

NOTICE OF GENERAL ORDER

ONTARIO INSTRUMENT 44-501

EXEMPTION FROM CERTAIN PROSPECTUS REQUIREMENTS FOR WELL-KNOWN SEASONED ISSUERS (INTERIM CLASS ORDER)

December 6, 2021

The Ontario Securities Commission (the **Commission**) has made an order under subsection 143.11(2) of the Securities Act (Ontario) (the **Act**) providing an exemption from certain prospectus requirements for a qualifying Well-known Seasoned Issuer (**WKS**I).

Description of Order

The Commission has made Ontario Instrument 44-501 *Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers (Interim Class Order)* (the **Class Order**) exempting qualifying issuers from the requirements:

- (a) to file and obtain a receipt for a preliminary prospectus in section 53 of the Act,
- (b) in section 5.4 of National Instrument 44-102 *Shelf Distributions (NI 44-102)* to state the maximum dollar value in a base shelf prospectus and limit distributions to the amount the issuer reasonably expects to distribute,
- (c) in item 5 of section 5.5 of NI 44-102 to state the aggregate dollar amount of securities that may be raised under the base shelf prospectus,
- (d) in item 1.4 of Form 44-101F1 *Short Form Prospectus (Form 44-101F1)* to include the number of securities qualified for distribution under the prospectus,
- (e) in item 5 of Form 44-101F1 to include a plan of distribution in the base shelf prospectus, other than to indicate that the plan of distribution will be described in the supplement for any distribution of securities,
- (f) in item 7 of Form 44-101F1 to describe the securities being distributed, other than as necessary to identify the types of securities qualified for distribution under the base shelf prospectus, and
- (g) in item 8 of Form 44-101F1 to describe any selling securityholders in the base shelf prospectus.

Issuers seeking to rely on these exemptions must satisfy all eligibility criteria and conditions set out in the Class Order.

The Class Order is intended to reduce regulatory burden for issuers that are well-known reporting issuers, have a strong market following, complete public disclosure record and sufficient public

float, by permitting issuers that satisfy the conditions of the Class Order to file a final base shelf prospectus as the first step in a shelf offering.

Reasons for the Order

Staff of the Commission have received feedback from a number of market participants in Ontario that certain prospectus requirements in the base shelf context create unnecessary regulatory burden for large, established reporting issuers that have strong market following and up-to-date disclosure records.

Similar submissions have also been made by the Capital Markets Modernization Taskforce (the **Taskforce**) established by the Government of Ontario in February 2020. On January 22, 2021, the Taskforce published its final report (the **Taskforce Final Report**). The Taskforce Final Report included a recommendation that the Commission develop a WKSI model in Ontario to streamline the prospectus process for issuers that meet certain eligibility criteria.¹

In the United States, the WKSI regime is codified in the *General Rules and Regulations, Securities Act of 1933*, and has been in regular use for several years.

The Commission is satisfied that it would not be prejudicial to the public interest to provide, on an interim basis, an exemption from the requirements described above subject to the conditions of the Class Order.

Day on which the Order Ceases to Have Effect

The Class Order comes into effect on January 4, 2022, and remains in effect until the earlier of the following:

- (a) July 4, 2023, unless extended by the Commission, and
- (b) the effective date of an amendment to NI 44-102 that addresses substantially the same subject matter as the Class Order.

Questions

If you have any questions regarding the Class Order, please contact any of the following:

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¹ See Recommendation No. 17 in the Taskforce Final Report, available at <https://www.ontario.ca/document/capital-markets-modernization-taskforce-final-report-january-2021>