - Quebec***

Section 1.7 of the Instrument contains an interpretation of “trade” for the purposes of the Instrument in Quebec. This is necessary because the securities legislation of Quebec does not define “trade” unlike the securities legislation of all other jurisdictions.

## **Capital Raising Exemptions**

### ***Rights Offerings (section 2.1)***

The exemption in the Instrument differs from current rights offering exemptions in two ways. First, it does not provide an exemption for the exercise of a right issued under a rights offering. An exemption to permit the exercise of a right issued under a rights offering is contained in section 2.43 of the Instrument, which is a general exemption to facilitate conversions, exchanges or the exercise of rights pursuant to previously issued securities. Secondly, the exemption is *explicitly* conditional on compliance with the applicable requirements of NI 45-101.

### ***Reinvestment Plan (section 2.2)***

This exemption does not apply to investment funds. A similar exemption for trades in securities of investment funds is contained in section 2.18 of the Instrument.

Both exemptions allow trades of securities of the issuer to existing security holders of the issuer under a plan if the plan permits the security holder to direct that “*dividends or distributions out of earnings, surplus, capital or other sources*” payable in respect of the issuer’s securities be applied to the purchase of additional securities of the same class.

### ***Accredited Investor (section 2.3)***

The definition of accredited investor is taken from both MI 45-103 and Ontario Securities Commission Rule 45-501 *Exempt Distributions* (“OSC Rule 45-501”) with certain modifications. We have added an investment fund that is managed by a registered adviser (paragraph (u) of the definition of “accredited investor”) as an additional category of “accredited investor”.

In paragraph (q) of the definition of “accredited investor”, an accredited investor includes a person acting on behalf of a fully managed account if the person is registered as an adviser in Canada or, except in Ontario, in a foreign jurisdiction.

***Private Issuer (section 2.4)***

All jurisdictions are now participating in a common private issuer exemption. It modifies the current private issuer exemption in MI 45-103 and replaces the closely-held issuer exemption in OSC rule 45-501 and the closed company exemption in the *Securities Act* (Quebec).

***Family, Friends and Business Associates (section 2.5) and Family, Founder and Control Person - Ontario (section 2.7)***

The exemption in section 2.5 is available to certain individuals who are considered to be close to an issuer (executive officers, directors and control persons) and certain of their close family, friends and business associates. This exemption is available in all jurisdictions except Ontario. Saskatchewan requires a signed risk acknowledgment from close friends and business associates (section 2.6).

Section 2.7 of the Instrument contains an Ontario-only exemption for founders, affiliates of founders, control persons and certain family members of founders, executive directors and officers.

***Affiliates (section 2.8)***

Most jurisdictions do not currently have this exemption, which is currently found in OSC Rule 45-501 where affiliated entities of an issuer are included in the definition of “accredited investor”.

***Offering Memorandum (section 2.9)***

The Instrument contains two versions of the offering memorandum exemption, one for British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador and one for Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec and Saskatchewan. The primary difference between the two versions is that the second one requires that purchasers either be “eligible investors” as defined in the Instrument or purchase securities at an aggregate acquisition cost that is less than \$10,000. Ontario is not adopting the offering memorandum exemption.

***Minimum Amount Investment (section 2.10)***

All jurisdictions are participating in this exemption, which currently exists in most jurisdictions but in slightly different forms and for different prescribed minimum amounts. Under the Instrument the prescribed minimum amount for all jurisdictions is \$150,000, payable in cash at the time of the trade.

**Transaction exemptions**

***Business Combination and Reorganization (section 2.11)***

This exemption is based on the exemption in British Columbia with slight modifications. The exemption permits trades that are made in connection with an amalgamation, merger,

reorganization or arrangement. We have incorporated the exemption for trades that are made in connection with a dissolution or winding-up of an issuer into this exemption.

***Asset Acquisition (section 2.12)***

All jurisdictions are participating in this exemption, which currently exists in most jurisdictions but in slightly different forms and for different prescribed minimum amounts. The prescribed minimum amount for all jurisdictions under the Instrument is \$150,000.

***Petroleum, Natural Gas or Mining Properties (section 2.13)***

The exemption allows securities to be traded for mining, petroleum or natural gas properties or any interest in them.

***Securities for Debt (section 2.14)***

This is a new exemption for most jurisdictions. The exemption is based on the exemption in British Columbia with some modifications.

***Issuer Acquisition or Redemption (section 2.15)***

The exemption permits issuers to acquire their own securities. Most jurisdictions currently have a similar exemption.

***Take-over Bid and Issuer Bid (section 2.16)***

We have harmonized this provision for all jurisdictions and created one consolidated exemption for trades under take-over bids and issuer bids.

***Offer to Acquire to Security Holder Outside the Local Jurisdiction (section 2.17)***

This exemption will allow a trade in a security pursuant to an offer to acquire made by a person in a local jurisdiction that would have been a take-over bid or issuer bid if the offer to acquire were made to a security holder in the local jurisdiction. This exemption will facilitate private company sales in circumstances where the selling security holders are not resident in the local jurisdiction.

**Investment Fund Exemptions**

***Investment Fund Reinvestment (section 2.18)***

This section provides a similar exemption to that in section 2.2 but imposes additional conditions that are necessary in the context of trades and distributions of investment funds.

***Additional Investment in Investment Funds (section 2.19)***

The Instrument carries forward and harmonizes the exemption for trades of additional securities of an investment fund if the purchaser has initially purchased securities at a cost that is not less than \$150,000 or if the net asset value of those securities is at least \$150,000 at the time of the trade.

***Private Investment Club (section 2.20)***

This exemption is for trades in securities of investment funds that meet certain criteria. These types of investment funds are commonly referred to as private investment clubs. The provision

clarifies that a condition of the exemption is that the private investment club have no more than 50 *beneficial* holders.

***Private Investment Fund - Loan and Trust Pools (section 2.21)***

This is an exemption for trades in securities of investment funds that are administered by a trust company or trust corporation, have no promoter other than the trust company or trust corporation and consist of co-mingled money of different estates and trusts. Most jurisdictions have a similar version of this exemption contained within their definition of “private mutual fund”.

**Employee, Executive Officer, Director and Consultant Exemptions (sections 2.22 to 2.29)**

We are including the exemptions from MI 45-105 for trades to employees, executive officers, directors and consultants in the Instrument in Division 4 of Part 2 with some modifications. Section 2.22 defines a number of terms specifically for the purposes of Division 4.

The exemption in section 2.27 of the Instrument that allows trades among employees, executive officers, directors and consultants and their “permitted assigns” (defined term) has been reorganized.

We have not carried forward the exception for trades to “investor relations persons” (defined term) if the compensation or other remuneration paid to such persons is dependent on the trading price or trading volume of the security being traded.

**Miscellaneous Exemptions**

***Incorporation or Organization (section 2.30)***

This is a provision for trades by an issuer of its securities if the trades are reasonably necessary to facilitate the incorporation or organization of an issuer and if the securities are issued for a nominal consideration to not more than 5 incorporators or organizers. Most jurisdictions currently have a similar exemption. Given the availability of other exemptions such as the private issuer exemption (section 2.4), the family, friends and business associates exemption (sections 2.5 and 2.6), the family, founder and control person exemption (section 2.7), and the employee exemption (section 2.24), we are inclined to not include this exemption in the final Instrument. **We seek specific comment on whether to include this exemption in the final Instrument.**

***Isolated Trade (section 2.31)***

There are two isolated trade exemptions in the Instrument. The first one provides an exemption from both the prospectus and registration requirements and is only available to the issuer of the security. This exemption is currently contained in the securities legislation of most jurisdictions. The other isolated trade exemption is in section 3.3.

***Dividends (section 2.32)***

This provision provides two exemptions relating to dividends. Subsection (1) is an exemption for a trade by an issuer in a security of its own issue to existing security holders as a “dividend or distribution out of earnings, surplus, capital or other sources”. Subsection (2) permits a trade by

an issuer in a security of a reporting issuer to an existing security holder as a dividend in specie. The exemption in section 2.32(1) differs from the exemption currently available in most jurisdictions, which require that dividends or distributions be payable out of “earnings or surplus”. The exemption in the Instrument has been expanded to cover more types of dividends or distributions.

***Trade to Lender by Control Person for Collateral (section 2.33)***

The Instrument carries forward an exemption for a trade in a security to a lender, pledgee, mortgagee or other encumbrancer from the holdings of a control person for the purpose of giving collateral for a bona fide debt. The Instrument does not carry forward the registration exemption that exists in some jurisdictions for lenders to sell securities to realize on a debt. We believe such lenders should use a registrant or another available exemption (for example the accredited investor exemption) to sell securities under those circumstances.

***Acting as Underwriter (section 2.34)***

This is an exemption for trades of securities to and among persons acting as underwriters. It is the only exemption under which persons acting as underwriters can acquire securities (section 1.5). The resale by a person who acquires under this section will be deemed a distribution under MI 45-102.

***Guaranteed Debt (section 2.35)***

The exemption in this section is for trades of “debt securities” that are issued or guaranteed by a variety of entities such as governments, “Canadian financial institutions” and “Schedule III banks”. “Debt security”, “Canadian financial institution” and “Schedule III bank” are defined in the Instrument. A new requirement is that a “debt security” issued by a foreign government must be rated to qualify under the exemption.

This exemption is broader than the current exemption available in the jurisdictions because it includes debt securities issued by “Canadian financial institutions”, which is a fairly wide range of institutions.

The exemption also permits trades of securities issued by certain specified entities such as Ontario school boards, the Comité de gestion de la taxe scolaire de l’île de Montréal, and the Asian Development Bank. The Instrument imposes a reporting requirement (see section 2.35(2)(g)(ii)) in regard to some types of securities that is currently in the securities legislation of most jurisdictions.

We have not included a separate exemption for trades in debt securities issued by trust corporations because those entities are now included in the definition of “Canadian financial institution”.

***Short Term Debt (section 2.36)***

This exemption is for trades in negotiable promissory notes or commercial paper maturing within one year of issue provided the note or paper is not convertible into a different type of security and has an “approved credit rating” from an “approved credit rating organization”, which are defined terms for the purposes of the Instrument. The exemption does not impose a minimum



for trades to an individual, as is currently the case in some jurisdictions where trades to individuals must be for a denomination or principal amount that is \$50,000 or more. The “approved credit rating” requirement is a new requirement for most jurisdictions.

***Mortgages (section 2.37)***

This provision allows trades in a mortgage on real property by a person who is registered or licensed under mortgage legislation in a jurisdiction of Canada. The exemption does not apply to a “syndicated mortgage”, which is defined in the Instrument as meaning a mortgage in which 2 or more persons participate, directly or indirectly as mortgagee. We believe that, given the potential complexity of syndicated mortgages, they should not be traded under this exemption. Most jurisdictions currently have a similar exemption. **We seek specific comment on the decision to exclude syndicated mortgages from the exemption.**

***Personal Property Security Act (section 2.38)***

The exemption subsection (1) is for trades in a security evidencing indebtedness “secured by or under” a security agreement provided for under personal property security legislation for the acquisition of personal property if the security is not offered for sale to an individual. Most jurisdictions have a similar exemption, which refers to conditional sales contracts or other title retention contracts.

***Not for Profit Issuer (section 2.39)***

We have carried forward an exemption for trades by an issuer of securities of its own issue if the issuer is organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit. The exemption requires that no part of the net earnings of the issuer benefit any security holder and that no commissions or other remuneration be paid in connection with the sale of a security under the exemption. This requirement is new to some jurisdictions.

***Variable Insurance Contract (section 2.40)***

An exemption for trades in variable insurance contracts by an insurance company is included in the Instrument provided certain conditions are met.

***RRSP/RRIF (section 2.41)***

The Instrument contains an exemption for trades between an individual or an associate of an individual and the RRSP or RRIF (as defined in the Instrument) established by or for that individual or under which he or she is a beneficiary. Most jurisdictions currently have a similar version of this exemption.

***Schedule III Banks and Cooperative Associations (section 2.42)***

This exemption was added to permit trades in an evidence of deposit issued by a “Schedule III bank”, which is defined in the Instrument as meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada), or an association governed by the *Cooperative Credit Associations Act* (Canada).

***Conversion, Exchange or Exercise (section 2.43)***

This section consolidates existing conversion provisions and allows securities to be traded by an issuer to existing security holders of the issuer if: (i) the issuer trades a security of its own issue in accordance with the terms and conditions of a previously issued security; or (ii) the issuer trades a security of another issuer that is a reporting issuer in accordance with the terms and conditions of a previously issued security. There are three scenarios under which the exemption is available: (i) conversion, exchange or exercise at the option of the holder; (ii) conversion, exchange or exercise at the option of the issuer; and (iii) automatic conversion, exchange or exercise.

Section 2.43(2) requires the issuer to give the regulator written notice of a trade where the issuer is trading a security of another issuer that is a reporting issuer. The regulator will then have 10 days to object to the trade. This section will not apply in British Columbia.

***Removal of Exemptions - Market Intermediaries (section 2.44)***

This section removes certain registration exemptions for trades in Ontario by market intermediaries. This is consistent with Ontario's current universal registration regime.

**Registration Only Exemptions**

***Registered Dealer (section 3.1)***

This is an exemption for trades by a person acting solely through an agent who is a registered dealer. All jurisdictions currently have this exemption.

***Exchange Contracts (section 3.2)***

This registration exemption is only available in Alberta, British Columbia, Saskatchewan and Quebec.

***Isolated Trade (section 3.3)***

There are two isolated trade exemptions in the Instrument. This one provides an exemption from only the registration requirement and is available to any person, other than the issuer of the security. This exemption is currently contained in the securities legislation of most jurisdictions. The other isolated trade exemption is in section 2.31.

***Estates, Bankruptcies and Liquidations (section 3.4)***

This exemption is intended to consolidate a number of current exemptions for trades under a variety of judicial procedures such as the probate of estates, receivership, bankruptcy, liquidation or judicial sale. Dealer registration exemptions for trades under these proceedings currently exist in most jurisdictions with slight variations among jurisdictions.

***Employees of Registered Dealer (section 3.5)***

This is an exemption for trades by an employee of a registered dealer if the employee does not usually trade in securities and has been designated by the regulator as a "non-trading" employee. Most jurisdictions currently have a similar exemption.

***Small Security Holder Selling and Purchase Arrangements (section 3.6)***

This exemption is substantively similar to NI 32-101 except that the exemption in the Instrument does not apply to being registered to advise.

***Adviser (section 3.7)***

This exemption currently exists in all jurisdictions, but in different variations. Section 3.7(a)(iv) represents a change for most jurisdictions in that it incorporates certain restrictions from Quebec with respect to lawyers, accountants, engineers, teachers and notaries in Quebec. The restrictions are that those individuals (i) do not recommend securities of an issuer in which they have an interest, and (ii) do not receive remuneration for the service of advising separate from remuneration received by that individual for practicing their profession.

Section 3.7(b) exempts publishers and writers for newspapers, magazines or business journals from registration as advisers provided they (i) give advice only through the publication, (ii) have no interest in the securities they provide advice on, and (iii) receive no commissions or other consideration for the advice other than for acting in their capacity as publisher or writer. This exemption applies for the types of publications set out, *however they are delivered*. As a result, through the operation of National Policy 11-201 *Delivery of Documents by Electronic Means*, the exemption will apply to electronic publications.

***Investment Dealer Acting as Portfolio Manager (section 3.8)***

This is an exemption from the requirement to be registered as an adviser for registered investment dealers who manage the investment portfolios of clients through discretionary authority. The exemption requires that the registered dealer comply with the rules and policies for portfolio managers set out by the Investment Dealers Association of Canada.

***Removal of Exemptions - Market Intermediaries (section 3.9)***

This section removes certain registration exemptions for trades in Ontario by market intermediaries. This is consistent with Ontario's current universal registration regime.

***Control Block Distributions (Part 4)***

This is a prospectus exemption for "control block distributions" (defined in Part 4) by eligible institutional investors. Except for section 4.2, Part 4 is an updated version of NI 62-101. Section 4.2 is a prospectus exemption to facilitate trades by a control person after a take-over bid. Most jurisdictions currently have this or a similar exemption.

***TSX Venture Exchange Offering (Part 5)***

This Part carries forward the prospectus exemption for TSX Venture Exchange issuers that is currently available in British Columbia, Alberta and Saskatchewan under local rules and orders. Ontario is not adopting this exemption.

**Reporting Requirements*****Report of Exempt Distribution (Part 6)***

Section 6.1 sets out those exemptions that require the filing of a Form 45-106F1. The Form 45-106F1 does not require a vendor that is not the issuer to file a report of exempt distribution.

**Exemption (Part 7)**

This Part allows the regulator or securities regulatory authority to grant an exemption from the Instrument, in whole or in part, subject to conditions or restrictions as may be imposed in the exemption. In Ontario, only the regulator may grant such an exemption and only from Part 6.

### **Transitional Provisions and Coming into Force**

#### ***Transitional (Part 8)***

Section 8.1 of the Instrument is an exemption for trades of additional securities of investment funds where there has been an initial trade under an exemption for a prescribed minimum amount. Most jurisdictions currently have this exemption and this provision ensures that persons who initially acquired under a current exemption in any jurisdiction will continue to be able to acquire additional securities.

Section 8.2 of the Instrument provides that an investment fund that distributed its securities under certain existing provisions of securities legislation will be an investment fund under paragraph (n)(ii) of the definition of “accredited investor” in the Instrument.

#### **Capital Accumulation Plans Exemption**

As part of a project with the Joint Forum of Financial Market Regulators to develop Guidelines for Capital Accumulation Plans (the “guidelines”), the CSA have proposed a dealer registration and prospectus exemption for trades in mutual funds that occur under certain capital accumulation plans (the “CAP Exemption”). The CSA believe that it is appropriate that the CAP Exemption be available for such trades as long as there is compliance with those parts of the guidelines that substitute for receiving advice from a registrant and for prospectus disclosure. The CAP Exemption was published for comment in May 2004, with CSA Request for Comment 81-405 Proposed Exemptions for Certain Capital Accumulation Plans.

Once CSA staff have completed a review of the comments received on the CAP Exemption, it is anticipated that it will be implemented in most jurisdictions as a blanket exemption from the dealer registration and prospectus requirements. We expect that issuance of these blanket exemptions will occur prior to the coming into force of the Instrument. Given that the Instrument’s objective is to consolidate and harmonize as many dealer registration and prospectus exemptions as possible, we are seeking comment on whether we should incorporate the CAP Exemption, once finalized, into the Instrument.

#### **Authority**

Clause 154(1)(u.5) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations prescribing information, documents, records or other materials that are required to be filed or delivered.

Clause 154(1)(oo) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations exempting any person, company, trade or security from all or any provision of this Act or the regulations, including prescribing any terms or limitations on an exemption and requiring compliance with those terms or limitations.

Clause 154(1)(pp) of *The Securities Act, 1988* (Saskatchewan) authorizes the Commission to make regulations authorizing the Commission or the Director to exempt any person, company, trade or security from all or any provision of the regulations, including authorizing the Commission or the Director to prescribe any terms or limitations on an exemption and requiring compliance with those terms or limitations.

### **Request for Comment**

We request your comments on the Instrument, the Forms and the Companion Policy.

### **How to Provide Your Comments**

Please provide your comments by **March 17, 2005**.

Please e-mail your submission as indicated below, but address your submission to all of the CSA member commissions, as follows:

Alberta Securities Commission  
British Columbia Securities Commission  
Manitoba Securities Commission  
New Brunswick Securities Commission  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Department of Justice, Government of the Northwest Territories  
Nova Scotia Securities Commission  
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut  
Ontario Securities Commission  
Office of the Attorney General, Prince Edward Island  
Autorité des marchés financiers du Québec  
Saskatchewan Financial Services Commission  
Registrar of Securities, Government of Yukon

You do not need to deliver your comments to all of the CSA member commissions. Please deliver your comments to the two addresses that follow, and they will be distributed to all other jurisdictions by CSA staff.

Blaine Young  
Senior Legal Counsel  
Alberta Securities Commission  
400, 300 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 3C4  
Fax: (403) 297-3679  
e-mail: [blaine.young@seccom.ab.ca](mailto:blaine.young@seccom.ab.ca)

Anne-Marie Beaudoin,  
Directrice du secrétariat  
Autorité des marchés financiers

Tour de la Bourse  
800, square Victoria  
C.P. 246, 22e étage  
Montréal, Québec H4Z 1G3  
Fax : (514) 864-6381  
e-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

If you are not able to send your comments by e-mail, please send a diskette containing your comments in Word.

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

### **Questions**

Please refer your questions to any of:

Blaine Young  
Senior Legal Counsel  
Alberta Securities Commission  
(403) 297-4220  
[blaine.young@seccom.ab.ca](mailto:blaine.young@seccom.ab.ca)

Patricia Leeson  
Senior Legal Counsel  
Alberta Securities Commission  
(403) 297-5222  
[patricia.leeson@seccom.ab.ca](mailto:patricia.leeson@seccom.ab.ca)

Shawn Taylor  
Legal Counsel  
Alberta Securities Commission  
(403) 297-4770  
[shawn.taylor@seccom.ab.ca](mailto:shawn.taylor@seccom.ab.ca)

Leslie R. Rose  
Senior Legal Counsel  
Policy, Capital Markets Regulation  
British Columbia Securities Commission  
Direct: (604) 899-6654  
Fax: (604) 899-6814  
[lrose@bcsc.bc.ca](mailto:lrose@bcsc.bc.ca)

Dean Murrison  
Deputy Director, Legal/Registration

Securities Division  
Saskatchewan Financial Services Commission  
(306) 787-5879  
[dmurrison@sfsc.gov.sk.ca](mailto:dmurrison@sfsc.gov.sk.ca)

Chris Besko  
Legal Counsel - Deputy Director  
The Manitoba Securities Commission  
(204) 945-2561  
[cbesko@gov.mb.ca](mailto:cbesko@gov.mb.ca)

Rosetta Gagliardi  
Conseillère en réglementation  
Autorité des marchés financiers  
(514) 940-2199, poste 2405  
[rosetta.gagliardi@lautorite.qc.ca](mailto:rosetta.gagliardi@lautorite.qc.ca)

Sylvie Lalonde  
Conseillère en réglementation  
Autorité des marchés financiers  
(514) 940-2199, poste 2408  
[sylvie.lalonde@lautorite.qc.ca](mailto:sylvie.lalonde@lautorite.qc.ca)

Erez Blumberger  
Assistant Manager, Corporate Finance  
Ontario Securities Commission  
(416) 593-3662  
[eblumberger@osc.gov.on.ca](mailto:eblumberger@osc.gov.on.ca)

David Chasson  
Legal Counsel, Corporate Finance  
Ontario Securities Commission  
(416) 595-8945  
[dchasson@osc.gov.on.ca](mailto:dchasson@osc.gov.on.ca)

Marsha Gerhart  
Senior Legal Counsel, Capital Markets  
Ontario Securities Commission  
(416) 595-8918  
[mgerhart@osc.gov.on.ca](mailto:mgerhart@osc.gov.on.ca)

Jo-Anne Matear  
Senior Legal Counsel, Corporate Finance Branch  
Ontario Securities Commission  
(416) 593-2323  
[jmatear@osc.gov.on.ca](mailto:jmatear@osc.gov.on.ca)

Darren McKall  
Senior Legal Counsel, Investment Funds  
Ontario Securities Commission  
(416) 593 8118  
[dmckall@osc.gov.on.ca](mailto:dmckall@osc.gov.on.ca)

Shirley Lee  
Staff Solicitor  
Nova Scotia Securities Commission  
(902) 424-5441  
[leesp@gov.ns.ca](mailto:leesp@gov.ns.ca)

Christina Taylor  
New Brunswick Securities Commission  
(506) 658-3117  
[christina.taylor@nbsec-cvmnb.ca](mailto:christina.taylor@nbsec-cvmnb.ca)

Katherine Tummon, Legal Counsel  
Prince Edward Island Securities Office  
(902) 368-4542  
[ktummon@gov.pe.ca](mailto:ktummon@gov.pe.ca)

Susan W. Powell  
Program & Policy Development  
Securities Commission of Newfoundland and Labrador  
Government of Newfoundland & Labrador  
(709) 729-4875  
[spowell@gov.nl.ca](mailto:spowell@gov.nl.ca)

Tony S.K. Wong, Registrar, Securities & Corporate Registries  
Northwest Territories Securities Registry  
(867) 920-3318  
[tony\\_wong@gov.nt.ca](mailto:tony_wong@gov.nt.ca)

Gary Crowe, Registrar of Securities  
Government of Nunavut, Justice Department  
(867) 975-6190  
[gcrowe@gov.nu.ca](mailto:gcrowe@gov.nu.ca)

Richard Roberts, Registrar of Securities  
Government of Yukon  
(867) 667-5225  
[richard.roberts@gov.yk.ca](mailto:richard.roberts@gov.yk.ca)