

1.1.2 CSA Staff Notice 45-308 (Revised) – Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

**CSA Staff Notice 45-308 (Revised)
Guidance for Preparing and Filing
Reports of Exempt Distribution under
National Instrument 45-106 Prospectus Exemptions**

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Purpose

Staff of the Canadian Securities Administrators (**CSA** or **we**) have prepared this revised Staff Notice (this **Notice**) to assist issuers, underwriters and their advisors in preparing and filing the new harmonized report of exempt distribution (the **New Report**) introduced by amendments to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and related changes to Companion Policy 45-106 *Prospectus Exemptions* published on April 7, 2016 (the **amendments**). The amendments, including the New Report, will come into force on June 30, 2016, provided all necessary ministerial approvals are obtained.

This Notice replaces a prior version of this notice issued on June 25, 2015.

This Notice includes the following documents to assist issuers, underwriters and their advisors to prepare for the transition to, and changes introduced by, the New Report:

- Annex 1 – Tips for Completing and Filing the New Report
- Annex 2 – Checklist of New Information Requirements
- Annex 3 – Frequently Asked Questions
- Annex 4 – Transition to the New Report

We may from time to time reissue this Notice to reflect additional questions or concerns raised about the completion and filing of the New Report.

Background

Issuers and underwriters who rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution within the prescribed timeframe. Currently, in all CSA jurisdictions except British Columbia, the form of report is Form 45-106F1 *Report of Exempt Distribution* (**F1**). In British Columbia, the form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution* (**F6**, and together with the F1, **Current Reports**).

The amendments will apply in all CSA jurisdictions and will replace the Current Reports with the New Report for both investment fund issuers and non-investment fund issuers that distribute securities under certain prospectus exemptions.

Annexes to Notice

Annex 1 – Tips for Completing and Filing the New Report

Annex 2 – Checklist of New Information Requirements

Annex 3 – Frequently Asked Questions

Annex 4 – Transition to the New Report

Questions

Please refer your questions to any of the following:

Jo-Anne Matear

Manager, Corporate Finance Branch
Ontario Securities Commission
416-593-2323
jmatear@osc.gov.on.ca

Kevin Yang

Senior Research Analyst, Strategy and Operations
Ontario Securities Commission
416-204-8983
kyang@osc.gov.on.ca

Lina Creta

Senior Accountant, Compliance and Registrant
Regulation Branch
Ontario Securities Commission
416-593-8963
lcreta@osc.gov.on.ca

Victoria Steeves

Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6791
vsteeves@bcsc.bc.ca

Christopher Peng

Legal Counsel, Corporate Finance
Alberta Securities Commission
403-297-4230
christopher.peng@asc.ca

Tony Herdzik

Deputy Director, Corporate Finance
Financial and Consumer Affairs Authority of
Saskatchewan
306-787-5849
tony.herdzik@gov.sk.ca

Georgia Koutrikas

Analyst, Corporate Finance
Autorité des marchés financiers
514-395-0337 ext: 4393
georgia.koutrikas@lautorite.qc.ca

Ella-Jane Loomis

Senior Legal Counsel, Securities
Financial and Consumer Services Commission (New
Brunswick)
506-658-2602
ella-jane.loomis@fcbn.ca

Daphne Wong

Legal Counsel, Corporate Finance Branch
Ontario Securities Commission
416-593-8125
dwong@osc.gov.on.ca

Frederick Gerra

Legal Counsel, Investment Funds and Structured
Products
Ontario Securities Commission
416-204-4956
fgerra@osc.gov.on.ca

Jody-Ann Edman

Assistant Manager, Financial Reporting
British Columbia Securities Commission
604-899-6698
jedman@bcsc.bc.ca

Steven Weimer

Senior Markets & Risk Analyst
Alberta Securities Commission
403-355-9035
steven.weimer@asc.ca

Wayne Bridgeman

Deputy Director, Corporate Finance
Manitoba Securities Commission
204-945-4905
wayne.bridgeman@gov.mb.ca

Mathieu Simard

Senior Advisor, Investment Funds
Autorité des marchés financiers
514-395-0337 ext: 4471
mathieu.simard@lautorite.qc.ca

Kevin G. Redden

Director, Corporate Finance
Nova Scotia Securities Commission
902-424-5343
kevin.redden@novascotia.ca

Jack Jiang

Securities Analyst, Corporate Finance
Nova Scotia Securities Commission
902-424-7059
jack.jiang@novascotia.ca

John O'Brien

Superintendent of Securities
Office of the Superintendent of Securities
Government of Newfoundland and Labrador
709-729-4909
JohnOBrien@gov.nl.ca

Thomas W. Hall

Superintendent of Securities
Department of Justice
Government of the Northwest Territories
867-767-9305
tom_hall@gov.nt.ca

Steven D. Dowling

Acting Director
Consumer, Labour and Financial Services Division
Department of Justice and Public Safety
Government of Prince Edward Island
902-368-4551
sddowling@gov.pe.ca

Rhonda Horte

Securities Officer
Office of the Yukon Superintendent of Securities
Government of Yukon
867-667-5466
rhonda.horte@gov.yk.ca

Jeff Mason

Superintendent of Securities
Department of Justice
Government of Nunavut
867-975-6591
jmason@gov.nu.ca

ANNEX 1

TIPS FOR COMPLETING AND FILING THE NEW REPORT

The following are tips to assist issuers, underwriters and advisors in completing and filing the New Report.

1. File the report on time

Issuers must file the report in each jurisdiction of Canada where the distribution occurred. The deadline for filing the report is generally 10 days after the distribution. If an issuer is filing a report for distributions occurring on multiple dates, such distributions must occur within a 10-day period and the issuer must file the report no later than 10 days after the first distribution date.

Investment fund issuers relying on certain prospectus exemptions have the option of filing the report on an annual basis, within 30 days of the end of the calendar year. This option is only available for investment fund issuers distributing securities in reliance on the following prospectus exemptions in NI 45-106:

- section 2.3 [*Accredited investor*]¹
- section 2.10 [*Minimum amount investment*]
- section 2.19 [*Additional investment in investment funds*]

2. Pay the required fees

Issuers must pay the applicable fee in each jurisdiction of Canada in which the report is filed. In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction.

Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

3. Include a complete list of purchasers in the report

Issuers must ensure that Item 7(f) and Schedule 1 include all purchasers that participated in the distribution.

If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, the issuer is required to provide information in the report about purchasers resident in that jurisdiction of Canada only. See Question 12 in Annex 3 for further guidance on issuers located outside of Canada.

If an issuer makes a distribution in more than one jurisdiction of Canada, the issuer may complete a single report identifying all purchasers, and file that report in each jurisdiction of Canada in which the distribution occurs.

4. Ensure the information provided in the report and schedules is consistent

Issuers should verify that the information included in the report and schedules is accurate and consistent. In particular, issuers should verify the following:

- The information provided in Item 7 about the distribution date, number and type of securities distributed, total dollar amount of securities distributed, number of purchasers in each jurisdiction and prospectus exemptions relied on, must reconcile with the information provided in Schedule 1.
- The identities of persons compensated provided in Item 8 must reconcile with the information provided in Schedule 1 about the persons compensated for each purchaser.
- The information about directors, executive officers and promoters provided in Item 9 must reconcile with the information provided in Schedule 2.

¹ This option is also available for investment fund issuers distributing securities in reliance on section 73.3 of the *Securities Act* (Ontario) [*Accredited investor*].

5. Correctly identify the total number of purchasers

The table in Item 7(f) requires the total number of unique purchasers to which the issuer distributed securities. To determine the total number of unique purchasers, the issuer should count each purchaser only once, regardless of whether the issuer distributed different types of securities to that purchaser, on different dates, and/or relied on multiple prospectus exemptions for such distributions.

6. Ensure the purchase price of the securities distributed is correct

If an issuer is relying on the prospectus exemption in section 2.10 [*Minimum amount investment*] of NI 45-106 for distributions to a purchaser, the purchase price paid by that purchaser must be at least \$150,000 (among other conditions), and the purchase price provided in Item 7 and Schedule 1 must be at least that minimum amount. An issuer is not permitted to distribute securities under this prospectus exemption to a purchaser that is an individual, or to multiple purchasers acting in concert or as a "syndicate" in order to pool separate purchases and reach the \$150,000 minimum.

7. Ensure that a valid prospectus exemption is available

Not all prospectus exemptions are available in all jurisdictions. An issuer should ensure that a valid prospectus exemption is reported in Item 7(f) and Schedule 1 for each purchaser.

This may require the issuer to report in Item 7(f) and Schedule 1 multiple prospectus exemptions relied on for the same distribution in circumstances where the distribution occurred in more than one jurisdiction and the same prospectus exemption is not available in each of those jurisdictions.

8. Disclose all compensation paid in connection with the distribution

An issuer must complete Item 8 for each person to whom the issuer directly provides, or will provide, any compensation in connection with the distribution. Compensation includes cash commissions, securities-based compensation, gifts, discounts or other compensation of a similar nature, paid in connection with a distribution of securities, regardless of the term used to describe the payment. For example, we consider a brokerage fee or finance fee to be compensation in connection with a distribution.

Compensation does not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

Item 8 does not require details about internal allocation arrangements with the directors, officers or employees of an entity compensated by the issuer.

9. Date and certify the report

Item 10 of the report must include the date and the signature of the person certifying the report. The party certifying the report must be a director or officer of the issuer or underwriter. If the issuer or underwriter is not a company, an individual who performs functions similar to that of a director or officer (as determined by the issuer or underwriter) may certify the report.

For example, if the issuer is a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may certify the report if the director or officer has been authorized to do so by the investment fund.

A filing agent completing the report on an issuer's behalf may not certify or sign the report but must provide their contact details in Item 11.

ANNEX 2

CHECKLIST OF NEW INFORMATION REQUIREMENTS

The new information requirements introduced by the New Report are listed in the checklist below. The checklist is designed to assist filers in gathering the required information to complete the New Report.

All issuers	<ul style="list-style-type: none"> <input type="checkbox"/> Most recent previous legal name (if issuer's name has changed in last 12 months) <input type="checkbox"/> Website of issuer (if issuer has one) and underwriter (if underwriter has one and is not a registrant) <input type="checkbox"/> Legal entity identifier (if issuer has one) <input type="checkbox"/> Firm NRD number for underwriter <input type="checkbox"/> CUSIP numbers of securities distributed (if applicable) <input type="checkbox"/> Details about the distribution (number of purchasers and total amount raised) by jurisdiction and prospectus exemption relied on <input type="checkbox"/> List of (and if required to be filed with or delivered to the Ontario Securities Commission, electronic copies of) all offering materials required to be filed with or delivered to the securities regulatory authority or regulator for distributions in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia <input type="checkbox"/> NRD number of registrant compensated (if applicable) <input type="checkbox"/> Whether person compensated facilitated distribution through funding portal or internet-based portal <input type="checkbox"/> Description of terms of any deferred compensation <input type="checkbox"/> Relationship of person compensated to issuer or investment fund manager (connected with issuer or investment fund manager/insider/director or officer/employee/none of the above) <p>Schedule 1 (non-public)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Email address of purchaser (if provided by purchaser) <input type="checkbox"/> Specific prospectus exemption relied on to distribute securities to each purchaser <input type="checkbox"/> Identification of whether purchaser is a registrant or insider <input type="checkbox"/> Name of person compensated for the distribution for each purchaser
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<p>Non-investment fund issuers</p>	<ul style="list-style-type: none"> <input type="checkbox"/> NAICS industry code <input type="checkbox"/> Stage of operations for issuers in mining industry (exploration/development/production) <input type="checkbox"/> Areas of asset holdings for issuers involved in investment activities (mortgages/real estate/commercial/business debt/consumer debt/private companies) <input type="checkbox"/> Number of employees (within a range) <input type="checkbox"/> SEDAR profile number (if issuer has one) If issuer does not have a SEDAR profile number: <ul style="list-style-type: none"> <input type="checkbox"/> Date of formation <input type="checkbox"/> Financial year-end <input type="checkbox"/> Jurisdictions of Canada where reporting <input type="checkbox"/> CUSIP number (if issuer has one) <input type="checkbox"/> Name of exchanges where publicly listed <input type="checkbox"/> Size of assets (within a range)
<p>Investment fund issuers</p>	<ul style="list-style-type: none"> <input type="checkbox"/> NRD number of investment fund manager <input type="checkbox"/> Website of investment fund manager (if investment fund manager does not have a firm NRD number and has a website) <input type="checkbox"/> Type of investment fund (money market/equity/fixed income/balanced/alternative strategies/other) <input type="checkbox"/> Date of formation <input type="checkbox"/> Financial year-end <input type="checkbox"/> Jurisdictions of Canada where reporting <input type="checkbox"/> CUSIP number (if issuer has one) <input type="checkbox"/> Name of exchanges where publicly listed <input type="checkbox"/> Net asset value (within a range) and date of calculation <input type="checkbox"/> Net proceeds by jurisdiction
<p>Issuers that are not any of the following:</p> <ul style="list-style-type: none"> • investment fund issuers • reporting issuers and their wholly owned subsidiaries • foreign public issuers and their wholly owned subsidiaries • issuers distributing eligible foreign securities only to permitted clients 	<ul style="list-style-type: none"> <input type="checkbox"/> Names, titles and locations of directors, executives officers and promoters <ul style="list-style-type: none"> <input type="checkbox"/> If a promoter is not an individual, this information is also required for the directors and executive officers of the promoter Schedule 2 (non-public) <input type="checkbox"/> Business email address and telephone number of issuer's CEO <input type="checkbox"/> Residential addresses of directors, executives officers, promoters and control persons that are individuals <ul style="list-style-type: none"> <input type="checkbox"/> If a promoter or control person is not an individual, this information is required for the directors and executive officers of the promoter and control person <input type="checkbox"/> If control person is not an individual: <ul style="list-style-type: none"> <input type="checkbox"/> Organization or company name <input type="checkbox"/> Province or country of business location

ANNEX 3
FREQUENTLY ASKED QUESTIONS

Filing the report

1. An issuer whose head office is in Alberta distributes securities to a purchaser resident in Saskatchewan. Where is the issuer required to file the report?

The issuer must file a report with the Alberta Securities Commission and with the Financial and Consumer Affairs Authority of Saskatchewan.

The issuer must file a report in each jurisdiction where the distribution occurred. To determine if a distribution has occurred in one or more jurisdictions of Canada, consult applicable securities legislation, securities directions and case law.

For example:

- In Alberta, an issuer should consult Alberta Securities Commission Policy 45-601 *Distributions Outside Alberta*.
- In British Columbia, an issuer should consult BC Interpretation Note 72-702 *Distribution of Securities to Persons Outside British Columbia*.
- In New Brunswick, an issuer should consult Companion Policy to Local Rule 72-501 *Distributions of Securities to Persons Outside New Brunswick*.
- In Québec, an issuer should consult *Avis du personnel de l'Autorité des marchés financiers – Règlement 45-106 sur les dispenses de prospectus et d'inscription: Questions fréquemment posées*.

In all cases, a distribution occurs when a distribution is made to a purchaser resident in that jurisdiction. In most cases, a distribution includes a distribution made by an issuer whose head office is in that jurisdiction (or, in the case of an investment fund, an investment fund whose manager's head office is in that jurisdiction), to purchasers resident outside that jurisdiction. A distribution may also occur in a jurisdiction of Canada if the issuer has a significant connection to that jurisdiction.

If an issuer is uncertain as to whether a distribution has occurred in a jurisdiction of Canada, the issuer should file the report in that jurisdiction.

2. How does an issuer file a report for a distribution to purchasers in every CSA jurisdiction?

Issuers are required to file the report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR. The British Columbia Securities Commission (**BCSC**) is developing a web-based filing system on eServices to accommodate the structured data format of the report. Issuers filing in British Columbia and Ontario will file the report with the BCSC and Ontario Securities Commission (**OSC**) by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively.

In all CSA jurisdictions other than British Columbia and Ontario, issuers, except certain foreign issuers, must file the report on SEDAR in accordance with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*. Both the BCSC's eServices and the OSC's Electronic Filing Portal will generate an electronic copy of the completed report, which issuers can then file on SEDAR, if required.

Schedule 1 and Schedule 2 of the report must be filed in .xlsx format using the Excel templates developed by the CSA. The Excel templates are available on the website of each CSA member and at the links below.

- [Schedule 1 template²](#)
- [Schedule 2 template³](#)

3. The issuer distributed securities from June 28, 2016 to July 1, 2016. Should the issuer file the Current Report or the New Report?

Issuers must file the New Report for distributions that occur on or after June 30, 2016. However, if an issuer completes distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

In this example, the issuer may choose to file either the Current Report or the New Report. The issuer must file the report by July 8, 2016 (10 days after the first distribution date for which the report is being filed).

To provide further clarity on the report that should be filed, please see the examples in Table 1 in Annex 4.

4. Is there a transition period available for investment fund issuers that file reports annually?

Yes, there is a transition period which allows an investment fund issuer filing annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Investment funds that file annually are no longer required to file annual reports within 30 days of their financial year-end. Beginning on June 30, 2016, all investment fund issuers filing annually must file within 30 days after the end of the calendar year. This means that all investment funds filing annually will be required to file by January 30, 2017 for distributions that occur before January 1, 2017 (that have not been previously reported).

To provide further clarity on the transition period, please see the examples in Table 2 in Annex 4.

Names and identifiers

5. What information should be provided for individuals under family name, first given name and secondary given names in the report?⁴

Family name refers to the individual's last name or surname.

First given name refers to the first name of an individual, used to identify the person from other members of a family, all of whom usually share the same family name.

Secondary given names, often referred to as middle names, refer to all given names of an individual, other than their first given name and family name.

The ordering of family and given names can vary among cultures. Indicate the 'family name', 'first given name' and 'secondary given names' in the appropriate field in the report regardless of the order in which they may be given or traditionally used.

Do not include aliases, nicknames, preferred names, initials or short forms of full names in the name fields of the report.

6. What is a legal entity identifier (LEI)? Does an issuer need to obtain an LEI to complete Item 3 of the report?

An LEI is a globally recognized 20-character alphanumeric code used to identify entities that enter into financial transactions. If an issuer already has an LEI, it must provide the LEI in Item 3. If an issuer does not have an LEI, it is not necessary to obtain one to complete the report.

² http://www.securities-administrators.ca/uploadedFiles/Schedule_1_Form_45-106F1_En.xlsx

³ http://www.securities-administrators.ca/uploadedFiles/Schedule_2_Form_45-106F1_En.xlsx

⁴ Names of individuals are required to be provided in Item 8(a), Items 9(a) and (b), Item 10, Item 11, Schedule 1 and Schedule 2.

7. How does an issuer determine its North American Industry Classification Standard (NAICS) code?

NAICS was developed to classify the domestic activities of businesses within North America, and also covers a wide range of industries that exist outside of North America.

If the issuer has already identified a NAICS code for its business, it should use that code. For example, Canadian businesses that file tax returns with the Canada Revenue Agency should use the same NAICS code that they report on those forms.

An issuer that has not already identified a NAICS code should use [Statistics Canada's NAICS search tool](#)⁵ to find its NAICS code. An alternative is the [US Census Bureau's NAICS search tool](#).⁶

The online search tools listed above allow an issuer to enter keywords that describe its business, and generate a list of primary business activities containing that keyword and the corresponding NAICS codes. Issuers for which more than one NAICS code may apply should choose the one that most closely describes the issuer's primary business activity. Alternatively, an issuer may browse a list of NAICS market sectors to find the more detailed industry level descriptions and the appropriate 6-digit code that closely matches the issuer's primary business activity.

Below are some examples:

Description of Issuer	Keywords searched	Possible NAICS Codes to consider
ABC-ABS Inc. is structured as a special purpose financial vehicle organized for the securitization of pools of receivables and the issuance of marketable fixed-income securities (asset-backed securities)	"special purpose vehicle" or "securitization"	526981 - Securitization vehicles
ABC Minerals operates as a mining and metals company worldwide. It produces copper, nickel, gold, zinc, platinum-group elements and pyrite.	"zinc" or "copper" or "nickel" or "gold"	212233 - Copper-zinc ore mining 212232 - Nickel-copper ore mining 212220 - Gold and silver ore mining
ABC LP is a private equity fund that invests in a portfolio of private companies. The fund will typically acquire a controlling or substantial minority interest in a portfolio of companies.	"investment firm" or "portfolio companies"	526989 - All other miscellaneous funds and financial vehicles 523920 - Portfolio management

Issuer information

8. The issuer filing the report was formed in 2002 by the completion of a plan of arrangement. Does Item 5(e) of the report require the date(s) of incorporation of the companies that completed the plan of arrangement, or the date of the completion of the plan of arrangement?

In this example, the issuer is not required to provide the incorporation dates of any predecessor entities in Item 5(e), only the date that the issuer was formed by the completion of the plan of arrangement in 2002.

9. How does an issuer determine the number of its employees for Item 5(b) of the report?

Employees are individuals that are employed directly by the issuer and on the issuer's payroll, including full and part-time employees.

⁵ <http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=118464>

⁶ <http://www.census.gov/eos/www/naics/index.html>

Investment fund issuer information

10. What do the different investment fund types in Item 6(b) of the report refer to?

In Item 6(b), an investment fund issuer must select the investment fund type that most accurately describes the issuer based on the following:

- Money Market – An investment fund that invests in cash, cash equivalents and/or short term debt securities, such as government bonds and treasury bills.
- Equity – An investment fund that invests primarily in equity securities of other issuers.
- Fixed Income – An investment fund that invests primarily in fixed income (debt) securities.
- Balanced – An investment fund that invests primarily in a balanced combination of fixed income and equity securities.
- Alternative Strategies – An investment fund that primarily adopts alternative investment strategies, such as short selling, leverage or the use of derivatives, or that invests primarily in alternative asset classes, such as real estate or commodities.
- Other – An investment fund that cannot be classified under one of the above investment fund types. Include a short description of the type of investment fund in the box provided.

11. When would an investment fund issuer be considered to be primarily invested in other investment funds under Item 6(b) of the report?

An investment fund is generally considered a 'fund of funds' if a majority of its assets are invested in other funds, under normal market conditions. One factor to consider in determining whether an investment fund issuer is a 'fund of funds' is whether its investment objectives specifically state this as a strategy.

Distribution details

12. What does "located outside of Canada" mean in Item 7 of the report?

The onus is on an issuer and its counsel to determine where the issuer is located for the purposes of determining where a distribution has occurred, including whether an issuer is located in a jurisdiction of Canada.

The determination is based on the facts and circumstances of each particular distribution. The issuer should consider the following factors:

- where the issuer's mind and management are primarily located, which may be determined by the location of the issuer's head office or the residences of the issuer's key officers and directors,
- where the issuer's operations are conducted,
- where the issuer administers its business,
- whether any acts in furtherance of a distribution have occurred in a jurisdiction, including active advertisements or solicitations, negotiations, underwriting activities or investor relations activities, and
- where the issuer is incorporated or organized.

The above are examples of the types of factors that an issuer should consider in determining whether it is making a distribution from a jurisdiction, but it is not an exhaustive list.

13. What dates should be provided as the distribution date under Item 7(b) of the report?

If the report is being filed for securities distributed only on a single distribution date, provide this distribution date in Item 7(b) as both the start date and end date. For example, if the report is being filed for securities distributed only on July 1, 2016, provide July 1, 2016 as both the start date and end date.

If the report is being filed for securities distributed on more than one distribution date, in Item 7(b) provide the date of the earliest distribution as the start date and provide the date of the last distribution as the end date. A single report can be filed for distributions occurring on multiple dates only if such distributions occur within a 10-day period and the report is filed no later than 10 days after the first distribution date (other than investment funds that file reports on an annual basis).

For example:

- If the report is being filed for securities distributed on July 1, July 4, July 5 and July 7, 2016, in Item 7(b) provide July 1, 2016 as the start date and July 7, 2016 as the end date.
- If the report is being filed for an investment fund issuer that files annually and has distributed securities on a continuous basis from January 1, 2017 to December 31, 2017, in Item 7(b) provide January 1, 2017 as the start date and December 31, 2017 as the end date.

14. The type of security distributed by the issuer is not on the list of security codes in Instruction 12 of the report. What security code should the issuer provide in Item 7(d) of the report?

The list of security codes in Instruction 12 of the report captures most types of securities distributed by issuers filing reports in Canada. If the security being distributed is not listed, enter “OTH” (for other) as the security code in Item 7(d) and include a description of the security in the box provided. Examples are provided below.

Security code			CUSIP number (if applicable)	Description of security
N	O	T	555555555	6.26% medium term notes
C	E	R	555555556	Commercial mortgage pass-through certificates
U	B	S		Units comprised of one common share and one-half of one non-transferrable share purchase warrant
O	T	H		Syndicated mortgage interest
O	T	H		Global depository receipt

15. How does an issuer determine the number of unique purchasers for Item 7(f) of the report?

For the total number of unique purchasers, each purchaser should only be counted once, regardless of whether the issuer distributed different types of securities to that purchaser, distributed securities on different dates to that purchaser and/or relied on multiple prospectus exemptions for such distributions.

As an example, an issuer located in Alberta distributes (at \$10/debenture, \$10/common share):

- 100 debentures to Purchaser A in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser A in Alberta in reliance on the offering memorandum prospectus exemption
- 100 common shares to Purchaser B in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser C in Ontario in reliance on the family, friends and business associates prospectus exemption
- 100 debentures to Purchaser D in France in reliance on the accredited investor prospectus exemption

In this example, there are a total of 4 unique purchasers.

The table in Item 7(f) requires a separate line item for: (i) each jurisdiction where a purchaser resides, (ii) each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and (iii) each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction. The table should be completed as follows:

Province or country	Exemption relied on	Number of purchasers	Total amount (Canadian \$)
Alberta	Accredited investor (NI 45-106 s.2.3)	2	2,000
Alberta	Offering memorandum (NI 45-106 s.2.9(2.1))	1	1,000
Ontario	Family, friends and business associates (NI 45-106 s.2.5)	1	1,000
France	Accredited investor (NI 45-106 s.2.3)	1	1,000
Total dollar amount of securities distributed			5,000
Total number of unique purchasers²		4	

In Schedule 1, create a separate entry for each distribution date, security type and exemption relied on for the distribution to each purchaser. In the example above, this means there must be two separate entries for Purchaser A in Schedule 1: one entry for the distribution of 100 debentures in reliance on the accredited investor prospectus exemption, and a second entry for the distribution of 100 common shares in reliance on the offering memorandum prospectus exemption.

16. Are marketing materials required to be listed under Item 7(h) of the report?

Yes, if the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia requires marketing materials to be filed with or delivered to the securities regulatory authority or regulator in connection with the distribution under the exemption relied on.

Item 7(h) requires issuers to list and provide certain details about offering materials that are required under the exemption relied on to be filed with or delivered to the securities regulatory authority or regulator in connection with the distribution in these jurisdictions. This is a reporting requirement only; the report does not impose any new requirement to deliver or file offering materials.

If marketing materials are required to be filed or delivered under the prospectus exemption relied on for the distribution, the issuer must list such materials in Item 7(h). For example, if an issuer makes a distribution to purchasers in Ontario in reliance on the offering memorandum exemption under section 2.9 of NI 45-106, the issuer must list marketing materials that are required to be incorporated or deemed to be incorporated by reference into the offering memorandum.

In Ontario only, if the offering materials listed in Item 7(h) are required to be filed with or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the report on the OSC's Electronic Filing Portal (if not previously filed with or delivered to the OSC).

Compensation information

17. How does an issuer report compensation paid to two dealers in connection with the distribution?

Item 8 of the report must be completed separately for each dealer to whom the issuer provides compensation in connection with the distribution.

In section f(3) of Schedule 1, the issuer must indicate which of the two dealers received compensation in connection with the distribution to each purchaser by indicating the firm NRD number of the dealer, or the dealer's full legal name if not a registered firm. The firm NRD number or name must be consistent with the information provided in Item 8. If neither of the two dealers received compensation in connection with the distribution to a particular purchaser, then section f(3) of Schedule 1 should be left blank for that purchaser.

As noted in the instructions to Item 8(d), the report does not require disclosure of details about internal allocation arrangements with the directors, officers or employees of entities compensated by the issuer.

18. **The issuer entered into a referral arrangement pursuant to which it pays an ongoing annual referral fee to a third party for so long as the purchaser holds the securities distributed. Is the issuer required to disclose the ongoing referral fee in the report? Is the issuer required to do so each year for so long as it pays the referral fee?**

If the referral fee is paid in connection with a distribution, the issuer must report the referral fee in Item 8(d) of the report, by checking the box that indicates a person is receiving deferred compensation in connection with the distribution and describing the terms of the referral arrangement in the box provided.

The issuer is not required to report the referral fee every year. If no distributions were made in a particular year that give rise to referral fees being paid, then the referral fee is not required to be reported that year.

19. **What do the terms “funding portal” and “internet-based portal” refer to in Item 8(a) of the report?**

These terms generally refer to an intermediary that provides an online platform for issuers to offer and sell securities to investors. These include funding portals as defined under Multilateral Instrument 45-108 *Crowdfunding*.

Purchaser information

20. **The issuer sold shares to a purchaser that instructed that the shares be registered in the name of its investment adviser. What name is the issuer required to disclose in Schedule 1 of the report?**

All references to a purchaser in the report are to the beneficial owner of the securities (with the exception of fully managed accounts described below). In this example, the issuer should provide the name of the beneficial owner as the purchaser in Schedule 1. The investment adviser in this example is the registered, not the beneficial, owner.

Similarly, if a trust or personal holding corporation purchases securities from an issuer, the trust or corporation is the beneficial owner. The names of the trust beneficiaries or shareholders of the holding corporation are not required.

Beneficial owner information is not required in Schedule 1 where a trust company, trust corporation, or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account and the issuer is relying on the exemption described in paragraph (p) or (q) of the definition of “accredited investor” in section 1.1 of NI 45-106 to issue the securities. In that case, only the name of the trust company, trust corporation or registered adviser should be provided in Schedule 1.

21. **The issuer does not have a purchaser’s email address. What is the issuer required to disclose in section c(7) of Schedule 1 of the report?**

If the purchaser has not provided an email address to the issuer, or the purchaser does not have an email address, the issuer may leave section c(7) of Schedule 1 blank for that purchaser.

ANNEX 4

TRANSITION TO THE NEW REPORT

This Annex provides further guidance on the report that should be filed as of June 30, 2016, when the amendments come into force.

Issuers other than investment funds filing annually

All issuers, other than investment fund issuers filing reports annually, must use the New Report for distributions that occur on or after June 30, 2016, when the amendments come into force. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the issuer must file the Current Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

Please see the examples in Table 1 below for further clarity on the report that should be filed.

TABLE 1: FILING THE NEW REPORT			
	Distribution period covered by report	Filing deadline⁷	Report required
Issuer 1	June 20, 2016 to June 29, 2016	June 30, 2016	Current Report
Issuer 2	June 21, 2016 to June 30, 2016	July 1, 2016	Current Report <u>or</u> New Report
Issuer 3	June 27, 2016	July 7, 2016	Current Report
Issuer 4	June 28, 2016 to July 1, 2016	July 8, 2016	Current Report <u>or</u> New Report
Issuer 5	June 30, 2016 to July 8, 2016	July 10, 2016 ⁸	New Report
Issuer 6	July 4, 2016	July 14, 2016	New Report
Issuer 7	July 5, 2016 to July 14, 2016	July 15, 2016	New Report

Investment fund issuers that file annually

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Please see the examples in Table 2 for further clarity on the report that should be filed.

⁷ The report must be filed no later than 10 days after the first distribution in the report.

⁸ If the filing deadline falls on a Saturday, Sunday or another day when the CSA member with which the report being filed is closed, the deadline is the next day on which the CSA member is open.

TABLE 2: TRANSITION PERIOD FOR INVESTMENT FUND ISSUERS THAT REPORT ANNUALLY

	Financial year-end	2016		2017		2018	
		Filing deadline	Report required	Filing deadline	Report required	Filing deadline	Report required
Investment Fund Issuer 1	Dec 31	Jan 30, 2016	Current Report - For distributions completed between Jan 1, 2015 and Dec 31, 2015	Jan 30, 2017	Current Report <u>or</u> New Report - For distributions completed between Jan 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 2	Apr 30	May 30, 2016	Current Report - For distributions completed between May 1, 2015 and Apr 30, 2016	Jan 30, 2017	Current Report <u>or</u> New Report - For distributions completed between May 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 3	May 31	Jun 30, 2016	Current Report - For distributions completed between Jun 1, 2015 and May 31, 2016	Jan 30, 2017	Current Report <u>or</u> New Report - For distributions completed between Jun 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 4	Jun 30	N/A	N/A	Jan 30, 2017	Current Report <u>or</u> New Report - For distributions completed between Jul, 1 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 5	Sept 30	N/A	N/A	Jan 30, 2017	Current Report <u>or</u> New Report - For distributions completed between Oct 1, 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017