

**DRAFT PROSPECTUS
AND RELATED REGISTRATION EXEMPTIONS
FOR THE COOPERATIVE CAPITAL MARKETS
REGULATORY SYSTEM**

MAY 8, 2018

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I. INTRODUCTION

On August 25, 2015, British Columbia, New Brunswick, Ontario, Prince Edward Island, Saskatchewan and Yukon (collectively, the CMR Jurisdictions) and the Government of Canada published for comment draft initial regulations for the Cooperative Capital Markets Regulatory System (Cooperative System). In the commentary to the draft initial regulations we indicated that we would publish for comment a harmonized set of prospectus exemptions at a later date. We are now publishing for a 90 day comment period the draft prospectus exemptions, and certain related registration exemptions, for the CMR Jurisdictions.

The draft prospectus exemptions and, where applicable, related registration exemptions, for the CMR Jurisdictions are set out in the following regulations:

- National Instrument 45-102 *Resale of Securities*
- National Instrument 45-106 *Prospectus Exemptions*
- Multilateral Instrument 45-108 *Crowdfunding*
- CMRA Regulation 45-501 *Prospectus and Registration Exemptions*¹.

In addition, we are making related consequential amendments to CMRA Regulation 11-501 *Definitions, Procedure, Civil Liability and Related Matters*. We discuss these amendments in Part V. We are not re-publishing CMRA Regulation 11-501 at this time.

Section references to the August 2015 *Capital Markets Act* (CMA) in the initial regulations and in the draft prospectus exemptions, and certain related registration exemptions, will be updated to reflect any changes we make to the CMA. We expect to publish a concordance between the August 2015 CMA publication and the final CMA when we publish all final initial regulations prior to the launch date of the Cooperative System (CMR launch date).

II. BACKGROUND

To maintain continuity and minimize disruption for market participants during transition to the Cooperative System, the draft prospectus and related registration exemption regulations, policies and forms have been adapted from existing rules, policies and forms in one or more CMR Jurisdictions. Below we describe any substantive changes in any CMR Jurisdiction. We do not describe non-substantive changes we made or changes that arise because of a change in the system used to make any required filing.

¹ In the August 2015 publication of the draft initial regulations we proposed to include the CMRA-only prospectus exemptions in proposed CMRA Regulation 41-501 *Prospectus Requirements and Exemptions*. We now propose that the CMRA-only prospectus exemptions and related registration exemptions be set out in a separate CMRA Regulation 45-501 *Prospectus and Registration Exemptions*, and that CMRA Regulation 41-501 be renamed *Prospectus Requirements*. This is consistent with the naming conventions used by the Canadian Securities Administrators.

II.A. National and Multilateral Instruments

The draft national and multilateral prospectus exemption regulations reflect instruments, policies and forms that were effective on, or for which the members of the Canadian Securities Administrators (the CSA) published advance notice of implementation before March 25, 2018.

We have proposed changes to NI 45-102, NI 45-106 and MI 45-108 and their related policies and forms as necessary to fit them under the CMA and to establish a single set of requirements applicable in the CMR Jurisdictions. The changes proposed will not affect national and multilateral instruments, policies and forms adopted by non-CMR Jurisdictions.

We are monitoring proposals for new national and multilateral instruments, policies and forms containing prospectus and related registration exemptions, and amendments to NI 45-102, NI 45-106 and MI 45-108. We plan to:

- include any new instrument, policy or form as part of the initial regulations if CMR Jurisdictions adopt it prior to the CMR launch date; and
- change NI 45-102, NI 45-106 and MI 45-108 to reflect amendments CMR Jurisdictions adopt prior to the CMR launch date.

We will not publish these new instruments, policies, forms and amendments for comment because they will have been published during the CSA process. We anticipate that these instruments and amendments will be adopted as part of the initial regulations with the common drafting changes described below.

The changes we propose to NI 45-102, NI 45-106 and MI 45-108 and related policies and forms are discussed in more detail in Part III below.

II.B. New CMRA Regulation 45-501 *Prospectus and Registration Exemptions*

All CMR Jurisdictions have existing local prospectus and related registration exemption regulations, rules, blanket orders, policies and forms. In this commentary, we refer to these as “local rules”. We reviewed all of the local rules in the CMR Jurisdictions effective before August 1, 2017 that contain prospectus and related registration exemptions, and considered whether to carry them forward. We have drafted new CMRA Regulation 45-501 and its related Policy and Forms to replace local rules.

With limited exceptions, most of the exemptions in CMRA Regulation 45-501 will apply in all CMR Jurisdictions. These can be found in Part 1 [General Prospectus and Registration Exemptions] and Part 3 [Offering Memorandum Requirements] of CMRA Regulation 45-501. Where there were differences in the local rules of the CMR Jurisdictions dealing with the same subject matter or requirements, we reconciled the differences for a uniform approach.

Limited exceptions apply where a CMR Jurisdiction will retain its unique, existing local exemption, and the exemption will be available in that jurisdiction only. These can be found in CMRA Regulation 45-501, Part 2 [Prospectus and Registration Exemptions Related to Provincial and Territorial Legislation]. These

local exemptions have been carried forward close to their current form and are jurisdiction-specific because the underlying local rule is inextricably tied to local provincial or territorial legislation.

We also note that the approach taken to address resale restrictions for securities distributed under exemptions in CMRA Regulation 45-501 may be different from the approach found in existing local exemptions being carried forward. For purposes of this publication, we have included these resale restrictions in CMRA Regulation 45-501. It is intended that prior to the CMR launch date, all resale restrictions will be moved from CMRA Regulation 45-501 to NI 45-102.

We also made the common drafting changes described below for the national and multilateral instruments.

We are monitoring proposals for new local rules or amendments that a CMR Jurisdiction publishes for comment or adopts prior to the CMR launch date.

Proposed CMRA Regulation 45-501 is discussed in more detail in Part IV below.

II.C. Common Drafting Changes

The following summarizes the drafting changes we made.

Changes to national and multilateral instruments, policies and forms to accommodate proposed initial regulations under the CMA

These changes include:

- using the term “CMR Jurisdiction” to replace references to an individual participating province and territory;
- replacing references to provincial and territorial securities regulators in CMR Jurisdictions with “Chief Regulator” or the “Authority”, as applicable, except when the references are to past decisions of those entities or the reference is an important historical note; and
- updating the contact information to replace references to the existing provincial and territorial regulators in the CMR Jurisdictions with references to the Authority, but retaining the same addresses and contact details.

False carve-outs and carve-outs

A false carve-out is included in an existing national or multilateral instrument where an identical or substantially similar definition or requirement is located in a provincial or territorial securities act, and the false carve-out thereby ensures that the securities act’s definition or requirement applies.

A carve-out is included in an existing national or multilateral instrument where a province or territory intends to achieve a different policy outcome and does not want a given provision in the instrument to apply in that jurisdiction.

We propose the following changes with respect to false carve-outs and carve-outs in existing national and multilateral instruments:

- adding new carve-outs: we added new carve-outs for CMR Jurisdictions where a term defined in an instrument or a requirement imposed in an instrument is substantively different from a defined term or requirement in the CMA and we want the CMA definition or requirement to apply in CMR Jurisdictions;
- adding new false carve-outs: we added new false carve-outs for CMR Jurisdictions where a term defined in an instrument or a requirement imposed in an instrument is identical or substantively the same as in the CMA and we want the CMA definition or requirement to apply in CMR Jurisdictions. In these instances, we have added an explanatory note to indicate where the definition or requirement can be found in the CMA;
- extending existing false carve-outs: we extended existing false carve-outs, replacing references to a particular participating province or territory with “a CMR Jurisdiction”, where a term defined in an instrument or a requirement imposed in an instrument is identical or substantively the same as a defined term or requirement in the CMA and we want the CMA definition or requirement to apply in CMR Jurisdictions. In these instances, we have added an explanatory note to indicate where the definition or requirement can be found in the CMA;
- deleting existing false carve-outs: we deleted existing false carve-outs that currently apply to a particular participating province or territory where we want CMR Jurisdictions to rely on a definition or requirement in an instrument; and
- removing existing Ontario carve-outs giving the regulator the power to grant discretionary exemptions from existing instruments. The exemptive power is set out in section 94 [Exemption orders] of the CMA.

II.D. Proposed Changes to CMRA Regulation 11-501 *Definitions, Procedure, Civil Liability and Related Matters.*

Consequential to the draft prospectus exemptions, we will be amending the civil liability provisions contained in draft CMRA Regulation 11-501 that was published together with the draft initial regulations in August 2015.

The changes we are making are discussed in Part V below.

II.E. Local Exemptions under Consideration

The following local exemptions from prospectus and registration requirements are not being published at this time:

- The investment dealer exemption (IDE) provides an exemption from the prospectus requirement for certain distributions through an investment dealer in British Columbia (BCI 45-536), Saskatchewan (General Order 45-930) and New Brunswick (Blanket Order 45-508) as well as Alberta (ASC Rule 45-516) and Manitoba (Blanket Order 45-503). The purpose of the investment dealer exemption is to facilitate capital-raising for listed issuers and to foster participation of retail investors in private placements, while maintaining appropriate investor protection. Including the exemption as part of the initial regulations or continuing it as a CMRA blanket order to be reviewed at a later date, remains under consideration by the participating jurisdictions. The participating jurisdictions anticipate publishing the IDE currently in place in the jurisdictions that have adopted it, with questions to solicit feedback from investors and other stakeholders. The consultation will be used to seek input on whether the exemption should be adopted as part of the initial regulations or potentially continued as a CMRA blanket order to be reviewed at a later date and whether changes are appropriate to the exemption to enhance capital markets efficiency and/or investor protection.
- The financial institutions exemption (FIE) under section 35.1 of the *Securities Act* (Ontario) provides an exemption from registration for certain financial institutions that are authorized or established by federal or Ontario legislation if the financial institution limits its activities to only those activities that are not prohibited by its governing legislation. No other participating jurisdiction has a similar exemption. Including a version of the FIE in the initial regulations remains under consideration by the participating jurisdictions and consultations with stakeholders are expected to solicit feedback.

II.F. Other Matters to be Addressed after Publication

This publication does not address:

- local policies, interpretation notes and staff notices
- interface
- fees
- comments received on the draft initial regulations
- existing local rules and national and multilateral instruments, policies and forms on matters other than prospectus and registration exemptions

III. CHANGES TO NATIONAL AND MULTILATERAL INSTRUMENTS, POLICIES AND FORMS

III.A. National Instrument 45-102 *Resale of Securities* and Related Policy and Form

National Instrument 45-102

We made the changes described in Part II.C, and we made the changes discussed below.

Removal of Resale Provisions

Section 2.2 removes resale provisions in Newfoundland and Labrador and Ontario (as set out in Appendix C – *Non-Applicable Resale Provisions (section 2.2)*). We amended this section and Appendix C to remove the references to Ontario. The provisions set out in Appendix C were repealed in Ontario in 2009 and so this carve-out is no longer required.

Appendix A – Control Distributions

We replaced references to the various CMR Jurisdictions' securities acts for the purposes of the definition of "control distribution" with a reference to paragraph (c) of the definition of "distribution" in section 2 of the CMA. We retained the existing definitions in a transitional provision.

Appendix D – Restricted Period Trades

We removed references in section 1 of this Appendix to Ontario's false carve-out from section 2.3 [Accredited investor] of NI 45-106 as we have proposed to remove this carve-out. In addition, we added a carve-out for CMR Jurisdictions from the reference to section 5.2 of NI 45-106 [TSX Venture Exchange offering], as we propose not to carry forward that exemption in CMR Jurisdictions. Please see the discussion on section 5.2 of NI 45-106 for more information.

Section 2 refers to the exemption from the prospectus requirement contained in section 5 of MI 45-108. We replaced references in this section to Ontario and New Brunswick with "a CMR Jurisdiction" as we have proposed to carry forward MI 45-108 in all CMR Jurisdictions.

Under Transitional and Other Provisions – 3. Ontario Provisions, we added section 73.3 [Exemption, accredited investor] and section 73.5 [Exemption, government incentive securities] of the Ontario *Securities Act* for consistency with how Ontario has previously treated repealed exemptions.

Appendix E – Seasoning Period Trades

We removed the reference to the Ontario false carve-out from section 2.4 [Private issuer] of NI 45-106 in this Appendix as we have proposed to remove the carve-out.

We also removed a reference to Prince Edward Island Local Rule 45-510 *Exempt Distributions – Exemptions for Trades Pursuant to Take-over Bids and Issuer Bids* that we have proposed not be carried forward.

Under Transitional and Other Provisions – 3. Ontario Provisions, we added section 73.4 [Exemption, private issuer] of the Ontario *Securities Act* for consistency with how Ontario has previously treated repealed exemptions.

Companion Policy 45-102

Example of application of section 2.5

Section 1.4 of the Companion Policy illustrates the application of section 2.5 [Restricted period] of NI 45-102, using British Columbia and Ontario as examples. This description will no longer be accurate under the Cooperative System. Consequently, we put square brackets around references to British Columbia and Ontario and added a note to clarify that if an issuer files a prospectus in a CMR Jurisdiction, it is considered to be filed in all CMR Jurisdictions. We also noted that while the prospectus exemptions to which resale restrictions apply (except for the local economic development exemptions) are the same across all CMR Jurisdictions, a person reselling securities that are subject to resale restrictions in one CMR Jurisdiction to a person in another CMR Jurisdiction will still be relying on a prospectus exemption in both CMR Jurisdictions.

Exemptions for certain trades in the local jurisdiction

Section 1.14 of the Companion Policy describes exemptions for certain trades in the local jurisdiction. It currently states that issuers cannot rely on a prospectus filed in another jurisdiction nor can an offeror rely on circulars filed in another jurisdiction to satisfy the condition in the exemptions that the issuer or offeror be a reporting issuer in the local jurisdiction. We added a carve-out from this guidance for CMR Jurisdictions and clarified that, in a CMR Jurisdiction, a record filed in one CMR Jurisdiction becomes a record filed in every other CMR Jurisdiction. We also added a sentence stating that a reporting issuer in one CMR Jurisdiction is a reporting issuer in every other CMR Jurisdiction.

Form 45-102F1

We clarified in the instructions that the form need only be filed in one CMR Jurisdiction, because under the CMA a filing in one CMR Jurisdiction is a filing in all CMR Jurisdictions.

III.B. National Instrument 45-106 *Prospectus Exemptions* and Related Policy and Forms

We made the changes described in Part II.C, and we made the changes discussed below.

National Instrument 45-106

Definitions and interpretation

We removed the Ontario carve-out in paragraph (v) of the definition of “accredited investor”. This paragraph permits the securities regulatory authority or regulator in a jurisdiction to recognize or designate a person to be an accredited investor. We also removed the corresponding reference to this carve-out in subsection 3.5(7) [Recognition or designation as an “accredited investor”] of the Companion Policy.

We added a carve-out for CMR Jurisdictions in the definition of “Canadian financial institution” so that in CMR Jurisdictions the definition of that term in section 2 of the CMA applies. The CMA definition differs from the NI 45-106 definition. The CMA definition includes a “credit union league or federation” authorized to carry on business by or under an act of the legislature of a province or territory. It also includes a fraternal benefit society incorporated or formed under the *Insurance Company Act* (Canada).

We deleted the references to Prince Edward Island and Yukon in paragraph (h) of the definition of “eligible investor”, which designates someone who has obtained investment advice as an “eligible investor” for the purposes of the offering memorandum exemption. As discussed below, this provision will not apply in CMR Jurisdictions. We made corresponding changes to Form 45-106F4 *Risk Acknowledgement*.

We extended section 1.1.1 [Definitions – Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan] to all CMR Jurisdictions, as the definitions contained in this section are used in provisions relating to the offering memorandum exemption that will apply in the CMR Jurisdictions.

We deleted the British Columbia carve-out in section 1.2 [Interpretation of indirect interest].

We deleted section 1.8 [Designation of insider] which designates certain persons in Ontario to be insiders for the purposes of the instrument. This section is unnecessary given the application of the definition of “insider” in section 2 of the CMA.

Family, friends and business associates exemption

We propose that the CMR Jurisdictions adopt the form of the family, friends and business associates exemption that is currently available in Ontario. Accordingly, we replaced the reference to Ontario in subsection 2.6.1(1) [Family, friends and business associates – Ontario] with “a CMR Jurisdiction”, and deleted section 2.6 [Family, friends and business associates – Saskatchewan]. We also deleted a reference to the Ontario *Securities Act* in subsection 2.5(3) [Family, friends and business associates] that is no longer necessary.

The Ontario exemption is the same as the corresponding exemption in all other CMR Jurisdictions today, except it is not available for investment funds (paragraph 2.6(1)(a)).

In addition, under subsection 6.5(3) [Required form of risk acknowledgement], issuers in CMR Jurisdictions will be required to obtain a risk acknowledgement from purchasers under this exemption using Form 45-106F12 *Risk Acknowledgement Form for Family, Friend and Business Associate Investors*, which is currently used in Ontario. In Saskatchewan, this form will replace Form 45-106F5 *Risk Acknowledgement – Saskatchewan Close Personal Friends and Close Business Associates*. No other CMR Jurisdiction currently requires a risk acknowledgement for this exemption.

Offering memorandum exemption

We propose that the CMR Jurisdictions adopt the Ontario form of offering memorandum exemption (OM exemption) recently incorporated into section 2.9 [Offering memorandum]. Accordingly, we replaced references in section 2.9 to Ontario, New Brunswick and Saskatchewan with “a CMR

Jurisdiction”. Discussed below are requirements under the OM exemption that are new for British Columbia, Prince Edward Island and Yukon, except where noted otherwise, or are changes in Saskatchewan where noted.

There will be investment limits under the OM exemption (subsection 2.9(2.1)):

- For non-eligible investors, the acquisition cost of all securities acquired under the OM exemption in the preceding 12 months must not exceed \$10,000.
- For eligible investors, the acquisition cost of all securities acquired under the OM exemption in the preceding 12 months must not exceed \$30,000, unless the eligible investor has received advice that the investment is suitable from a registrant that is a portfolio manager, an IIROC member or an exempt market dealer. In that case, the maximum investment is \$100,000 in the preceding 12-month period. The definition of eligible investor will remain the same as today, except that a person cannot qualify as an eligible investor by receiving suitability advice from an IIROC member (currently the case in Prince Edward Island and Yukon).

The OM exemption will not apply to a specified derivative or a structured finance product (paragraph 2.9(2.1)(d)).

Investment funds will not be able to use the OM exemption (subsection 2.9(2.2)). Saskatchewan, Prince Edward Island and Yukon today only exclude non-reporting mutual funds. We added a new subsection 2.9(2.2.1) that carves mortgage investment corporations out of the investment fund exclusion, thereby allowing them to use the exemption.

OM marketing materials as defined in subsection 2.9(1.1.1) will be incorporated by reference into the offering memorandum (subsection 2.9(5.1)). Consequently, statutory liability will apply to misrepresentations in OM marketing materials. In addition, OM marketing materials will be required to be filed with the Chief Regulator (subsection 2.9(17.1)).

A non-reporting issuer that has distributed securities under the OM exemption will be required to deliver annual financial statements to the Chief Regulator and make them available to security holders (subsection 2.9(17.5)).

A non-reporting issuer that has distributed securities under the OM exemption in a CMR Jurisdiction will be required to provide security holders with a notice (Form 45-106F17 *Notice of Specified Key Events*) if any one of the following key events occurs: (i) a discontinuance of the issuer’s business; (ii) a change in the issuer’s industry; and (iii) a change of control of the issuer (subsection 2.9(17.20)). This section is consistent with a similar provision in MI 45-108 that we propose will apply in all CMR Jurisdictions. (See discussion of MI 45-108 below for further information.) We made corresponding changes to the introduction to Form 45-106F17.

We deleted subsections 2.9(17.22) and (17.23) of the Ontario OM exemption, which designate non-reporting issuers relying on the OM exemption in Ontario and New Brunswick to be market participants. These provisions are unnecessary because paragraph (r) of the definition of “market participant” in section 2 of the CMA includes anyone who relies on an exemption from the prospectus requirements.

We revised subsection 6.5(1.1) [Required form of risk acknowledgement] of the Ontario OM exemption so that individual investors purchasing under the OM exemption must complete Schedules 1 [Classification of Investors under the Offering Memorandum Exemption] and 2 [Investment Limits for Investors under the Offering Memorandum Exemption] of Form 45-106F4 *Risk Acknowledgement*. These schedules require investors to confirm whether and how the eligible investor criteria are met, and also to confirm they are within the applicable investment limits. We made corresponding changes to the instructions in each of the Schedules to the Form.

We made the changes to the offering memorandum Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* and Form 45-106F3 *Offering Memorandum for Qualifying Issuers* relating to distributions of syndicated mortgages using the OM exemption discussed below.

While distributions of most real estate securities under the OM exemption are conducted using Form 45-106F2 or Form 45-106F3, a person wanting to rely on the OM exemption to distribute the types of securities described in paragraph 2 [General Instructions and Interpretation] of CMRA Form 45-501F7 *Offering Memorandum – Real Estate Securities* under the OM exemption, including optional rental pool securities and rental property securities, must use CMRA Form 45-501F7.

Mortgages exemption

We are carrying forward the British Columbia mortgages regime for the Cooperative System. We extended the application of subsection 2.36(3), which currently applies in British Columbia, New Brunswick, and Saskatchewan, to all CMR Jurisdictions. This provision excludes distributions of syndicated mortgages from the use of the mortgage exemption contained in section 2.36. This is a change for Ontario and Yukon, where there is a prospectus exemption available for all mortgages. This is also a change for Prince Edward Island where there is no prospectus exemption for mortgages. We carried forward the qualified syndicated mortgages exemption in BC Instrument 45-501 *Mortgages* in section 19 [Registration and prospectus exemptions for trades in and distributions of qualified syndicated mortgages] of CMRA Regulation 45-501. See discussion in Part IV.A below for more information. We also made corresponding changes to the guidance in section 4.7 [Mortgages] of the Companion Policy to NI 45-106.

Evidences of deposit exemption

Section 2.41 [Schedule III banks and cooperative associations – evidence of deposit] provides an exemption from the prospectus requirement for trades in an evidence of deposit issued by a Schedule III bank or associations governed by the *Cooperative Credit Associations Act* (Canada). We extended the Ontario carve-out in this section to all CMR Jurisdictions. This exemption is not necessary as these deposits are excluded from the definition of “security” in section 2 of the CMA.

TSX Venture Exchange short form offering document

We extended the Ontario carve-out from Part 5 [Offerings by TSX Venture Exchange offering document] in section 5.1 [Application and interpretation] to all CMR Jurisdictions. This is a change for all other CMR Jurisdictions. Issuers have rarely used this exemption and it is unnecessary because National Instrument 44-101 *Short Form Prospectus Distributions* is available to market participants.

Companion Policy 45-106

Derivatives

We added guidance to section 1.2 [All distributions and other trades are subject to securities legislation] to clarify that, in CMR Jurisdictions, the prospectus requirement applies to over-the-counter (OTC) derivatives. Subsection 2(2) [Interpretation] of CMRA Regulation 91-501 *Derivatives and Strip Bonds* provides that OTC derivatives that are not otherwise securities are prescribed to be securities for the purposes of the prospectus requirement.

Responsibility for compliance and verifying purchaser status

We added guidance to subsection 1.9(1) and paragraph 1.9(4)(d) [Responsibility for compliance and verifying purchase status] to advise market participants that in a CMR Jurisdiction, paragraph 54(1)(b) [Requirement to keep records] of the CMA requires a market participant to keep records reasonably required to demonstrate compliance with capital markets law. This includes a person relying on a prospectus exemption.

Definition of “director”

We revised the guidance in section 2.3 [Directors, executive officers and officers of non-corporate issuers] to reflect the false carve-out for CMR Jurisdictions from the definition of “director” in section 1.1 of NI 45-106. “Director” is defined in section 2 of the CMA and has the same meaning as in NI 45-106.

Soliciting purchasers

Section 3.1 [Soliciting purchasers] provides guidance on the solicitation of purchasers. Subsection (1) currently applies in all jurisdictions other than Ontario, while subsection (2) applies only in Ontario. We propose to remove CMR Jurisdictions from (1), and to extend (2) to all CMR Jurisdictions.

In addition, we deleted section 3.2 [Soliciting purchasers – Ontario], which provides guidance on how the Ontario Securities Commission (OSC) determines whether or not issuers or their employees who solicit purchasers are in the business of selling securities, because the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* addresses this issue.

Finder’s fees or commissions

Section 3.4.01 [Payment of finder’s fees or commissions to any person] provides guidance on the payment of finder’s fees or commissions in Ontario in connection with the family, friends and business associates exemption. We revised this section so that it applies in all CMR Jurisdictions.

Risk acknowledgement under the family, friends and business associates exemption

To reflect our proposal that the requirement in Saskatchewan and Ontario that a risk acknowledgement form be signed by purchasers in connection with the use of the family, friends and business associates exemption be adopted in all CMR Jurisdictions, we revised the related guidance in subsection 3.7(3) [Risk acknowledgement – Saskatchewan] and section 5.4 [Risk acknowledgement form for distributions to close personal friends and close business associates in Saskatchewan] so it applies to all CMR Jurisdictions and updated the guidance to reflect the wording in section 2.6.1 [Family, friends and business associates – CMR Jurisdictions] of NI 45-106.

Report of exempt distribution

We added a sentence to subsection 5.1(1) [Requirement to file] to clarify that if a distribution takes place in more than one CMR Jurisdiction, an issuer may satisfy the requirement to file a report of exempt distribution (Form 45-106F1) by making a single filing with the Chief Regulator. We added a similar sentence to the Filing Instructions to Form 45-106F1.

Form 45-106F1

We added further instructions to General Instructions A.1. [Filing Instructions] to clarify that for distributions that have taken place in CMR Jurisdictions, the issuer must file one report that includes information about purchasers resident in all CMR Jurisdictions. We made similar revisions to Item 7 [Information about the distribution].

We extended an Ontario-only carve-out in Schedule 1 [Confidential Purchaser Information], Item (f) [Other information] to all CMR Jurisdictions. This carve-out relieves foreign public issuers and others from having to provide certain information relating to registration and insiders. Currently, the other CMR Jurisdictions achieve this result through blanket exemption orders.

Forms 45-106F2 and F3

We carried forward BC Form 45-901F *Offering Memorandum for Syndicated Mortgages* as Appendix A to Forms 45-106F2 and F3 to prescribe the information that an issuer distributing syndicated mortgages in a CMR Jurisdiction under the OM exemption must provide.

III.C. Multilateral Instrument 45-108 *Crowdfunding* and Related Policy and Forms

MI 45-108 is in force today in Ontario, New Brunswick and Saskatchewan. We propose to carry forward MI 45-108 in all CMR Jurisdictions. We made the changes described in Part II.C, and we made the changes discussed below.

Multilateral Instrument 45-108

Definitions

Paragraph (e) of the definition of “restricted dealer funding portal” in section 1 contains a condition that currently applies in Ontario. The condition prohibits registered firms from creating affiliate funding portals that are exempt from certain requirements of NI 31-103 by virtue of subparagraph 21(b)(ii) of MI 45-108. We extended this condition to all CMR Jurisdictions.

Investment limits

Paragraph 5(1)(c) contains investment limits that currently apply to purchasers in Ontario. The investment limits for a non-accredited investor are \$2,500 per distribution and \$10,000 per calendar year. The investment limits for an accredited investor are \$25,000 per distribution and \$50,000 per calendar year. We carried forward these limits in all CMR Jurisdictions.

We made corresponding changes to sections 6 [Conditions for closing of the distribution], 20 [Books and records], 34 [Purchaser requirements prior to purchase] and 36 [Delivery to the issuer] and the instructions to Form 45-108F3 *Confirmation of Investment Limits* to reflect that purchasers in CMR Jurisdictions will be required to complete Form 45-108F3.

Notice of specified key events

We extended the application of section 18 [Notice of specified key events], which currently applies in New Brunswick and Ontario, to all CMR Jurisdictions. This section requires non-reporting issuers to provide purchasers of their securities under the exemption with a notice (Form 45-108F4 *Notice of Specified Key Events*) if any of the following key events occurs: (i) a discontinuance of the issuer’s business; (ii) a change in the issuer’s industry; or (iii) a change of control of the issuer. This section is consistent with a similar provision in the OM exemption in NI 45-106 that we propose will apply in all CMR Jurisdictions. (See discussion of NI 45-106 above for more information.) We made corresponding changes to subparagraph 5(2)(b)(vi) and section 19 [Period of time for providing ongoing disclosure], and to section 6.5 [Ongoing disclosure] of Form 45-108F1 *Crowdfunding Offering Document*.

Issuer access agreement

We deleted Ontario from the requirement in paragraph 26(e) that funding portals confirm they are agents of the issuer for the purposes of the distribution. This provision is currently required to ensure that non-reporting issuers are caught by the definition of “market participant” in the Ontario *Securities Act*. It is unnecessary because paragraph (r) of the definition of “market participant” in the CMA includes anyone who relies on an exemption from the prospectus requirements.

Permitted dealing activities

We deleted the Ontario carve-out from paragraph 41(b). This provision limits the ability of restricted dealer funding portals to act as intermediaries in start-up crowdfunding distributions. As discussed in Part IV.A below, we propose to adopt a start-up crowdfunding exemption in CMRA Regulation 45-501.

We added paragraph 41(d) to allow restricted dealer funding portals to act as intermediaries in distributions made under the CMR start-up crowdfunding exemption.

Companion Policy 45-108

We made a number of revisions to the Companion Policy to reflect the changes made to MI 45-108 discussed above.

In addition, we revised the Ontario-specific paragraph in section 9 [Liability for misrepresentation – reporting issuers] to reflect the civil remedy in subsection 122(1) [Actions relating to prescribed disclosure document] of the CMA. This remedy applies to the crowdfunding offering document by virtue of section 15 [Disclosure document prescribed for subsection 122(1) of the Act] of CMRA Regulation 11-501.

IV. CMRA REGULATION 45-501 PROSPECTUS AND REGISTRATION EXEMPTIONS AND RELATED POLICY AND FORMS

CMRA Regulation 45-501 and its Companion Policy contain prospectus exemptions, some related registration exemptions and guidance that apply in the CMR Jurisdictions. Appendix A provides a table of concordance for CMRA Regulation 45-501 indicating the primary local rule on which each section of this regulation is based, as well as the basis for each form. Appendix B lists existing local rules in the CMR Jurisdictions and notes whether they are carried forward and if so, where the relevant provisions can be found.

In some cases, we needed to make other changes to achieve a uniform outcome in CMR Jurisdictions. Those changes are discussed below.

IV.A. Part 1 – General Prospectus and Registration Exemptions

Division 1 – Capital Accumulation Plans

Division 1 provides exemptions from the dealer registration and prospectus requirements for distributions of mutual fund securities to tax assisted savings plans. It is based on BC Instrument 45-524 *Registration and Prospectus Exemption for Certain Capital Accumulation Plans*.

Consistent with the current British Columbia exemption, subsection 2(1) provides an exemption from the dealer registration requirement for a person trading a security of a mutual fund to tax assisted savings plans, including defined contribution registered pension plans, group registered retirement saving plans, group registered education saving plans and deferred profit sharing plans.

Consistent with the current British Columbia exemption, subsection 2(3) provides an exemption from the prospectus requirement for a distribution of a security of a mutual fund, provided that the conditions to the registration exemption are met and the mutual fund complies with Part 2 of National Instrument 81-102 *Investment Funds*.

The exemptions in subsections 2(1) and 2(3) are consistent with local blanket and general exemption orders currently available in New Brunswick and Saskatchewan and with discretionary exemption orders granted in Ontario and Yukon.

We made the changes to BC Instrument 45-524 discussed below.

Consistent with section 8.0.1 [General condition to dealer registration exemptions] of NI 31-103, we added subsection 2(2), which prohibits a person from relying on the dealer registration exemption if the person's category of registration permits it to trade in a security covered by the exemption.

While the resale restrictions are new in all CMR Jurisdictions, they are consistent with the treatment of other pooled fund securities acquired under prospectus exemptions. We added resale restrictions in section 3 so that a trade in a security acquired under this exemption will be subject to section 2.6 [Seasoning period] of NI 45-102.

We converted the notice in Appendix A to BC Instrument 45-524 into Form 45-501F1 *Notice of Intention to Rely on Exemption in Subsection 2(3) of CMRA Regulation 45-501*. Consistent with the current British Columbia exemption, section 4 requires that this form be filed before the prospectus exemption is first relied on.

Division 2 – Bonus or Finder's Fee

Division 2 provides an exemption from the prospectus requirement for distributions made by a reporting issuer in securities of its own issue as consideration for loans, loan guarantees and services performed in connection with certain types of transactions. It is based on BC Instrument 45-529 *Bonus or Finder's Fee*. It is new in all other CMR Jurisdictions.

We made the changes to BC Instrument 45-529 discussed below.

We did not carry forward the exemption from the dealer registration requirement for issuers in BC Instrument 45-529. The dealer registration exemption was adopted when registration was required for a person if they traded securities. In 2009, regulators adopted a new test for when a person would be required to register, that being when a person was in the business of trading in securities. The British Columbia Securities Commission (BCSC) did not change the exemption when the test was changed. Where an issuer is engaged in the business of trading in securities, then the issuer should obtain registration in the appropriate category of registration.

We added guidance to Part 1, Division 2 of the Companion Policy to CMRA Regulation 45-501 to direct issuers relying on this exemption and finders involved in a prescribed transaction to consider the guidance on the business trigger found in section 1.3 of the Companion Policy to NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to determine whether they need to register.

Division 3 – Existing Security Holders

Division 3 provides an exemption from the prospectus requirement for distributions to existing security holders by issuers listed on the Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange, Aequitas NEO Exchange or any other recognized exchange. It is based on the Ontario existing security holder exemption in section 2.9 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*.

All other CMR Jurisdictions have an existing security holder exemption similar to the British Columbia exemption in BC Instrument 45-534 *Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders*.

The exemption in OSC Rule 45-501 differs from the exemption in BC Instrument 45-534 in these respects:

- OSC Rule 45-501 requires the issuer to describe how it intends to allocate all securities, which is broader than the requirement in BC Instrument 45-534 to describe how the issuer intends to allocate securities only if aggregate subscriptions for securities exceed the maximum number of securities proposed to be distributed.
- OSC Rule 45-501 provides specifically that the requirement to make the offer available to all security holders is subject to applicable securities legislation, which BC Instrument 45-534 does not.
- OSC Rule 45-501 requires the purchaser to have held the issuer's securities at the record date and continue to hold them as of the distribution date while BC Instrument 45-534 requires only that the security holder have held the securities at the record date.
- OSC Rule 45-501 provides that an issuer or a salesperson cannot reasonably believe that a purchaser's representation about holding securities on the record date and the date of distribution is untrue. BC Instrument 45-534 does not have an equivalent provision.
- OSC Rule 45-501 requires the issuer to have filed all periodic and timely disclosure documents it was required to file and also provides that the exemption is not available if the issuer's securities have been suspended for trading. BC Instrument 45-534 only requires the issuer to have filed all periodic and timely disclosure documents it was required to file.
- OSC Rule 45-501 imposes statutory liability if there is a misrepresentation in the issuer's core documents, while BC Instrument 45-534 requires a contractual right of action be provided to a purchaser if these documents contain a misrepresentation.
- OSC Rule 45-501 provides that the offering cannot result in an increase of more than 100 per cent in the number of outstanding listed securities of the same class. BC Instrument 45-534 does not have this limitation.

In addition, we made the changes to the existing security holder exemption in OSC Rule 45-501 discussed below.

The purchaser is not required to represent to the issuer that the purchaser continues to be an existing security holder as of the distribution date. To align with all other CMR Jurisdictions, the purchaser is only required to be an existing security holder as of the record date.

The Companion Policy to the Ontario exemption has been revised in Part 1, Division 3 of the Companion Policy to CMRA Regulation 45-501 to provide guidance on what the Chief Regulator would consider in assessing whether a bona fide offer has been made to all existing security holders under the exemption.

Division 4 – Start-up Crowdfunding

Division 4 carries forward exemptions from the dealer registration and prospectus requirements for start-up crowdfunding. It is based on the Saskatchewan General Order 45-929 *Start-up Crowdfunding Prospectus and Registration Exemptions*, and New Brunswick Blanket Order 45-506 *Start-up Crowdfunding Registration and Prospectus Exemptions*. We carried forward the related forms as:

- Form 45-501F2 *Start-up Crowdfunding – Offering Document*,
- Form 45-501F3 *Start-up Crowdfunding – Risk Acknowledgement*,
- Form 45-501F4 *Start-up Crowdfunding – Funding Portal Information Form*, and
- Form 45-105F5 *Start-up Crowdfunding – Funding Portal – Individual Information Form*.

We also carried forward the Start-up Crowdfunding Guide for Businesses, Start-up Crowdfunding Guide for Funding Portals and Start-up Crowdfunding Guide for Investors.

This exemption is new in Ontario, Prince Edward Island and Yukon. It is consistent with the exemption in BC Instrument 45-535 *Start-up Crowdfunding Registration and Prospectus Exemptions*, except for the following two differences:

1. Under the exemption, an exempt market dealer or a restricted dealer that is operating a funding portal under MI 45-108 could also operate a funding portal under this exemption. In British Columbia, only an investment dealer or exempt market dealer can operate a funding portal.
2. Under the exemption, a dealer is only required to provide suitability advice if it is required to do so under securities legislation (subclause 14(b)(ii)(C)(II)). This allows a restricted dealer that is operating under both MI 45-108 and this exemption to not provide suitability advice. In British Columbia, the investment dealer or exempt market dealer operating the funding portal must provide suitability advice to an investor.

We made the changes to Saskatchewan General Order 45-929 and New Brunswick Blanket Order 45-506 discussed below.

We replaced a contractual right of withdrawal in the existing start-up crowdfunding exemption with a statutory right of withdrawal under section 142 of the CMA that is located in proposed new section 21.3 of CMRA Regulation 11-501.

We replaced the requirement in Saskatchewan and New Brunswick that the report of exempt distribution required under this exemption be filed using Saskatchewan and New Brunswick's local Form 5 with a requirement to file the report of exempt distribution using Form 45-106F1 *Report of Exempt Distribution*. Form 45-106F1 is the form currently used in British Columbia for the start-up crowdfunding exemption and is the form used everywhere else there is a requirement to report an exempt distribution. We added discussion on the use and filing of this form in the CMR Jurisdictions to the Guide for Businesses. We also clarified in the Guide for Businesses and Guide for Funding Portals that a requirement to file or deliver a document in multiple CMR Jurisdictions may be satisfied by making a single filing with or delivery to the Chief Regulator.

Division 5 – Syndicated Mortgages

In addition to other exemptions that a person could use to distribute mortgages, we are proposing additional narrow dealer registration and prospectus exemptions for syndicated mortgages in Division 5 of CMRA Regulation 45-501. These exemptions and related guidance in the Companion Policy to CMRA Regulation 45-501 are based on BC Instrument 45-501 *Mortgages* and its related Companion Policy.

Section 18 [Registration exemption for trades in syndicated mortgages to institutional investors] carries forward the British Columbia dealer registration exemption for trades in syndicated mortgages on real property to institutional investors. We note that the definition of “institutional investor” introduces a new category of sophisticated purchaser that is similar, but not identical to, the existing definition of “permitted client” in NI 31-103.

Section 19 [Registration and prospectus exemptions for trades in and distributions of qualified syndicated mortgages] carries forward the British Columbia dealer registration and prospectus exemptions for simple syndicated mortgages, called “qualified syndicated mortgages”, provided they are sold through a person who is a mortgage broker in the jurisdiction in which the property is located and the investor is provided with a prescribed disclosure form.

The treatment of syndicated mortgages in section 18 and 19 is new in all other CMR Jurisdictions. This exemption is narrower than the status quo in Ontario and Yukon because, currently in Ontario and Yukon, there is a dealer registration exemption and prospectus exemption for all mortgages (including syndicated mortgages). This exemption is broader than the status quo in Saskatchewan because mortgage brokers do not have a dealer registration exemption for trades in any syndicated mortgages in that province. It is also broader than the status quo in New Brunswick because there is neither a registration nor a prospectus exemption for syndicated mortgages in New Brunswick, and in Prince Edward Island because it does not have any dealer registration or prospectus exemptions for any mortgages.

We made the changes to BC Instrument 45-501 discussed below.

Section 18 – Institutional Investors

To harmonize the dealer registration exemption for trades to institutional investors in this section with the conditions for the dealer registration exemption in section 8.12 [Mortgages] of NI 31-103, we added a condition to the dealer registration exemption in section 18 that the trades be conducted by a mortgage broker registered, licensed or exempt from registration or licensing in the jurisdiction where the property is located.

We did not carry forward the prospectus exemption for trades to institutional investors because issuers can rely on the accredited investor exemption in section 2.3 of NI 45-106.

Section 19 – Qualified Syndicated Mortgages

Section 20 [Resale restrictions] imposes new obligations on the resale of securities acquired under the exemption in section 19 for qualified syndicated mortgages. Section 21 [Report of exempt distribution] imposes a new obligation for the issuer to file a report of exempt distribution (Form 45-106F1) for distributions under section 19.

Division 6 – Real Estate Securities

Division 6 provides exemptions from the dealer registration and prospectus requirements for sales of optional rental pool securities and rental property securities. These securities are investment contracts relating to a real estate property that generates revenue based on short-term rentals under rental pool agreements and rental management agreements (real estate securities).

Division 6 is based on BC Instrument 45-512 *Real Estate Securities* and discretionary exemptive relief granted by the OSC and the BCSC. It is new in all other CMR Jurisdictions.

Developers that want to use the exemption in section 23 [Registration and prospectus exemptions for trades of an optional pool security or a rental property security] must comply with a number of conditions aimed at ensuring the purchaser has adequate information about the security the purchaser is buying and the operation of the rental pool or rental management agreement that applies to the real estate property. For example, the exemption requires the developer to provide a purchaser with most of the disclosure in Form 45-501F7 *Offering Memorandum – Real Estate Securities*, as described in more detail below.

A person (other than a developer) who owns real estate securities that they want to resell can use the applicable exemption in section 24 [Resale restrictions for subsequent trades in an optional rental pool security or a rental property security] or 25 [Resale restrictions for subsequent trades in certain real estate securities acquired before launch date relating to real property in British Columbia]. Resales can be done without providing any disclosure. Resellers cannot advertise any benefits of any rental pool agreement or rental management agreement that applies to that real estate security. The resale conditions are the same as in British Columbia. The resale provisions in section 25 apply to a person who acquired a real estate security under previous similar exemptions in British Columbia.

We made the changes to BC Instrument 45-512 discussed below.

General Changes

Section 23 provides a dealer registration exemption and a prospectus exemption to developers. The exemption is broader than the British Columbia exemption because it is not limited to securities for properties located in ski resort areas.

We updated the financial disclosure requirements in section 23 to align with current requirements elsewhere in securities legislation for disclosure of forward looking information and to clarify the reporting standards for financial information.

Report of Exempt Distribution

Section 26 imposes a new obligation on a developer to file a report of exempt distribution (Form 45-106F1) for distributions under section 23. This will enable us to monitor the use of the exemption by developers. A person relying on the resale exemptions in sections 24 or 25 is not required to file a report of exempt distribution.

Delivery of Disclosure to the Chief Regulator

Section 26.1 imposes a new obligation on a developer distributing real estate securities under section 23 to deliver to the Chief Regulator the disclosure they are required to provide to a purchaser within 10 days after the distribution closes.

Section 99 [Delivery of offering memorandum] of CMRA Regulation 45-501 also imposes a further obligation to deliver to the Chief Regulator any additional disclosure a developer provides to a purchaser beyond the disclosure required by section 23 if the disclosure meets the definition of offering memorandum in section 98 [Definitions].

Form 45-501F7 Offering Memorandum – Real Estate Securities

Form 45-501F7 must be used when distributing real estate securities under two prospectus exemptions as follows:

1. The OM exemption in section 2.9 of NI 45-106, for distributions of a real estate security that is an investment contract where the investment contract involves an interest in real property or a real estate project that generates a return for the purchaser through a rental pool or rental management agreement (see the definition of real estate securities in paragraph 2 [General Instructions and Interpretation] of Form 45-501F7 for more information).
2. The real estate securities exemption in section 23 of CMRA Regulation 45-501 for distributions by developers of optional rental pool securities and rental property securities, which are investment contracts relating to a real estate property that generates revenue based on short-term rentals.

Distributions of other types of real estate securities such as securities of mortgage investment corporations and real estate investment trusts under the OM exemption in section 2.9 of NI 45-106 would not use Form 45-501F7 and instead would use Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* as they do today.

We developed Form 45-501F7 by combining the disclosure required by Form 45-106F2 with the disclosure required by BC Form 45-906F *Offering Memorandum – Real Estate Securities* (the BC form) including adding in content formerly incorporated by reference from the British Columbia *Real Estate Development Marketing Act* (REDMA).

Since the Alberta Securities Commission (ASC) is the only other jurisdiction with a unique disclosure form for similar distributions of real estate securities (ASC Form 45-509F *Offering Memorandum for Real Estate Securities* – the Alberta form), we considered those requirements and integrated any additional required disclosure by the Alberta form into Form 45-501F7.

Although no other CMR Jurisdiction has a real estate securities offering memorandum form, the OSC refers to the BC form as the basis for disclosure required under discretionary exemptions it has provided for distributions of securities that would fit the definition of “real estate security” in Form 45-501F7.

This commentary does not discuss changes that arise from aligning the Form 45-501F7, the BC form and the Alberta form.

We made the changes to the BC form discussed below.

Item 3.5 – History of ownership of the real property

In Form 45-501F7, issuers must disclose all transactions between related parties, which is consistent with the requirements for disclosing material agreements between related parties in Form 45-106F2. This new requirement is the same as the Alberta form, except that disclosure of the ownership history of the real property where there have been transactions with related parties is not limited to two years as it is in Alberta.

Item 15.1 – Financial statements of the real estate project

In Form 45-501F7, we harmonized the financial statement requirements to align with the financial statement requirements elsewhere in securities legislation, in particular, in Form 45-106F2.

Item 16 – Other disclosure

In Form 45-501F7, we added a new requirement for issuers to provide additional disclosure if required by applicable real estate legislation.

Schedule A Condominium or Strata Information, Schedule B Leasehold Units Information, Schedule C Time Share Developments, Schedule D Disclosure for Cooperative Association Real Estate Projects and Schedule E Shared Interest in Land Information

These schedules reflect the disclosure required by the BC form with the following exceptions:

- we changed the time periods for some disclosure in the Form 45-501F7 so they are consistent with the timing required in either Form 45-106F2 or the Alberta form;
- we eliminated information about the real estate broker selling the real estate;
- the schedules clarify that if any disclosure is being provided to comply with provincial or territorial real estate legislation, issuers must provide the name of the legislation and identify the disclosure being provided to comply with it; and
- we eliminated specific provisions relating to reliance on misrepresentations and the requirement for a solicitor's certificate attesting to the accuracy of some disclosure. Instead, Form 45-501F7 reflects the requirements relating to misrepresentations in the CMA.

IV.B. Part 2 – Prospectus and Registration Exemptions Related to Provincial and Territorial Legislation

The exemptions in Part 2 of CMRA Regulation 45-501 carry forward existing local exemptions in CMR Jurisdictions. The exemptions are drafted to work with corresponding, unique provincial and territorial legislation and, except where noted below, preserve the status quo in each of the CMR Jurisdictions. The exemptions contained in this Part will apply only to trades and distributions in the specified CMR Jurisdiction.

Division 1 – Cooperative Associations

Division 1 carries forward existing local exemptions for trades in certain securities issued by a cooperative association subject to local cooperative association legislation. Such exemptions exist in all CMR Jurisdictions other than Yukon.

British Columbia

Section 27 provides exemptions from the dealer registration and prospectus requirements for trades in, or distributions of, membership shares and investment shares of cooperative associations under the British Columbia *Cooperative Associations Act* in certain circumstances. It is based on BC Instrument 45-530 *Exemptions for Securities Issued by Cooperative Associations*.

We made the changes to the provisions in BC Instrument 45-530 discussed below.

We added definitions of “member” and “association” so that the regulation refers to all relevant terms defined in the British Columbia *Cooperative Associations Act* that are used in the exemption.

We did not carry forward the dealer registration and prospectus exemptions meant for secondary trades by a member in a security of the association. The dealer registration exemption was adopted when registration was required for a person if they traded securities. In 2009, regulators adopted a new test for when a person would be required to register, that being when a person was in the business of trading in securities. The BCSC did not change the exemption when the test was changed. If the member is in the business of trading, it is appropriate for them to be registered for this activity. A prospectus exemption is unnecessary because a first trade of a security of the association acquired under the prospectus exemption is not a distribution.

Saskatchewan

Section 28 provides exemptions from the dealer registration and prospectus requirements for trades in securities issued by a company in accordance with *The Co-operatives Act, 1996* (Saskatchewan). It is based on the general exemption for co-operatives contained in Saskatchewan General Order 45-912 *Exemptions for Co-operatives and Credit Unions*.

Ontario

Section 29 provides exemptions from the dealer registration and prospectus requirements for trades of a security issued by a corporation to which the Ontario *Co-operative Corporations Act* applies. It is based on subsection 73.1(6) [Security of a co-operative] of the Ontario *Securities Act* and section 3.4 [Security of a co-operative] of OSC Rule 45-501.

New Brunswick

Section 30 provides exemptions from the dealer registration and prospectus requirements for trades in securities that are “shares” as defined in the New Brunswick *Co-operative Associations Act*. It is based on the relevant provisions in section 2.1 [Cooperatives and Credit Unions] of New Brunswick Local Rule 45-501 *Prospectus and Registration Exemptions*.

Prince Edward Island

Section 31 provides exemptions from the dealer registration and prospectus requirements for trades in securities that are co-op shares as defined in the Prince Edward Island *Co-operative Associations Act*. It is based on Prince Edward Island Local Rule 45-501 *Exempt Distributions – Co-operative Associations*.

Division 2 – Credit Unions

Division 2 carries forward existing local exemptions for trades in certain securities issued by a credit union subject to local credit union legislation. Such exemptions exist in all CMR Jurisdictions except Yukon. Yukon does not have a legislative framework for credit unions.

British Columbia

Section 32 provides exemptions from the dealer registration and prospectus requirements for trades in, or distributions of, shares of a credit union within the meaning of the British Columbia *Credit Union Incorporation Act*. It is based on BC Instrument 45-531 *Exemptions for Shares or Deposits of a Credit Union*.

We made the changes to the provisions in BC Instrument 45-531 discussed below.

We amended the dealer registration exemption so that it applies to “shares”, rather than “shares and deposits”. We correspondingly replaced the reference to “security” in the prospectus exemption with “share”. It is unnecessary to refer to “deposits” because deposits are not a security under the CMA.

Saskatchewan

Section 33 provides exemptions from the dealer registration and prospectus requirements for trades in securities issued by a credit union to its members in accordance with *The Credit Union Act, 1998* (Saskatchewan). It is based on the general exemption for credit unions contained in Saskatchewan General Ruling/Order 45-912 *Exemption for Co-operatives and Credit Unions*.

Ontario

Section 34 provides exemptions from the dealer registration and prospectus requirements for trades in membership shares or patronage shares of a credit union to which the Ontario *Credit Unions and Caisses Populaires Act, 1994* applies, and for trades in securities to members by a credit union or league to which the Ontario *Credit Unions and Caisses Populaires Act, 1994* applies. It is based on subsection 73.1(6) of the Ontario *Securities Act* and former section 3.6 [Security of a credit union]² of OSC Rule 45-501. Although we have included a dealer exemption for credit unions here for the purposes of seeking comment, the final form of registration exemption for credit unions will depend on the outcome of the discussions related to the registration exemptions for financial institutions in s. 35.1 of the Ontario *Securities Act*, which remain under consideration as noted in section II.E above.

New Brunswick

Section 35 provides exemptions from the dealer registration and prospectus requirements for trades in membership shares of a credit union within the meaning of the New Brunswick *Credit Unions Act*. It is based on the relevant provisions in section 2.1 [Cooperatives and Credit Unions] of New Brunswick Local Rule 45-501 *Prospectus and Registration Exemptions*.

Prince Edward Island

Section 36 provides exemptions from the dealer registration and prospectus requirements for trades in shares of a credit union within the meaning of the Prince Edward Island *Credit Unions Act*. It is based on Prince Edward Island Local Rule 45-502 *Exempt Distributions – Credit Unions*.

² This section was repealed in 2015, since it was redundant in light of the general registration exemption for financial institutions found in section 35.1 of the Ontario *Securities Act*. See Part II.E. related to an exemption from the registration requirements for financial institutions, which is still under consideration.

Provincial economic development programs

Divisions 3 to 8 carry forward existing local exemptions that relate to regional economic development programs.

Division 3 – British Columbia

Division 3 provides exemptions from the dealer registration and prospectus requirements for trades in shares issued by an employee venture capital plan, as defined in the British Columbia *Employee Investment Act*. It is based on BC Instrument 45-514 *The Employee Investment Act*.

We made the key change to the provisions in BC Instrument 45-514 discussed below.

We did not carry forward the dealer registration exemption for secondary trades by a permitted purchaser of a share issued by an employee venture capital corporation or an employee of certain shares issued by an eligible business. If they are in the business of trading, it is appropriate for them to be registered for this activity.

We added a requirement in section 40 for an issuer that distributes securities under this exemption to file a report of exempt distribution in the form of Form 45-106F1 *Report of Exempt Distribution*. This will enable us to monitor use of the exemption.

Division 4 – Saskatchewan

Division 4 provides conditional exemptions from the dealer registration and prospectus requirements for trades of a labour-sponsored venture capital corporation (LSVCC) under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan). It is based on Saskatchewan General Ruling/Order 45-902 *Labour-sponsored Venture Capital Corporations*.

We made the changes to the provisions in that ruling/order discussed below.

We did not carry forward Part 4 [Continuous disclosure] of the ruling/order, which provides that the continuous disclosure requirements in the Saskatchewan *Securities Act* do not apply to an LSVCC. We think this provision is unnecessary as the continuous disclosure requirements in Part 7 of the CMA would not be triggered in these circumstances. We similarly did not carry forward paragraphs 1 and 2 of Part 5 [Clarification] of the ruling/order, which provide that nothing in the ruling/order precludes an LSVCC or operating company from relying on other statutory exemptions or from applying for a discretionary order. We think this clarification may cause confusion about whether it applies to other exemptions and is unnecessary. We also deleted paragraph 3 of Part 5, which refers to Saskatchewan Local Instrument 47-501 *Marketing Communications*. This instrument is not being carried forward.

We consolidated the appendices attached to the ruling/order into Form 45-501F8 *LSVCC Securities Offering Disclosure (Saskatchewan)*. Subparagraph 43(1)(a)(i) requires that this form be delivered to employees who purchase securities of an LSVCC. We updated the rights of action discussion in

Appendix C [Rights of Action] to the ruling/order to reflect a purchaser's rights under section 122 [Actions relating to prescribed disclosure document] of the CMA.

Division 5 – Ontario

Division 5 provides conditional exemptions from the prospectus requirement for distributions in Ontario of “government incentive securities”. “Government incentive securities” qualify for tax credits under the *Income Tax Act* (Canada) for Canadian exploration expense, Canadian development expenses or Canadian oil and gas property expense. These provisions are based on the prospectus exemption in section 73.5 [Exemption – government incentive securities] of the Ontario *Securities Act* and related provisions in OSC Rule 45-501.

We made the changes to those provisions discussed below.

We replaced references to “offering memorandum”, which is defined in the Ontario *Securities Act* but not the CMA, with “offering document”. We defined that term using the definition of “prescribed disclosure document” found in subsection 15(1) of CMRA Regulation 11-501. We also deleted the phrase “in the aggregate in all jurisdictions in Canada” in the provision that limits the number of purchasers under the exemption. We think it may cause confusion as to the availability of the exemption outside of Ontario.

Division 6 – New Brunswick

Division 6 provides conditional exemptions from the prospectus and dealer registration requirements for a distribution by a community economic development corporation or association (CEDC) that is registered under the New Brunswick *Small Business Investor Tax Credit Act*. It also provides an exemption from the requirements under capital markets law pertaining to investment funds and investment fund managers. It is based on New Brunswick Local Rule 45-509 *Community Economic Development Corporations and Associations* and its Companion Policy and Forms.

We made the changes to the provisions in Local Rule 45-509 discussed below.

We deleted subsection 11(2) of the local rule, which provides for a right of rescission in certain circumstances. This provision is unnecessary given the addition of the offering documents required to be delivered under this exemption to section 21 of CMRA Regulation 11-501 (see commentary on consequential amendments to CMRA Regulation 11-501 below). Section 21 provides a similar right of rescission.

Section 15 of CMRA Regulation 11-501 provides a statutory right of action in the event of a misrepresentation.

We deleted section 23 of the local rule, which provides that the CEDC, its insiders and persons that are in a special relationship with it are subject to the insider trading provisions in the New Brunswick *Securities Act* as though the CEDC were a reporting issuer. This provision is not necessary under the

CMA, as the insider trading provisions apply both to reporting issuers and to issuers that are publicly traded, which would capture CEDCs that distribute securities under this Division.

In addition, we replaced the requirement that documents be “delivered” to the Chief Regulator, with the requirement that they be “filed” with the Chief Regulator. Under section 191 of the CMA, documents that are filed become public documents. Consequently, the offering document (CMRA Form 45-501F9 *Offering Document for Community Economic Development Corporations and Associations (New Brunswick)*), amendments to the offering document, annual financial statements, the Form 45-106F1 *Report of Exempt Distribution* and CMRA Form 45-501F10 *Notice of Specified Events (New Brunswick and Prince Edward Island)* will become public documents.

Division 7 – Prince Edward Island

Division 7 provides a conditional exemption from the prospectus requirement for a distribution of securities by a “community economic-development business” (CEDB) under the Prince Edward Island *Community Development Equity Tax Credit Act*. It is based on Prince Edward Island Local Rule 45-508 *Respecting Community Economic-Development Businesses*.

We made the changes to the provisions of Local Rule 45-508 discussed below.

We revised the definition of “offering document” in subsection 1(1) of the local rule, which refers to “an offering document in the form approved by the Superintendent” so it refers to two new CMRA forms: Form 45-501F11 *Offering Document for Community Economic Development Businesses – Corporations (Prince Edward Island)* and Form 45-501F12 *Offering Document for Community Economic Development Businesses – Associations (Prince Edward Island)*. These forms are based on forms currently used informally in Prince Edward Island for the purposes of the local rule.

We deleted subsection 3(3) [Restrictions] of the local rule which deems an offering document as defined in the rule to be an offering memorandum as defined in the Prince Edward Island *Securities Act*. The CMA uses the term “prescribed offering document” and provides similar rights and remedies with respect to that document as the Prince Edward Island *Securities Act* does for an “offering memorandum”. Section 15 of CMRA Regulation 11-501 renders it unnecessary to deem the offering document under this exemption to be a prescribed disclosure document for the purposes of the CMA.

The local rule requires that a “report after closing” and “report of trade” be filed in a “form approved by the Superintendent”. For the purposes of the Cooperative System, the required form of the report of exempt distribution under this exemption will be Form 45-106F1.

Subsection 8(2) of the local rule requires that at least two directors of the CEDB be independent. We revised this requirement (contained in subsection 79(2) of the Regulation) to refer to independence within the meaning of section 1.4 [Meaning of independence] of National Instrument 52-110 *Audit Committees*.

We deleted subsection 13(2) of the local rule, which provides security holders with a right to cancel their purchase agreement in certain circumstances. This provision is unnecessary given the addition of the offering documents required to be delivered under this exemption to section 21 of CMRA Regulation

11-501 (see commentary on consequential amendments to CMRA Regulation 11-501 below). Section 21 of CMRA Regulation 11-501 provides a similar right of rescission.

We deleted subsection 21(1) of the local rule, which provides that the CEDB, its insiders and persons that are in a special relationship with it are subject to the insider trading provisions in the Prince Edward Island *Securities Act* as though the CEDB were a reporting issuer. This provision is not necessary under the CMA, as the insider trading provisions apply both to reporting issuers and to issuers that are publicly traded, which would include CEDBs that distribute securities under this Division.

We added section 86.1 [Financial statements included in the offering document] to the Regulation, which requires a CEDB that relies on this exemption to include financial statements in its offering document. If the CEDB has not completed a financial year or if the financial year is less than 120 days from the date of the offering document, the offering document must include an interim financial report. If the CEDB has completed at least one financial year, the offering document must include annual financial statements and its most recent interim financial report. This reflects a requirement currently located in the offering documents used in Prince Edward Island for this exemption and is consistent with a similar provision in the New Brunswick exemption in Division 5.

We also added section 88.1 [Notice of specified events], which requires a CEDB to file with the Chief Regulator and make available to its security holders a notice in the form of Form 45-501F10 *Notice of Specified Events (New Brunswick and Prince Edward Island)* in the case of certain material changes. This is based on a requirement currently located in the offering documents used in Prince Edward Island for this exemption to file material change reports and is consistent with a similar provision in the New Brunswick exemption in Division 5.

Division 8 – Yukon

This Division provides conditional exemptions from the dealer registration and prospectus requirements for a trade in a security by an “eligible small business corporation”, as defined in the *Income Tax Act* (Yukon). It is based on Yukon Superintendent Order 2016/08 Y.S.A. *Yukon Eligible Small Business Registration and Prospectus Exemption*.

IV.C. Part 3 –Offering Memorandum Requirements

All CMR Jurisdictions, except British Columbia, have requirements where an issuer is delivering a “voluntary” offering memorandum to purchasers. These requirements vary among the CMR Jurisdictions.

This Part sets out when an offering memorandum must be delivered to the Chief Regulator and requirements that apply when an offering memorandum is voluntarily provided to a purchaser. “Offering memorandum” is defined in section 98 in a manner consistent with the description of “prescribed disclosure document” in section 15 of CMRA Regulation 11-501. Subject to some exclusions, that definition captures any document delivered to a prospective purchaser in connection with the use of the prospectus exemption. This Part is based on Part 5 of OSC Rule 45-501. It is

consistent with similar provisions in Saskatchewan, New Brunswick and Prince Edward Island. It is new in British Columbia and Yukon.

Section 99 requires a seller to deliver an offering memorandum under this Part to the Chief Regulator, within 10 days of a distribution, unless otherwise provided in the Regulation. It is based on section 5.4 [Delivery of offering memorandum] of OSC Rule 45-501.

Section 100 requires a person who voluntarily delivers an offering memorandum to disclose that the investor has a right of action under the CMA if there is a misrepresentation in that offering memorandum. It is based on section 5.3 [Description of rights in offering memorandum] of OSC Rule 45-501.

Section 101 provides a limited exemption for a seller where the purchaser is a permitted client in a distribution of an eligible foreign security and alternative disclosure is provided. It is based on section 5.3.1 [Alternative compliance with description of rights in an offering memorandum] of OSC Rule 45-501.

V. RELATED CONSEQUENTIAL AMENDMENTS TO CMRA REGULATION 11-501 DEFINITIONS, PROCEDURE, CIVIL LIABILITY AND RELATED MATTERS

Consequential to our proposals on the prospectus exemptions, we will make changes to the following civil liability provisions in CMRA Regulation 11-501:

- section 15 relating to actions for misrepresentations in prescribed disclosure documents
- section 16 relating to failing to deliver a prescribed disclosure document
- sections 21, 21.1, 21.2 and 21.3 relating to rescission

Section 15 [Disclosure document prescribed for subsection 122(1) of the Act]

Subsection 122(1) [Actions relating to prescribed disclosure document] of the CMA provides for certain rights of action where there is a misrepresentation in a prescribed disclosure document.

Revised subsection 15(1) will prescribe the voluntary offering memorandum for the purposes of subparagraph 122(1)(a)(i) and paragraph 122(1)(b) of the CMA. This carries forward the status quo in Ontario, Saskatchewan, New Brunswick, Prince Edward Island and Yukon.

The following is an explanation of the revised subsection 15(1):

Today in Ontario, Saskatchewan, New Brunswick, Prince Edward Island and Yukon liability arises in connection with the voluntary use of these documents when relying on certain prospectus exemptions, while under the CMA liability arises in connection with using “voluntary” offering memoranda for a much broader range of prospectus exemptions (see discussion below of subsection 15(5) of CMRA Regulation 11-501 for the list of prospectus exemptions for which there will be no liability for misrepresentation under section 122 of the CMA).

Subsection 15(1) of CMRA Regulation 11-501 excludes from the offering memorandum a “specified term sheet”, which is defined in new subsection 15(2) consistent with the approach to standard term sheets in National Instrument 41-101 *General Prospectus Requirements* and “OM standard term sheets” in NI 45-106. This is a change for Ontario, Saskatchewan, New Brunswick, Prince Edward Island and Yukon.

We are making no changes to the approach published in August 2015 for offering memoranda that are delivered to purchasers in connection with the OM exemption in section 2.9 of NI 45-106 except to move it to a new subsection 15(4).

Subsection 15(1) will also capture prescribed disclosure documents required under other prospectus exemptions. Consistent with the status quo in Ontario, New Brunswick, Saskatchewan, Prince Edward Island and Yukon, a new subsection 15(5) will carve out statutory liability for misrepresentation in an “offering memorandum” made available or provided under the following exemptions:

- the start-up crowdfunding exemption in section 14 of CMRA Regulation 45-501;
- the rights offering (reporting issuer) exemption in section 2.1 of National Instrument 45-106;
- the short-term securitized products exemption in section 2.35.1 of NI 45-106; and
- the crowdfunding exemption in MI 45-108, if the issuer is not a reporting issuer.

Section 16 [Disclosure documents prescribed for paragraph 128(c) of the Act]

Paragraph 128(c) [Liability of trader, offeror or issuer] of the CMA provides a right of action where a prescribed disclosure document was not sent or made available to a purchaser as required by the regulations.

On page 43 of the commentary to the initial draft regulations, we stated that we would revise section 16 of CMRA Regulation 11-501 to include any offering document provided under a prospectus exemption. We have reconsidered extending this section this broadly as it would provide rights of action where none exist today and instead are prescribing in paragraph 16(a) of CMRA Regulation 11-501 only the offering memorandum required under the OM exemption in section 2.9 of NI 45-106 and the materials required under paragraph 43(1)(a) [Saskatchewan *Labour-sponsored Venture Capital Corporations Act*] of CMRA Regulation 45-501.

In doing so, we have carried forward the approach in British Columbia, Saskatchewan, Yukon and Prince Edward Island for the offering memorandum required to be delivered under section 2.9 of NI 45-106. This approach is new in Ontario and New Brunswick.

This also carries forward the approach in Saskatchewan for material required under paragraph 43(1)(a) [Saskatchewan *Labour-sponsored Venture Capital Corporations Act*] of CMRA Regulation 45-501.

We also propose to delete paragraph 16(b) of CMRA Regulation 11-501, which sets out the timing for sending of the disclosure document. We do not think this requirement is necessary because the prospectus exemptions in paragraph 16(a) include a provision relating to timing.

Sections 21, 21.1, 21.2 and 21.3 [Disclosure documents and circumstances prescribed for section 142 of the Act]

Section 142 [Rescission of purchase – prescribed disclosure document] of the CMA provides a right of rescission for purchasers of a security to whom a prescribed disclosure document is required to be sent. Section 21 and proposed new sections 21.1, 21.2 and 21.3 of CMRA Regulation 11-501 prescribe the disclosure documents and circumstances for section 142. They carry forward the approach in each CMR Jurisdiction, except New Brunswick, that currently has the exemption listed in each of those sections.

We propose to include the following documents as prescribed disclosure documents:

- the offering memorandum required to be delivered to a purchaser of a security under the OM exemption in section 2.9 of NI 45-106 (section 21);
- the disclosure documents required to be provided to a purchaser of a security under section 43 [Saskatchewan *Labour-sponsored Venture Capital Corporations Act*] of CMRA Regulation 45-501 (section 21);
- the offering document required to be delivered to a purchaser of a security under Part 2, Division 6 [New Brunswick *Community Economic Development Corporations and Associations*] of CMRA Regulation 45-501 (section 21);
- the offering document and an amendment to an offering document required to be provided to a purchaser of a security under subsections 84(1) and 86(5), respectively, [Prince Edward Island *Community Development Equity Tax Credit Act*] of CMRA Regulation 45-501 (new section 21.1);
- the crowdfunding offering document required to be made available to a purchaser of a security under paragraph 5(1)(f) or the amended crowdfunding offering document required to be made available to a purchaser of a security under paragraph 7(3)(b) of MI 45-108 (new section 21.2); and
- the offering document required to be made available to a purchaser through a funding portal's website under paragraph 13(o) of Part 1, Division 4 [Start-up crowdfunding] of CMRA Regulation 45-501 (new section 21.3).

We also propose corresponding changes to paragraph 21(1)(b).

Section 142 of the CMA requires that notice of rescission be sent in accordance with the regulations. New sections 21, 21.1, 21.2 and 21.3 make it clear that the required notice must be given in writing. We propose to add guidance to the Companion Policy to CMRA Regulation 45-501 to note that requirements relating to the statutory civil rights of action are in CMRA Regulation 11-501.

We also propose to add guidance to the Companion Policy to CMRA Regulation 11-501 to clarify that, for the purposes of section 142 of the CMA, the “person from whom the security was purchased” to whom notice must be sent may, depending on the circumstances, be an agent of the issuer of the security, such as a dealer or a funding portal. This reflects the requirements in section 142 of the CMA.

Section 24 [Prescribed trades subject to civil liability remedy]

Paragraph 148(b) [Non-application] of the CMA provides that Part 13 [Civil Liability for Secondary Market Disclosure] of the CMA does not apply to exemptions, except as prescribed. Section 24 of CMRA Regulation 11-501 prescribes exemptions for the purposes of paragraph 148(b). We propose to revise section 24 so that securities distributed under the existing security holder exemption in section 9 of CMRA Regulation 45-501 will be subject to Part 13 of the CMA. This carries forward the approach in Ontario, and is similar to the approach in British Columbia, Saskatchewan and New Brunswick where a contractual right of action applies.

APPENDIX A
Table of Concordance
CMRA Regulation 45-501 *Prospectus and Registration Exemptions*

The table identifies the current provision(s), if any, that are the primary source(s) for each provision of CMRA Regulation 45-501 *Prospectus and Registration Exemptions*, as well as the source of each related form. Although not identified in this table, comparable provisions may also exist in other CMR Jurisdictions. We modified the current provision(s) that are the primary source, if necessary, to reflect the CMA, drafting conventions and harmonize with similar provisions in other CMR Jurisdictions. See the discussion of CMRA Regulation 45-501 *Prospectus and Registration Exemptions* in Part IV above for further information.

CMRA Regulation 45-501	Primary Source(s)
PART 1 GENERAL PROSPECTUS AND REGISTRATION EXEMPTIONS	
Division 1 – Capital Accumulation Plans	
1. Definitions	BC Instrument 45-524 <i>Registration and Prospectus Exemption for Certain Capital Accumulation Plans</i> , Part 1
2. Registration and prospectus exemptions	BC Instrument 45-524, Part 2
3. Resale restrictions	New
4. Filing requirements	BC Instrument 45-524, Part 3
Division 2 – Bonus or Finder’s Fee	
5. Prospectus exemption	BC Instrument 45-529 <i>Bonus or Finder’s Fee</i> , s. 3
6. Resale restrictions	BC Instrument 45-529, s. 4
7. Report of exempt distribution	BC Instrument 45-529, s. 5
Division 3 – Existing Security Holders	
8. Definitions	OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> , s. 2.9(1)
9. Prospectus exemption	OSC Rule 45-501, s. 2.9(2)
10. Resale restrictions	NI 45-102 <i>Resale of Securities</i> , s. 2.3 (Appendix D)
11. Report of exempt distribution	OSC Rule 45-501, ss. 6.1 and 6.2
Division 4 – Start-up Crowdfunding	
12. Definitions	Saskatchewan General Order 45-929 <i>Start-up Crowdfunding Prospectus and Registration Exemptions</i>
13. Registration exemption for funding portals	Saskatchewan General Order 45-929, s. 1
14. Registration exemption for issuers	Saskatchewan General Order 45-929, s. 2
15. Filing requirements	Saskatchewan General Order 45-929, s. 2(r)
16. Resale restrictions	Saskatchewan General Order 45-929, s. 2(s)
Division 5 – Mortgages	
17. Definitions	BC Instrument 45-501 <i>Mortgages</i> , s. 1
18. Registration exemption for trades in syndicated mortgages to institutional investors	BC Instrument 45-501, s. 3

CMRA Regulation 45-501	Primary Source(s)
19. Registration and prospectus exemptions for trades in and distributions of qualified syndicated mortgages	BC Instrument 45-501, s. 5
20. Resale restrictions	New
21. Report of exempt distribution	New
Division 6 – Real Estate Securities	
22. Definitions	BC Instrument 45-512 <i>Real Estate Securities</i> , s. 1
23. Registration and prospectus exemptions for trades of an optional rental pool security or a rental property security	BC Instrument 45-512, s. 3
24. Resale restrictions for subsequent trades in an optional rental pool security or a rental property security	BC Instrument 45-512, s. 4
25. Resale restrictions for subsequent trades in certain real estate securities acquired before CMR launch date relating to real property in British Columbia	BC Instrument 45-512, s. 4
26. Report of exempt distribution	New
26.1 Delivery of disclosure to the Chief Regulator	New
PART 2 PROSPECTUS AND REGISTRATION EXEMPTIONS RELATED TO PROVINCIAL AND TERRITORIAL LEGISLATION	
Division 1 – Cooperative Associations	
27. British Columbia	BC Instrument 45-530 <i>Exemptions for Securities Issued by Cooperative Associations</i>
28. Saskatchewan	Saskatchewan General Ruling/Order 45-912 <i>Exemptions for Co-operatives and Credit Unions</i>
29. Ontario	Ontario <i>Securities Act</i> , s. 73.1(6) and OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> , s. 3.4
30. New Brunswick	New Brunswick Local Rule 45-501 <i>Prospectus and Registration Exemptions</i> , s. 2.1
31. Prince Edward Island	Prince Edward Island Local Rule 45-501 <i>Exempt Distributions – Co-operative Associations</i>
Division 2 – Credit Unions	
32. British Columbia	BC Instrument 45-531 <i>Exemptions for Shares or Deposits of a Credit Union</i>
33. Saskatchewan	Saskatchewan General Ruling/Order 45-912 <i>Exemptions for Co-operatives and Credit Unions</i>
34. Ontario	Ontario <i>Securities Act</i> s. 73.1(6) and s. 35.1
35. New Brunswick	New Brunswick Local Rule 45-501 <i>Prospectus and Registration Exemptions</i> , s. 2.1

CMRA Regulation 45-501	Primary Source(s)
36. Prince Edward Island	Prince Edward Island Local Rule 45-502 <i>Exempt Distributions – Credit Unions Act</i>
Division 3 – British Columbia <i>Employee Investment Act</i>	
37. Definitions and interpretation	BC Instrument 45-514 <i>The Employee Investment Act</i> , s. 2
38. Registration and prospectus exemptions	BC Instrument 45-514, ss. 3 and 5
39. Resale restrictions	BC Instrument 45-514, s. 4
40. Report of exempt distribution	New
Division 4 – Saskatchewan Labour-sponsored <i>Venture Capital Corporations Act</i>	
41. Definitions	Saskatchewan General Ruling/Order 45-902 <i>Labour-sponsored Venture Capital Corporations</i>
42. Registration and prospectus exemptions when testing the waters	Saskatchewan General Ruling/Order 45-902, Part 1
43. Registration and prospectus exemptions for trades and distributions by an LSVCC of its securities to employees	Saskatchewan General Ruling/Order 45-902, Part 2
44. Prospectus exemption for a distribution by an operating company of its securities to an LSVCC	Saskatchewan General Ruling/Order 45-902, Part 3
Division 5 – Ontario Government <i>Incentive Securities</i>	
45. Definitions	OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> , s. 1.1
46. Prospectus exemption	Ontario <i>Securities Act</i> s. 73.5 and OSC Rule 45-501, ss 2.0, 2.1 and 2.2
46.1 Resale restrictions	National Instrument 45-102 <i>Resale of Securities</i> , s. 2.3 (Appendix D)
47. Report of exempt distribution	OSC Rule 45-501, ss. 6.1 and 6.2
Division 6 – New Brunswick <i>Community Economic Development Corporations and Associations</i>	
48. Definitions	New Brunswick Local Rule 45-509 <i>Community Economic Development Corporations and Associations</i> , s. 1
49. Prospectus and registration exemptions	New Brunswick Local Rule 45-509, s. 4
50. Resale restrictions	New Brunswick Local Rule 45-509, s. 5
51. Letter of non-objection	New Brunswick Local Rule 45-509, s. 6
52. Revocation of letter of non-objection	New Brunswick Local Rule 45-509, s. 7
53. Prohibition on trading	New Brunswick Local Rule 45-509, s. 8
54. Permitted activities	New Brunswick Local Rule 45-509, s. 9
55. Directors and officers	New Brunswick Local Rule 45-509, s. 10

CMRA Regulation 45-501	Primary Source(s)
56. Potential security holders	New Brunswick Local Rule 45-509, s. 11
57. Promotional material	New Brunswick Local Rule 45-509, s. 12
58. Form of offering document	New Brunswick Local Rule 45-509, s. 13
59. Financial statements included in the offering document	New Brunswick Local Rule 45-509, s. 14
60. Use of proceeds	New Brunswick Local Rule 45-509, s. 15
61. Time limitation on offering	New Brunswick Local Rule 45-509, s. 16
62. Amounts to be held in trust	New Brunswick Local Rule 45-509, s.17
63. Amendments to the offering document	New Brunswick Local Rule 45-509, s. 18
64. Report of exempt distribution	New Brunswick Local Rule 45-509, s. 20
65. Annual financial statements	New Brunswick Local Rule 45-509, s. 21
66. Copies to security holders	New Brunswick Local Rule 45-509, s. 22
67. Notice of specified events	New Brunswick Local Rule 45-509, s. 24
68. Compliance no longer required	New Brunswick Local Rule 45-509, s. 25
69. Accounting and auditing standards	New Brunswick Local Rule 45-509, s. 26
70. Recordkeeping	New Brunswick Local Rule 45-509, s. 27
Division 7 – Prince Edward Island Community Development Equity Tax Credit Act	
71. Definitions	PEI Local Rule 45-508 <i>Respecting Community Economic-Development Businesses</i> , s. 1
72. Prospectus exemption	PEI Local Rule 45-508, s. 2(2)
73. Application	PEI Local Rule 45-508, s. 2(1), (3) and (5)
74. Restrictions	PEI Local Rule 45-508, s. 3
75. Certificate of registration	PEI Local Rule 45-508, s. 4
76. Letter of non-objection	PEI Local Rule 45-508, s. 5
77. Revocation of letter of non-objection	PEI Local Rule 45-508, s. 6
78. Promoter’s activity before issuance of letter of non-objection	PEI Local Rule 45-508, s. 7
79. Directors and officers	PEI Local Rule 45-508, s. 8
80. Minimum offering	PEI Local Rule 45-508, s. 9
81. Amounts to be held in trust	PEI Local Rule 45-508, s. 10
82. Amount not to exceed \$3,000,000	PEI Local Rule 45-508, s. 11
83. Use of proceeds	PEI Local Rule 45-508, s. 12
84. Potential security holders	PEI Local Rule 45-508, s. 13
85. Promotional material	PEI Local Rule 45-508, s. 14
86. Amendments to offering document	PEI Local Rule 45-508, s. 15
86.1 Financial statements included in the offering document	new
87. Financial forecasts	PEI Local Rule 45-508, s. 16
88. Time limitation on offering	PEI Local Rule 45-508, s. 17
88.1 Notice of specified events	New
89. Report of exempt distribution	PEI Local Rule 45-508, s. 18 (using new Form 45-106F1 <i>Report</i>

CMRA Regulation 45-501	Primary Source(s)
	<i>of Exempt Distribution)</i>
90. CEDB with restrictive constitution	PEI Local Rule 45-508, s. 19
91. Changes to investment strategy, objectives or restrictions	PEI Local Rule 45-508, s. 20
92. Accounting and auditing standards	PEI Local Rule 45-508, ss. 21(2), (3) and (4)
93. When CEDB no longer required to comply with section 92	PEI Local Rule 45-508, s. 22
94. Bona fide attempt to comply	PEI Local Rule 45-508, s. 23
95. Report of trade	PEI Local Rule 45-508, s. 24 (using new Form 45-106F1 <i>Report of Exempt Distribution</i>)
Division 8 – Yukon Qualified Investments under the <i>Income Tax Act (Yukon)</i>	
96. Definitions	Yukon Superintendent Order 2016/08 <i>Yukon Eligible Small Business Registration and Prospectus Exemption</i>
97. Registration and prospectus exemptions	Yukon Superintendent Order 2016/08
PART 3 OFFERING MEMORANDUM	
98. Definitions	
“eligible foreign security”	OSC Rule 45-501 <i>Ontario Prospectus and Registration Exemptions</i> , s. 1
“executive officer”	OSC Rule 45-501, s. 1
“international dealer”	New
“offering memorandum”	<i>Securities Act (Ontario)</i> , s. 1(1)
“permitted client”	OSC Rule 45-501, s. 1
99. Delivery of offering memorandum	OSC Rule 45-501, s. 5.4
100. Description of rights in offering memorandum	OSC Rule 45-501, s. 5.3
101. Alternative compliance with description of rights in offering memorandum	OSC Rule 45-501, s. 5.3.1
FORMS	
Form 45-501F1 <i>Notice of Intention to Rely on Exemption in Subsection 2(3) of CMRA Regulation 45-501</i>	BC Instrument 45-524 <i>Registration and Prospectus Exemption for Certain Capital Accumulation Plans</i> , Appendix A
Form 45-501F2 <i>Start-up Crowdfunding – Offering Document</i>	Saskatchewan General Order 45-929 <i>Start-up Crowdfunding Prospectus and Registration Exemptions</i> , Form 1
Form 45-501F3 <i>Start-up Crowdfunding – Risk Acknowledgement</i>	Saskatchewan General Order 45-929, Form 2
Form 45-501F4 <i>Start-up Crowdfunding – Funding Portal Information Form</i>	Saskatchewan General Order 45-929, Form 3
Form 45-501F5 <i>Start-up Crowdfunding – Individual Information Form</i>	Saskatchewan General Order 45-929, Form 4
Form 45-501F6 <i>Investor/Lender Information Sheet</i>	Investor/Lender information statement (Form 9) under the <i>Mortgage Brokers Act (British Columbia)</i>

CMRA Regulation 45-501	Primary Source(s)
Form 45-501F7 <i>Offering Memorandum – Real Estate Securities</i>	Combination of Form 45-106F2 <i>Offering Memorandum for Non-Qualifying Issuers</i> , BC Form 45-906F <i>Offering Memorandum – Real Estate Securities</i> , and ASC Form 45-509F <i>Offering Memorandum for Real Estate Securities</i> . See discussion in Part IV.A.
Form 45-501F8 <i>LSVCC Securities Offering Disclosure (Saskatchewan)</i>	Saskatchewan General Order/Ruling 45-902 <i>Labour-sponsored Venture Capital Corporations</i> , Appendices A, B and C.
Form 45-501F9 <i>Offering Document for Community Economic Development Corporations and Associations (New Brunswick)</i>	New Brunswick Form 45-509F1 <i>Offering Document for Community Economic Development Corporations and Associations</i>
Form 45-501F10 <i>Notice of Specified Events (New Brunswick and Prince Edward Island)</i>	New Brunswick Form 45-509F2 <i>Notice of Specified Events</i>
Form 45-501F11 <i>Offering Document for Community Economic Development Businesses – Corporations (Prince Edward Island)</i>	Prince Edward Island Form 45-508F1A <i>Offering Document for Community Economic Development Businesses – Corporations</i> (unofficial)
Form 45-501F12 <i>Offering Document for Community Economic Development Businesses – Associations (Prince Edward Island)</i>	Prince Edward Island Form 45-508F1B <i>Offering Document for Community Economic Development Businesses – Associations</i> (unofficial)

APPENDIX B
Proposed Disposition of Local Prospectus and Related Registration Exemptions

(Effective as of August 1, 2017)

This list does not include fee-related rules, which will be dealt with by the fee proposal.

Local Rule	Proposal
BC Instrument 45-501 <i>Mortgages</i>	We carried forward this instrument in Part 1, Division 5 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , except we did not carry forward section 4 of this instrument.
BC Instrument 45-504 <i>Trades to Trust Companies, Insurers and Portfolio Managers outside British Columbia</i>	We did not carry forward this instrument.
BC Instrument 45-505 <i>Alternate Reporting Requirements for Exempt Distributions of Securities of Eligible Pooled Funds</i>	We did not carry forward this instrument.
BC Instrument 45-512 <i>Real Estate Securities</i>	We carried forward this instrument in Part 1, Division 6 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
BC Instrument 45-514 <i>The Employee Investment Act</i>	We carried forward this instrument in Part 2, Division 3 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , except we did not carry forward the registration exemption in section 5 of this instrument.
BC Instrument 45-524 <i>Registration and Prospectus Exemptions for Certain Capital Accumulation Plans</i>	We carried forward this instrument in Part 1, Division 1 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
BC Instrument 45-528 <i>Trades under a Realization on Collateral Given for a Debt</i>	We did not carry forward this instrument.
BC Instrument 45-529 <i>Bonus or Finder's Fee</i>	We carried forward this instrument in Part 1, Division 2 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , except we did not carry forward the registration exemption in section 2 of this instrument.
BC Instrument 45-530 <i>Exemption for Securities Issued by a Cooperative Association</i>	We carried forward this instrument in section 27 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , except we did not carry forward section 4 of this instrument.
BC Instrument 45-531 <i>Exemptions for Shares or Deposits of a Credit Union</i>	We carried forward this instrument in section 32 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
BC Instrument 45-532 <i>Exemption for Use of Information by Representatives of the Media</i>	We did not carry forward this instrument.
BC Instrument 45-533 <i>Exemptions from Form 45-106F6 Requirements</i>	We did not carry forward this instrument.

Local Rule	Proposal
BC Instrument 45-534 <i>Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders</i>	We carried forward this instrument in Part 1, Division 6 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
BC Instrument 45-535 <i>Start-up Crowdfunding Registration and Prospectus Exemptions</i>	We carried forward this instrument in Part 1, Division 4 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
BC Instrument 45-536 <i>Exemption from Prospectus Requirement for Certain Distributions Through an Investment Dealer</i>	This rule is still under consideration. See Part II.E. above.
New Brunswick Local Rule 45-501 <i>Prospectus and Registration Exemptions</i>	We carried forward this rule in sections 30 and 35 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .
New Brunswick Blanket Order 45-504 <i>Exemptions from Certain Financial Statement Requirements of Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers</i>	We did not carry forward this order.
New Brunswick Blanket Order 45-505 <i>Prospectus Exemption for Distribution to Existing Security Holders</i>	We carried forward this order in Part 1, Division 6 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
New Brunswick Blanket Order 45-506 <i>Start-Up Crowdfunding Registration and Prospectus Exemptions</i>	We carried forward this order in Part 1, Division 4 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .
New Brunswick Blanket Order 45-507 <i>Exemptions from Certain Financial-Statement Requirements of the Offering Memorandum Exemption</i>	We did not carry forward this order.
New Brunswick Blanket Order 45-508 <i>Exemption from the Prospectus Requirement for Certain Distributions Through an Investment Dealer</i>	This exemption is still under consideration. See Part II.E. above.
New Brunswick Local Rule 45-509 <i>Community Economic Development Corporations and Associations</i>	We carried forward this rule in Part 2, Division 6 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .
New Brunswick Blanket Order 45-510 <i>Exemption from Certain Requirements in Form 45-106F1 Report of Exempt Distribution</i>	We did not carry forward this order.
New Brunswick Implementing Rule 45-801 <i>Resale of Securities</i>	We did not carry forward this rule.

Local Rule	Proposal
New Brunswick Implementing Rule 45-802 <i>Prospectus and Registration Exemptions</i>	We carried forward Part 2 [Statutory rights of action] of this rule in section 15 of proposed CMRA Regulation 11-501 <i>Definitions, Procedure, Civil Liability and Related Matters</i> and sections 99 and 100 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> . We did not carry forward the rest of this rule.
<i>Securities Act</i> (Ontario), subsection 73.1(6) [Exemption, securities of financial institutions – Other securities]	We carried forward this subsection in sections 29 and 34 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
<i>Securities Act</i> (Ontario), section 73.5 [Exemption, government incentive securities] and sections 2.0 (Government incentive security), 2.1 (Government incentive security) and 2.2 (Government incentive security distributed under section 2.1) of OSC Rule 45-501 Ontario <i>Prospectus and Registration Exemptions</i>	We carried forward these sections in Division 5 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
Section 2.3 (Commodity futures option or contract) of OSC Rule 45-501 Ontario <i>Prospectus and Registration Exemptions</i>	We did not carry forward this section.
Section 2.7 (Execution Act) of OSC Rule 45-501 Ontario <i>Prospectus and Registration Exemptions</i>	We did not carry forward this section.
Section 2.8 (Distributions in mutual fund securities to corporate sponsored plans) of OSC Rule 45-501 Ontario <i>Prospectus and Registration Exemptions</i>	We did not carry forward this section.
Section 2.9 (Distributions to existing security holders) of OSC Rule 45-501 Ontario <i>Prospectus and Registration Exemptions</i>	We carried forward this section in Division 3 of proposed CMRA 45-501 <i>Prospectus and Registration Exemptions</i> .
PEI Local Rule 45-501 <i>Exempt Distributions – Co-operative Associations</i>	We carried forward this rule in section 31 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .
PEI Local Rule 45-502 <i>Exempt Distributions – Credit Unions</i>	We carried forward this rule in section 36 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .
PEI Local Rule 45-507 <i>Exempt Distributions – Self-Directed Registered Education Savings Plans</i>	We did not carry forward this rule.
PEI Local Rule 45-508 <i>Respecting Community Economic-Development Businesses</i>	We carried forward this rule in Part 2, Division 7 of proposed CMRA 45-501 Regulation <i>Prospectus and Registration Exemptions</i> .

Local Rule	Proposal
PEI Blanket Order 45-511 <i>Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders</i>	We carried forward this instrument in Part 1, Division 6 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
PEI Blanket Order 45-512 <i>Exemptions from Certain Requirements in Form 45-106F1 Report of Exempt Distribution</i>	We did not carry forward this order.
PEI Local Rule 45-801 <i>Implementing National Instrument 45-101 Rights Offerings</i>	We did not carry forward this rule.
PEI Local Rule 45-802 <i>Implementing National Instrument 45-102 Resale of Securities</i>	We did not carry forward this rule.
PEI Local Rule 45-806 <i>Implementing National Instrument 45-106 Prospectus and Registration Exemptions</i>	We did not carry forward this rule.
PEI Local Rule 45-807 <i>Implementing Multilateral Instrument 45-107 Listing Representation and Statutory Rights of Action Disclosure Exemptions</i>	We did not carry forward this rule.
Saskatchewan General Order 45-502 <i>Exemptions from Certain Requirements in Form 45-106F1 Report of Exempt Distribution</i>	We did not carry forward this order.
Saskatchewan General Ruling/Order 45-902 <i>Labour-Sponsored Venture Capital Corporations</i>	We carried forward with ruling/order in Part 2, Division 4 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> .
Saskatchewan General Ruling/Order 45-906 <i>Community Venture Resale Restrictions</i>	We did not carry forward this ruling/order.
Saskatchewan General Ruling/Order 45-912 <i>Exemption for Co-operatives and Credit Unions</i>	We carried forward this ruling/order in sections 28 and 33 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> .
Saskatchewan General Order 45-913 <i>Exemptions for Capital Accumulation Plans</i>	We carried forward this order in Part 1, Division 1 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> .
Saskatchewan General Ruling/Order 45-916 <i>Exemption for Solicitations of Expressions of Interest</i>	We did not carry forward this ruling/order.

Local Rule	Proposal
Saskatchewan General Order 45-919 <i>Exemption from Restriction on Paying Commissions and Finders Fees in Offering Memorandum Exemption in National Instrument 45-106 Prospectus and Registration Exemptions</i>	We did not carry forward this order.
Saskatchewan General Order 45-922 <i>Exemption from Certain Audit and Financial Statement-Related Requirements in the Offering Memorandum Exemption</i>	We did not carry forward this order.
Saskatchewan General Order 45-926 <i>Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders</i>	We carried forward this instrument in Part 1, Division 6 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
Saskatchewan General Order 45-929 <i>Start-up Crowdfunding Registration and Prospectus Exemptions</i>	We carried forward this order in Part 1, Division 4 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> .
Saskatchewan General Order 45-930 <i>Exemption from Prospectus Requirement for Certain Distributions through an Investment Dealer</i>	This exemption is still under consideration. See Part II.E. above.
Yukon Superintendent's Order 2016/02 Y.S.A. <i>Exemptions from Certain Requirements in Form 45-106F1 Report of Exempt Distribution</i>	We did not carry forward this order.
Yukon Superintendent's Order 2015/07 Y.S.A. <i>Exemption from Prospectus Requirement for Certain Trades to Existing Security Holders</i>	We carried forward this order in Part 1, Division 6 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i> , varied as discussed in Part IV above.
Yukon Superintendent's Order 2010/13 Y.S.A. <i>Exemption from restriction on paying commissions and finder fees in offering memorandum exemption in NI 45-106</i>	This order is addressed by proposed amendments to subsection 2.9(4) of National Instrument 45-106 <i>Prospectus Exemptions</i> .
Yukon Superintendent's Order 2016/08 <i>Yukon Eligible Small Business Registration and Prospectus Exemption</i>	We carried forward this order in Part 2, Division 8 of proposed CMRA Regulation 45-501 <i>Prospectus and Registration Exemptions</i>