

Chapter 5

Rules and Policies

5.1.1 Notice of Amendments to OSC Rule 45-501 Ontario Prospectus and Registration Exemptions

The Notice of Amendments to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Notice.

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**NOTICE OF AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 45-501
ONTARIO PROSPECTUS AND REGISTRATION EXEMPTIONS**

November 27, 2014

Introduction

We, the Ontario Securities Commission (OSC or we), are implementing amendments (the Rule Amendments) to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501).

We are also implementing:

- policy changes (the Policy Changes) to Companion Policy 45-501CP to OSC Rule 45-501 (45-501CP), and
- consequential amendments (the Consequential Amendments) to National Instrument 45-102 *Resale of Securities*.

The OSC published the Rule Amendments, along with other proposed prospectus exemptions and proposed reports of exemption distribution, for comment on March 20, 2014. On November 4, 2014, the OSC:

- made the Rule Amendments and the Consequential Amendments pursuant to section 143 of the *Securities Act* (Ontario) (the Act), and
- adopted the Policy Changes to 45-501CP pursuant to section 143.8 of the Act.

The Rule Amendments, Policy Changes and Consequential Amendments (collectively, the Final Amendments) were delivered to the Minister of Finance on November 26, 2014. Provided Ministerial approval is obtained, the Final Amendments will come into force on February 11, 2015.

Substance and Purpose of the Rule Amendments

The Final Amendments set out a prospectus exemption for distributions by a reporting issuer (other than an investment fund) listed on a specified exchange to its existing security holders (the Existing Security Holder Prospectus Exemption or the Exemption).

Many small and medium-sized enterprises (SMEs) continue to face challenges raising capital after becoming reporting issuers and obtaining a listing on an exchange. Furthermore, retail security holders often have less opportunity to invest in primary offerings by listed issuers, even if they have already made an investment decision to acquire an issuer's securities in the secondary market. The Existing Security Holder Prospectus Exemption will provide investors, who have already acquired securities of a listed issuer, with the opportunity to participate in primary offerings of that issuer. The Exemption is available to reporting issuers with equity securities listed on the Toronto Stock Exchange (TSX), the TSX Venture Exchange (TSXV), the Canadian Securities Exchange (CSE) or Aequitas NEO Exchange (Aequitas) (collectively, the Exchanges).

Background

The OSC engaged in a broad review of the exempt market (the Exempt Market Review) to consider whether to introduce new prospectus exemptions that would facilitate capital raising for business enterprises, particularly SMEs, while protecting the interests of investors.

In connection with the Exempt Market Review, on March 20, 2014, the OSC published for comment, proposals for four new capital raising prospectus exemptions in Ontario (the Proposed Exemptions):

- an offering memorandum prospectus exemption,
- a family, friends and business associates prospectus exemption,
- the Existing Security Holder Prospectus Exemption, and
- a crowdfunding prospectus exemption in addition to regulatory requirements applicable to a crowdfunding portal.

The OSC also published a proposal for two new reports of exempt distribution for use in Ontario and certain other jurisdictions (the Proposed Reports):

- Form 45-106F10 *Report of Exempt Distribution For Investment Fund Issuers (Alberta, New Brunswick, Ontario and Saskatchewan)*, and
- Form 45-106F11 *Report of Exempt Distribution For Issuers Other Than Investment Funds (Alberta, New Brunswick, Ontario and Saskatchewan)*.

Additional background information on the Proposed Exemptions and the Proposed Reports is available in the notice we published on March 20, 2014. The comment period for these proposals expired on June 18, 2014 and OSC staff are currently reviewing the comments related to the other Proposed Exemptions and the Proposed Reports.

As noted above, the Existing Security Holder Prospectus Exemption (the Proposed Amendments) was published for comment as one of the Proposed Exemptions in Ontario only on March 20, 2014. All other CSA jurisdictions (other than Newfoundland and Labrador) published a similar exemption in final form on March 13, 2014 (the CSA Existing Security Holder Prospectus Exemption). The CSA Existing Security Holder Prospectus Exemption has been adopted by rule in each of Alberta and Québec, and as a blanket order in each of British Columbia, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, Yukon, the Northwest Territories and Nunavut. See Multilateral CSA Notice 45-313 *Prospectus Exemption for Distributions*.

In developing the Final Amendments (and in connection with the Exempt Market Review), we conducted consultations with various stakeholders including OSC advisory committees. To facilitate harmonization between the CSA Existing Security Holder Prospectus Exemption and the Existing Security Holder Prospectus Exemption, we also consulted with other CSA members. As a result, the Existing Security Holder Prospectus Exemption is similar to and substantially harmonized with the CSA Existing Security Holder Prospectus Exemption.

Framework of the Existing Security Holder Prospectus Exemption

The Existing Security Holder Prospectus Exemption permits listed issuers to distribute securities to their existing security holders, subject to a number of conditions. The key conditions are set out below:

Element of exemption	Details
Issuer restrictions	
Qualification criteria	<ul style="list-style-type: none"> • Reporting issuers with a class of equity securities listed on one or more of the Exchanges • Not available to investment funds
Distribution details	
Types of securities	<ul style="list-style-type: none"> • The Exemption applies to a distribution by an issuer of securities of its own issue • Offering can consist only of the class of equity securities listed on one or more of the Exchanges, or units consisting of the listed security and a warrant to acquire the listed security

Element of exemption	Details
Offering parameters	<ul style="list-style-type: none"> • An offering cannot result in an increase of more than 100% of the outstanding securities of the same class • Issuer must permit each person who, as of the record date, held a listed security of the issuer of the same class and series as the listed security to be distributed under the Exemption, to subscribe for securities distributed under the Exemption • No requirement that an issuer must allocate existing security holders a pro rata portion of the offering
Registrants	<ul style="list-style-type: none"> • There are no restrictions that limit the type of registrant that may participate in an offering under the Exemption
Investor protection measures	
Investor qualifications	<ul style="list-style-type: none"> • Each investor must represent in writing to the issuer that as at the record date the investor held, and continues to hold, the type of listed security that the investor is acquiring under the Exemption • The record date must be at least one day prior to the day that an issuer issues an offering news release
Investment limits	<p>Either:</p> <ul style="list-style-type: none"> • The aggregate of the acquisition cost to the purchaser of securities to be purchased from the issuer under the distribution, when added to the acquisition cost to the purchaser of all other securities of the issuer acquired in reliance on the Exemption in the 12-month period immediately preceding the distribution, does not exceed \$15,000, or • The purchaser has obtained advice regarding the suitability of the investment and, if the purchaser is a resident of a jurisdiction of Canada, that advice is from a person registered in that jurisdiction as an investment dealer
Risk acknowledgement form	<ul style="list-style-type: none"> • A risk acknowledgement form is not required
Point of sale disclosure	<ul style="list-style-type: none"> • Issuer is not required to provide an offering document • Issuer must issue an offering news release that includes reasonable detail of the proposed distribution, the proposed use of proceeds and a description of how the issuer intends to allocate securities • Issuer must file any offering materials (other than the subscription agreement) on the same day the issuer provides materials to purchasers
Statutory rights in the event of a misrepresentation	<ul style="list-style-type: none"> • Secondary market civil liability provisions in Part XXIII.1 of the Act (Secondary Market Disclosure Liability) applies in relation to securities purchased under the Existing Security Holder Prospectus Exemption
Right of withdrawal	<ul style="list-style-type: none"> • No right of withdrawal is available to investors
Resale restrictions	<ul style="list-style-type: none"> • Securities of a reporting issuer are subject to a four month hold period (subject to certain other conditions being met)
Ongoing disclosure	<ul style="list-style-type: none"> • Reporting issuers must comply with continuous disclosure obligations
Reporting	
Reporting of distribution	<ul style="list-style-type: none"> • Report of exempt distribution in Form 45-106F1 <i>Report of Exempt Distribution</i> (Form 45-106F1) must be filed for a distribution

Summary of Written Comments Received by the OSC

The comment period for the Proposed Amendments ended on June 18, 2014. We received written submissions on the Proposed Amendments from 14 commenters. We have considered the comments received and thank all of the commenters for their comments. The names of the commenters are contained in Appendix A and a summary of their comments, together with our responses, is contained in Appendix B. The comment letters can be viewed on the OSC website at www.osc.gov.on.ca.

Summary of Changes to the Proposed Amendments

After considering the comments received on the Proposed Amendments and the comments we received during our informal consultations, we have made some revisions to the Proposed Amendments. Those revisions are reflected in the Final Amendments that we are publishing concurrently with this notice. As these changes are not material, we are not republishing the Final Amendments for a further comment period.

A summary of notable changes between the Proposed Amendments and the Final Amendments is set out below in items (i) – (vi).

(i) Seasoning requirement for issuers

The Proposed Amendments contemplated that an issuer must be a reporting issuer for not less than 12 months or have become a reporting issuer by filing a prospectus before the offering (the Seasoning Requirement). The purpose of the Seasoning Requirement was to ensure that the issuer has a base disclosure record since the premise for the Exemption is to permit an existing security holder to rely on the issuer's disclosure record to make purchasing decisions. However, this requirement resulted in a difference between the Existing Security Holder Prospectus Exemption and the CSA Existing Security Holder Prospectus Exemption.

We have removed the Seasoning Requirement after further consideration of the disclosure record of new reporting issuers available to security holders and to harmonize the Final Amendments with the CSA Existing Security Holder Prospectus Exemption.

(ii) Pro rata allocation among existing security holders

In an effort to harmonize with the CSA Existing Security Holder Prospectus Exemption, we removed the requirement that the issuer must allocate a pro rata portion of the offering to existing security holders. Instead, we have added companion policy guidance to 45-501CP in order to clarify certain matters relating to the fair and equal treatment of existing security holders. Specifically, the guidance clarifies that while there is no pro rata requirement, the OSC takes the position that in order to support the fair treatment of all security holders, an issuer should establish, maintain and apply policies and procedures that provide reasonable assurance that the issuer, and, if applicable, each registrant participating in an offering, fairly allocate investment opportunities among all of the issuer's security holders. We are of the view that these revisions will prevent the use of the Existing Security Holder Prospectus Exemption in a manner that results in security holders suffering significant dilution without the opportunity to participate in the distribution.

(iii) Security holders rights if misrepresentation

The Proposed Amendments contemplated requiring that a subscription agreement between the issuer and investor provide for contractual rights against the issuer if there is a misrepresentation in the issuer's disclosure record (Contractual Liability). We also noted in the notice and request for comment published with the Proposed Amendments that, as an alternative to Contractual Liability, we were considering prescribing that Secondary Market Disclosure Liability apply.

The Final Amendments prescribe that Secondary Market Disclosure Liability applies, which provides purchasers of securities under the Existing Security Holder Prospectus Exemption with rights of action for damages, under section 138.3 of the Act, relating to:

- misrepresentations contained in documents released on behalf of an issuer,
- misrepresentations in public oral statements by certain persons, and
- failure of an issuer to make timely disclosure.

However, unlike Contractual Liability, we note that Secondary Market Disclosure Liability does not provide investors with a statutory right of rescission.

We believe that there are a number of advantages to providing for Secondary Market Disclosure Liability rather than Contractual Liability, including:

- Under the Secondary Market Disclosure Liability regime, investors have rights of action for damages that are not available under Contractual Liability, namely, in relation to misrepresentations in public oral statements and failure of an issuer to make timely disclosure.
- Rights under the Secondary Market Disclosure Liability regime are enforceable against a broader group of persons, including directors, officers, control persons and experts; whereas, Contractual Liability only applies against the issuer.
- Under a Contractual Liability regime, there is a potential risk that an issuer would not set out the prescribed provisions in a subscription agreement. There is also a risk that provisions in a subscription agreement would not be consistent from issuer to issuer or from offering to offering.

(iv) Report of exempt distribution

The Proposed Amendments required an issuer relying on the Existing Security Holder Prospectus Exemption to file a Form 45-106F11. However, since the Proposed Reports are not yet in place, we have made drafting changes to require that a Form 45-106F1 be used to report a distribution under the Existing Security Holder Prospectus Exemption until the Proposed Reports are finalized.

(v) Amendments to OSC Rule 13-502 Fees

The Proposed Amendments contemplated an amendment to OSC Rule 13-502 *Fees* (OSC Rule 13-502). Specifically, we proposed that issuers that relied on the Existing Security Holder Prospectus Exemption would pay an activity fee of \$500 at the time of filing either of the Proposed Reports, which includes the proposed Form 45-106F11. As noted above, a Form 45-106F1 is required to be filed under the Final Amendments until the Proposed Reports are finalized.

Accordingly, an issuer who relies on the Existing Security Holder Prospectus Exemption will pay the activity fee of \$500, as currently required under Part B of Appendix C of OSC Rule 13-502 when filing Form 45-106F1.

(vi) Aequitas

On November 13, 2014, the OSC recognized Aequitas as an exchange in accordance with section 21 of the Act. As such, we have updated the Rule Amendments to permit reporting issuers with a class of equity securities listed on Aequitas to use the Exemption after the effective date of the recognition order for Aequitas.

Summary of differences between the CSA Existing Security Holder Prospectus Exemption and the Final Amendments

One difference between the CSA Existing Security Holder Prospectus Exemption and the Final Amendments is that, under the CSA Existing Security Holder Prospectus Exemption, there is no carve-out for investment funds. However, investment fund issuers in Ontario cannot rely on the Existing Security Holder Prospectus Exemption. The exclusion of investment funds is consistent with the focus of the policy initiative of the Exempt Market Review to facilitate capital raising for SMEs.

The Final Amendments also require that a distribution of listed securities or units by an issuer must not result in an increase of more than 100 percent in the number of outstanding listed securities of the same class.

Text of the Final Amendments

The text of the Final Amendments is included at Appendix C.

Questions

Please refer your questions to any of:

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APPENDIX A
LIST OF COMMENTERS

1. Advocis
2. AUM Law
3. Canadian Advocacy Council for Canadian CSA Institute Societies
4. Canadian Securities Exchange
5. Davies Ward Phillips & Vineberg LLP
6. Equity Crowdfunding Alliance of Canada
7. Canadian Foundation for Advancement of Investor Rights
8. Investment Industry Association of Canada
9. National Crowdfunding Association of Canada
10. Northcrest Partners Inc.
11. Private Capital Markets Association of Canada
12. Siskinds LLP
13. Stikeman Elliott LLP
14. TMX Group Limited

APPENDIX B

SUMMARY OF COMMENTS AND OSC RESPONSES

No.	Topic	Comments	OSC Response
Harmonization			
1.	Support for CSA harmonization	<p>Six commenters supported harmonization between the Existing Security Holder Prospectus Exemption and the CSA Existing Security Holder Prospectus Exemption for the following reasons:</p> <ul style="list-style-type: none"> • differences between the exemptions may impede issuers, particularly SMEs, from optimizing capital raising opportunities, • inconsistent regulation creates unnecessary friction, regulatory and investor confusion, and increased costs, and • the majority of the comment letters received in connection with the CSA Existing Security Holder Prospectus Exemption supported that exemption. <p>The CSA Existing Security Holder Prospectus Exemption was adopted by rule in each of Alberta and Québec, and as a blanket order in each of British Columbia, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, Yukon, the Northwest Territories and Nunavut published in final form on March 13, 2014.</p>	We have consulted with other CSA members and have harmonized the Exemption to the extent possible.
General			
2.	Support for the scope of the Exemption	Four commenters generally supported the Existing Security Holder Prospectus Exemption.	We acknowledge these comments of support.

No.	Topic	Comments	OSC Response
3.	Opposition to the Exemption	One commenter was opposed to the Existing Security Holder Prospectus Exemption. This commenter was of the view that by introducing the Exemption and other prospectus exemptions, the OSC is neglecting the interest of investors in favour of issuers.	<p>We disagree with this comment.</p> <p>The Existing Security Holder Prospectus Exemption allows investors who have already acquired securities of an issuer to acquire additional securities based on the issuer's Odisclosure record.</p> <p>We note that the Existing Security Holder Prospectus Exemption incorporates an important investor protection mechanism by prescribing that Secondary Market Disclosure Liability applies to securities acquired under the Exemption. The application of this regime provides purchasers of securities under the Exemption with a right of action for damages relating to:</p> <ul style="list-style-type: none"> • misrepresentations contained in documents released on behalf of an issuer, • misrepresentations in public oral statements by certain persons, and • failure of an issuer to make timely disclosure.
Qualification criteria			
4.	Support for limiting the use of the Existing Security Holder Prospectus Exemption to listed reporting issuers only	One commenter supported the availability of the Exemption to listed reporting issuers only.	We acknowledge this comment of support.
5.	Exclusion of investment funds	Two commenters expressed that they did not understand the policy rationale for excluding investment funds from using the Existing Security Holder Prospectus Exemption.	Investment funds sold to retail investors are subject to a significant and robust regulatory framework that addresses subsequent purchases of securities of mutual funds in continuous distribution and subsequent offerings of securities of closed-end investment funds. To permit investment funds to sell to retail investors under the

No.	Topic	Comments	OSC Response
			<p>Exemption without the benefit of the disclosure and product regulation that applies to retail investment funds would be inconsistent with the principles underlying this framework and with three ongoing investment fund policy initiatives: modernization of investment fund regulation, point of sale disclosure for mutual funds and the review of the cost of ownership of mutual funds.</p> <p>Further, the exclusion of investment funds is consistent with the objective of this OSC policy project to introduce new prospectus exemptions that would facilitate capital raising for business enterprises, particularly SMEs.</p>
6.	Exclusion of closed-end investment funds	One commenter expressed that the absence of the Existing Security Holder Prospectus Exemption for investment funds will result in closed-end funds relying on rights offerings or a subsequent market offering to raise capital in Ontario, at a much greater expense and time than other listed issuers.	<p>We note that amendments to National Instrument 81-102 <i>Investment Funds</i> published July 19, 2014 and effective September 22, 2014 restrict an investment fund from issuing warrants or rights.</p> <p>As noted above, to permit investment funds to sell to retail investors under the Existing Security Holder Prospectus Exemption without the benefit of the disclosure and product regulation that applies to retail investment funds would be inconsistent with the principles underlying existing rules and with three ongoing investment fund policy initiatives: modernization of investment fund regulation, point of sale disclosure for mutual funds and the review of the cost of ownership of mutual funds.</p>
7.	Support for Seasoning Requirement for reporting issuers	One commenter supported inclusion of the Seasoning Requirement. The commenter noted that as a current security holder, the investor has a pre-existing degree of familiarity with the issuer and, because of the Seasoning Requirement, there would be considerable degree of investor protection afforded by disclosure.	We acknowledge this comment; however we have removed the Seasoning Requirement in the interest of harmonization.

No.	Topic	Comments	OSC Response
8.	Opposition to the Seasoning Requirement	<p>Two commenters did not support the Seasoning Requirement. The commenters were of the view that the Seasoning Requirement would create a difference between the Existing Security Holder Prospectus Exemption and the CSA Existing Security Holder Prospectus Exemption.</p> <p>Additionally, one commenter noted that the Seasoning Requirement does not allow for issuers that have filed a prospectus-like disclosure document required by the TSXV for either a qualifying transaction or a reverse takeover bid to use the Exemption if it has been a reporting issuer for less for a year.</p> <p>One commenter was of the view that the incremental benefit of a minimum reporting history is not a sufficient reason to deviate from the CSA Existing Security Holder Prospectus Exemption.</p>	<p>As noted above, we have removed the Seasoning Requirement.</p>
9.	Support for allowing any issuer listed on TSX, TSXV or CSE to use the Existing Security Holder Prospectus Exemption	<p>Eight commenters agreed with the provision that permits issuers listed on the TSX, TSXV or CSE to use the Existing Security Holder Prospectus Exemption since these exchanges have a disclosure regime.</p> <p>One commenter was of the view that the TSX and TSXV have rules, policies and review processes in place with respect to private placements that aim to protect existing security holders and the quality of the market.</p>	<p>We acknowledge these comments.</p>
10.	Support for allowing new recognized exchanges to use the Existing Security Holder Prospectus Exemption	<p>One commenter submitted that the Existing Security Holder Prospectus Exemption should also permit the distribution of equity securities listed on newly recognized exchanges.</p>	<p>On November 13, 2014, the OSC recognized Aequitas as an exchange in accordance with section 21 of the Act. As such, we have updated the Proposed Amendments to permit reporting issuers with a class of equity securities listed on Aequitas to use the Exemption after the effective date of the recognition order for Aequitas.</p>

No.	Topic	Comments	OSC Response
11.	Support for guidance as to whether an issuer listed on NEX could use the Existing Security Holder Prospectus Exemption	One commenter suggested that guidance should be provided as to whether securities listed on NEX would qualify for issuance under the Existing Security Holder Prospectus Exemption given that NEX is a separate board of the TSXV.	We do not propose to allow issuers listed on NEX to use the Exemption at this time. We note that the CSA Existing Security Holder Prospectus Exemption is available to issuers listed on the TSX, TSXV or CSE.
12.	Support for allowing issuers listed on non-Canadian exchanges to use the Existing Security Holder Prospectus Exemption	One commenter was of the view that the OSC should consider expanding the exchanges upon which issuers can be listed to include non-Canadian exchanges with disclosure rules substantively similar to those governing issuers listed on Canadian exchanges.	We do not propose to allow issuers listed solely on non-Canadian exchanges to use the Existing Security Holder Prospectus Exemption at this time.
Types of securities that can be offered under the Exemption			
13.	Support for equity securities being listed on TSX, TSXV or CSE or units consisting of the listed security and a warrant to acquire the listed security	Two commenters were of the view that equity securities must be listed on the TSX, TSXV or CSE, as this allows for harmonization with the CSA Existing Security Holder Prospectus Exemption and provides investor protection.	We acknowledge these comments.
Offering parameters			
14.	Support for pro rata allocation and limit on overall dilution	Five commenters supported the requirement that the issuer must allocate existing security holders a pro rata portion of the offering. The majority of these commenters were of the view that the condition supports the fair treatment of all security holders in terms of (i) the security holder as a member of an identifiable class or group deserving of investor protection; and (ii) security holders' rights relative to one another. These commenters noted that requiring that the offer be open on a pro rata basis: <ul style="list-style-type: none"> • offers anti-dilution protection to security holders, and 	We acknowledge these comments. In an effort to harmonize with the CSA Existing Security Holder Prospectus Exemption, we have removed the requirement that the issuer must allocate existing security holders a pro rata portion of the offering. We have addressed concerns regarding the fair and equal treatment of security holders with companion policy guidance in 45-501CP. Specifically, the guidance clarifies that, while there is no pro rata requirement, we take the position that in order to support the fair treatment of all security holders, an issuer should establish, maintain and apply policies and procedures that provide reasonable assurance that the issuer and each registrant (if applicable) fairly

No.	Topic	Comments	OSC Response
15.	Support for additional pro rata allocation provisions	<ul style="list-style-type: none"> could help alleviate concerns that an investor could purchase a nominal number of shares prior to the announcement of the offering by the issuer where such investor might not exercise the appropriate level of due diligence for a more substantial investment in the issuer. <p>One commenter suggested that an investor should have the ability to purchase additional securities consistent with their existing security holdings. This would help ensure that the investor has the wherewithal to make the investment and, more importantly, protect investors from potential manipulation by less scrupulous actors.</p> <p>Another commenter noted that the private placement rules of the TSXV should be made an integral part of the Existing Security Holder Prospectus Exemption so as to be enforceable by the regulators.</p> <p>One commenter noted that if the OSC proceeds with the pro rata requirement, in order to lessen the complexity of compliance, listed issuers should be able to rely on a written representation from the investor regarding the number of securities held as at the record date, similar to the confirmation being proposed regarding assurance that the investor is a security holder as at the record date.</p> <p>Another commenter indicated that if the OSC required pro rata allocation, in order to allow issuers to rely on an investor certificate representing the investor's security holdings as of the record date, 45-106CP should include additional language to exempt issuers from the obligation to perform diligence to ensure that an investor is qualified to rely on the Exemption to purchase the number of securities for which the investor has subscribed.</p>	<p>allocate investment opportunities among all of the issuer's security holders. We are of the view that the guidance will mitigate the risk of the Existing Security Holder Prospectus Exemption being used in a manner that results in security holders suffering a significant dilution without the opportunity to participate in the distribution.</p> <p>We acknowledge these comments. Please see response 14 above.</p>

No.	Topic	Comments	OSC Response
16.	Opposition to pro rata allocation	<p>Five commenters did not support the issuer allocating existing security holders a pro rata portion of the offering. The majority of these commenters were of the view that the Existing Security Holder Prospectus Exemption should be harmonized with the CSA Existing Security Holder Prospectus Exemption in order to ensure that issuers and existing investors have the opportunity to use this capital raising tool in an efficient and effective way.</p> <p>Some of these commenters were of the view that the pro rata allocation requirement:</p> <ul style="list-style-type: none"> • is one of the reasons reporting issuers do not use the existing rights offering exemption in Canada, • is timely and costly for small issuers, and • could put Ontario-based issuers and investors at a disadvantage or otherwise make the Exemption unattractive since the Existing Security Holder Prospectus Exemption is different from the CSA Existing Security Holder Prospectus Exemption. 	We acknowledge these comments. Please see response 14 above.
		<p>One commenter indicated that under the current private placement regime, there is no requirement dictating from whom and to what extent listed issuers can accept subscriptions, provided that a valid prospectus exemption under National Instrument 45-106 <i>Prospectus and Registration Exemptions</i> (NI 45-106) is relied upon, and if applicable, that the private placement is compliant with the relevant stock exchange's requirements. Additionally, another commenter stated that it would be difficult to implement the pro rata requirement in the context of private placements since a significant number of security holders are objecting beneficial owners and given the current restrictions regarding listed issuers' ability to communicate directly with objecting beneficial owners, it may not be possible to undertake a private placement on a pro rata basis in a timely and cost-efficient matter</p>	

No.	Topic	Comments	OSC Response
		<p>based on a list of security holders as at the record date.</p> <p>Two commenters expressed concern that given the \$15,000 individual investment limit, it is unlikely that the resulting issue will apply on a pro rata basis to all security holders.</p>	
17.	<p>Opposition to differentiating between a security holder that bought securities in the secondary market one day before the announcement of the offering and a security holder that bought the securities some longer period before the announcement of the offering</p>	<p>One commenter indicated that it is not necessary to differentiate between a security holder that bought securities in the secondary market one day before the announcement of the offering and a security holder that bought the securities at a longer period before the announcement of the offering because conceptually, their positions are substantively identical.</p>	<p>We acknowledge this comment.</p>
18.	<p>Opposition to a limit on overall dilution</p>	<p>One commenter was of the view that it would be duplicative and unnecessary for the OSC to adopt requirements regarding maximum dilution for the Existing Security Holder Prospectus Exemption, as both the TSX and TSXV have rules and requirements in place that support the fair treatment of security holders and support the quality of the Canadian market. No other exemption under NI 45-106 imposes a 100% dilution limit on reporting issuers.</p>	<p>We acknowledge these comments. We are of the view that the overall dilution should not exceed 100%. We believe a dilution limit is appropriate as we do not think that offerings under the Exemption should result in significant dilution of security holder holdings. A 100% dilution limit is also consistent with the proposed amendments to the rights offering prospectus exemption and will allow issuers to raise a significant amount of capital. We do not believe that the dilution limit is overly restrictive as issuers are not limited to the number of times that they may use the Exemption in a 12 month period, except as constrained by an investor's investment limit, and may also use other prospectus exemptions.</p> <p>Please also see response 14 above.</p>

No.	Topic	Comments	OSC Response
19.	Opposition to requirement that any securities that are not taken up by existing security holders can be allocated at the issuer's discretion to other existing security holders	One commenter was concerned that the ability of an issuer to allocate undersubscribed portions of offerings under the Existing Security Holder Prospectus Exemption at its discretion has the potential for abuse. This commenter was of the view that existing security holders should rather be permitted to subscribe for unsubscribed securities in proportion to their pro rata share in order to minimize the risk of abuse of the Existing Security Holder Prospectus Exemption.	We acknowledge this comment. Please see response 14 above.
20.	Opposition to no requirements on the length of time the offering can remain open	One commenter suggested implementing a five business day minimum period during which the offer should be open in order to ensure a more meaningful offer is made to all existing security holders.	We do not think it is necessary to implement a five business day minimum period during which the offer should be made open as part of the Existing Security Holder Prospectus Exemption. We note that this condition is not in the CSA Existing Security Holder Prospectus Exemption. A condition of the Exemption requires issuers to make the offer available to all security holders. If the issuer were to set a very short offering period, it may call into question whether an issuer met the requirement to make the offer available to all security holders.
Investor qualifications			
21.	Support for the requirement that each investor must represent in writing to the issuer that as of the record date the investor held, and continues to hold, the type of listed security that the investor is acquiring under the Existing Security Holder Prospectus Exemption	One commenter was in favour of the requirement that each investor must represent in writing to the issuer that as of the record date the investor held, and continues to hold, the type of listed security that the investor is acquiring under the Existing Security Holder Prospectus Exemption.	We acknowledge this comment.

No.	Topic	Comments	OSC Response
22.	Concern with the language “continues to hold”	One commenter suggested that further guidance should be provided as to why an investor must represent in writing to the issuer that the investor “continues to hold” the type of security being acquired under the Existing Security Holder Prospectus Exemption.	Each investor must represent in writing to the issuer that as at the record date the investor held, and continues to hold, the type of listed security that the investor is acquiring under the Exemption. We are of the view that additional guidance is not necessary.
23.	Concern with commentary that any efforts by an issuer to solicit investors to purchase shares in the market in order to use the Existing Security Holder Prospectus Exemption will be treated as “improper”	One commenter was of the view that the Existing Security Holder Prospectus Exemption should be clarified and should expressly state any prohibition that the OSC wishes to impose on the use of the Exemption. The commenter was of the view that there is uncertainty as to the intent of the Proposed Amendments.	We would treat, as improper, any effort to solicit investors to purchase shares in the secondary market in order to rely on the Exemption. We are of the view that additional guidance is not necessary at this time. However, we will monitor the use of the Exemption and will consider providing additional guidance if needed.
24.	Support for record date being at least one day prior to the day that an issuer issues an offering news release	Three commenters supported that the record date must be at least one day prior to the day that an issuer issues an offering news release for the following reasons: <ul style="list-style-type: none"> • the provision is consistent with the CSA Existing Security Holder Prospectus Exemption, • a longer requirement is too subjective and would exclude certain existing security holders for no substantive reason, and • an investor who is already a security holder of an issuer will be well positioned to make an informed decision about an additional investment in the issuer. 	We acknowledge these comments.
25.	Opposition to the record date being at least one day prior to the day that an issuer issues an offering news release	Three commenters were of the view that the record date should be more than one day before the announcement of the offering since it may not be possible for the issuer to conduct sufficient due diligence; and that if securities are held for only one day investors do not have advance notice. One commenter	We acknowledge these comments. In addition to being harmonized with the CSA Existing Security Holder Prospectus Exemption, we are of the view that it is not necessary to require that a security holder be a holder of the issuer’s security on a date that is more than one day before the announcement of the offering.

No.	Topic	Comments	OSC Response
Investment limits			
26.	Support for investment limits of \$15,000 in the previous 12 months for individuals who have not obtained advice regarding the suitability of the investment	<p>suggested that investors should hold securities of the issuer for a minimum of one calendar day so that the investor can experience the volatility of the security's price on the exchange, the issuer's track record of disclosure and shareholder communications.</p> <p>One commenter recommended that the record date should be 30 days prior to the date of the announcement to prevent potential abuse by market participants, particularly by persons close to the issuer who may have access to information about the proposed offering. One commenter indicated that advance notice be provided as of the record date similar to what is required for a dividend issuance (e.g. 7 days).</p>	<p>We acknowledge this comment.</p>
27.	Opposition to investment limits for individuals who have not obtained advice regarding the suitability of the investment	<p>Five commenters did not support the investment limit of \$15,000 in the previous 12 months unless the purchaser has obtained advice regarding the suitability of the investment, and if the purchaser is a resident of a jurisdiction of Canada, that advice is from a person registered in the jurisdiction as an investment dealer. The commenter was of the view that the annual limit and the requirement for suitability advice provide investor protection.</p> <p>Five commenters did not support the investment limit of \$15,000 in the previous 12 months unless the purchaser has obtained advice regarding the suitability of the investment, and if the purchaser is a resident of a jurisdiction of Canada, that advice is from a person registered in the jurisdiction as an investment dealer for the following reasons:</p> <ul style="list-style-type: none"> • \$15,000 limit is arbitrary and may make the Exemption unattractive to issuers listed on senior markets, 	<p>We acknowledge these comments. In addition to being harmonized with the CSA Existing Security Holder Prospectus Exemption, we are of the view that an investment limit of \$15,000 for individuals who have not obtained advice regarding suitability is an important investor protection measure. We believe that investment limits serve two important functions by:</p> <ol style="list-style-type: none"> 1. mitigating the risk of loss for the investor, and 2. encouraging asset class diversification. <p>Furthermore, an investor's option to obtain suitability advice</p>

No.	Topic	Comments	OSC Response
		<ul style="list-style-type: none"> • suitability advice may be impractical and/or time consuming to obtain, • investors are not otherwise limited to invest any particular amount on the secondary market, • suitability should not be an issue for existing security holders given that they already hold securities of the issuer, • given that an offering is permitted to result in an increase of 100% of the outstanding securities of the class, investments should be limited to an investor's pro rata ownership of securities of the issuer so as to permit the investor to maintain its pro rata position in an issuer, • the requirement for pro rata, in combination with the \$15,000 investment limit in the absence of suitability advice, may not support the fair treatment of all security holders, since security holders holding greater than \$15,000 worth of securities prior to the time of the financing will be at a disadvantage compared to security holders holding less than that amount when it comes to retaining pro rata position in the issuer, and • accredited investors are not otherwise subject to any limits on the amount they can invest. <p>In the alternative, one commenter suggested that the requirement should be broadened to permit advice, not only from investment dealers, but from exempt market dealers and appropriate categories of restricted dealers in Canada.</p>	<p>in order to exceed the investment limit provides flexibility to investors for whom it may be appropriate to exceed the limit. We note that the suitability obligation is considered a fundamental investor protection for all investors, including accredited investors.</p> <p>Consistent with the CSA Existing Security Holder Prospectus Exemption, the Exemption contemplates advice from an investment dealer.</p>
Point of sale disclosure			
28.	Support for requirement to issue an offering news release disclosing the proposed offering that includes reasonable	<p>Two commenters stated that the offering news release should have additional disclosure requirements.</p> <p>Specifically, the offering news release should disclose:</p> <ul style="list-style-type: none"> • the holdings of insiders and whether the insiders intend to subscribe for the offering in full or in part, 	<p>We acknowledge these comments. We are of the view that the disclosure requirements will inform investors of the material terms of the offering in a simple and transparent manner. The offering news release sets out the core elements of the offering which we think the investor requires</p>

No.	Topic	Comments	OSC Response
	detail of proposed distribution and proposed use of proceeds	<ul style="list-style-type: none"> a warning to investors that an increase in their security holdings results in increasing their exposure to high risk investments and they should consider whether, in light of their portfolio of holdings, it is appropriate or not to do so, the most current information, and that such investments are speculative, high risk and the investors should consider whether purchasing additional holdings in the issuer would be appropriate for them, given their portfolio of investments (as some investors will have purchased the securities through a discount brokerage rather than through an investment dealer with “know-your-product” and “know-your-client” obligations). 	<p>in order to make an informed investment decision and it is incumbent upon the issuer to provide additional information that the investor requires to make an informed investment decision. The Exemption requires an issuer to represent that there is no material fact or material change related to the issuer which has not been generally disclosed. Moreover, additional disclosure is available in the material change report that will have to be filed in connection with an offering.</p>
Investor rights			
29.	Opposition to Secondary Market Disclosure Liability	<p>One commenter stated that Contractual Liability is preferable to prescribing the Existing Security Holder Prospectus Exemption under section 138.2(b) of the Act. While Contractual Liability is available only against the issuer, the commenter stated that it is preferable to the rights of action under Part XXIII.1 of the Act which sets out the Secondary Market Disclosure Liability regime because under a Contractual Liability regime:</p> <ul style="list-style-type: none"> there is a rescission remedy, there is no requirement to obtain leave of a court to enforce the right of action, the issuer’s liability is not subject to a liability limit (damages cap), and the only defence available to the issuer is that the purchaser had knowledge of the misrepresentation. <p>The commenter was of the view that consideration must be given to how the contractual and statutory remedies will interact because the characteristics of the rights of action are markedly different (in contrast to, for example, the statutory and contractual remedies for</p>	<p>We acknowledge this comment.</p> <p>We believe that there are a number of advantages for prescribing Secondary Market Disclosure Liability rather than Contractual Liability, including:</p> <ul style="list-style-type: none"> Under the Secondary Market Disclosure Liability regime, investors have rights of action for damages that are not available under Contractual Liability, namely, in relation to misrepresentations in public oral statements and failure of an issuer to make timely disclosure; Rights under the Secondary Market Disclosure Liability regime are enforceable against a broader group of persons including directors, officers, control persons and experts than Contractual Liability, which only applies against the issuer; and Under a Contractual Liability regime, there is a potential risk that an issuer would not set out the prescribed provisions in a subscription agreement. There is also a risk that provisions in a subscription agreement will not be consistent from issuer to issuer or from offering to offering.

No.	Topic	Comments	OSC Response
		<p>misrepresentation in an offering memorandum). Given the board range of what may be a “core document” or a “document”, the requirement would import exposure similar to that under the Secondary Market Disclosure Liability regime into the Existing Security Holder Prospectus Exemption without the same procedural safeguards.</p>	<p>Further, no disclosure document is being prescribed; reliance is being placed on the continuous disclosure regime. Accordingly, it is appropriate to prescribe that Secondary Market Disclosure Liability applies.</p> <p>Please also see response 3 above.</p>
Resale restrictions			
30.	Support for securities of a reporting issuer being subject to a four-month hold period	<p>Seven commenters believed that a four-month hold period should apply to the securities distributed under the Existing Security Holder Prospectus Exemption for the following reasons:</p> <ul style="list-style-type: none"> • it would be helpful to ensure that investors are purchasing as principal, • investors who are existing shareholders would be free to trade their existing securities of the issuer held on the record date during the four-month hold period for the newly issued securities, and • a four-month hold period would help discourage retail investors from using the Existing Security Holder Prospectus Exemption for speculation purposes, particularly with respect to securities of more junior issuers. <p>The majority of these commenters were of the view that this provision should be consistent with the CSA Existing Security Holder Prospectus Exemption and with all other prospectus exemptions.</p>	We acknowledge these comments.
31.	Opposition to securities of a reporting issuer being subject to a four-month hold period	Two commenters stated that securities distributed under the Exemption should be freely tradable because removing the four-month hold period will reduce the discount that issuers must offer and ultimately reduce dilution to security holders who do not participate while reducing the cost of the capital of the issuer.	We are of the view that it is appropriate to take an approach that is consistent with the resale restrictions for other capital raising exemptions such as the accredited investor exemption. Additionally, the CSA Existing Security Holder Prospectus Exemption also has resale restrictions.

No.	Topic	Comments	OSC Response
		<p>One commenter noted that the existing level of investor protection for any securities distributed under the Exemption is sufficient to allow them to be freely tradable among retail investors. Secondly, in the interests of capital raising, the securities distributed under the Exemption should be able to replicate or mirror as closely as possible the original securities from which they are, in essence, derived. Lastly, the issue of harmonization is always a concern, so the regulator should consider the need to maintain consistency with how freely the newly purchased securities would be allowed to be traded in other jurisdictions.</p>	
Reporting of distribution			
32.	<p>Support for requirement to file report of exempt distribution on Form 45-106F11</p>	<p>One commenter supported requiring a report of exempt distribution when a distribution is made relying on the Existing Security Holder Prospectus Exemption so as to gather information on the use of the Exemption and to monitor compliance with it.</p>	<p>We acknowledge this comment. We note that we have made drafting changes to OSC Rule 45-501 and 45-501CP to address the requirement that a Form 45-106F1 <i>Report of Exempt Distribution</i> must be used to report any distributions under the Existing Security Holder Prospectus Exemption.</p>

APPENDIX C
AMENDMENTS TO OSC RULE 45-501 *ONTARIO PROSPECTUS AND REGISTRATION EXEMPTIONS*
AND
CHANGES TO COMPANION POLICY 45-501CP TO OSC RULE 45-501
ONTARIO PROSPECTUS AND REGISTRATION EXEMPTIONS

Attached to this appendix are:

- Annex C-1 Amending instrument for OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*
- Annex C-2 Changes to Companion Policy 45-501CP to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*
- Annex C-3 Amending instrument for National Instrument 45-102 *Resale Of Securities*

ANNEX C-1

EXISTING SECURITY HOLDER PROSPECTUS EXEMPTION

AMENDING INSTRUMENT FOR OSC RULE 45-501
ONTARIO PROSPECTUS AND REGISTRATION EXEMPTIONS

1. OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* is amended by this Instrument.
2. The Rule is amended by adding the following section:

2.9 Distributions to existing security holders

(1) In this section,

“announcement date” means the day that an issuer issues an offering news release;

“investment dealer” has the same meaning as in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

“listed security” means an equity security of an issuer of a class listed on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or the Aequitas NEO Exchange;

“offering material” means a document purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution under this section;

“offering news release” means a news release of an issuer announcing its intention to conduct a distribution under this section;

“record date” means the date determined by an issuer that intends to conduct a distribution under this section that is at least one day prior to the announcement date;

“warrant” means a warrant of an issuer that entitles the holder to acquire a listed security or a fraction of a listed security of the same issuer;

“unit” means a listed security and a warrant.

(2) The prospectus requirement does not apply to a distribution by an issuer of a listed security or a unit of its own issue to a security holder of the issuer purchasing as principal if all of the following apply:

- (a) the issuer
 - (i) is a reporting issuer in at least one jurisdiction of Canada with a class of listed securities, and

- (ii) is not an investment fund;
- (b) the issuer has filed in each jurisdiction of Canada in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction as and when required
 - (i) under applicable securities legislation,
 - (ii) pursuant to an order issued by the regulator or securities regulatory authority, or
 - (iii) pursuant to an undertaking to the regulator or securities regulatory authority;
- (c) the issuer has issued and filed an offering news release describing in reasonable detail the proposed distribution, including, without limitation,
 - (i) the minimum and maximum number of securities proposed to be distributed under this section and the minimum and maximum aggregate gross proceeds of the distribution,
 - (ii) the proposed principal uses, including estimated dollar amounts, of the gross proceeds of the distribution, assuming both the minimum and maximum offering, and
 - (iii) a description of how the issuer intends to allocate securities;
- (d) subject to applicable securities laws, the issuer permits each person who, as of the record date, held a listed security of the issuer of the same class and series as the listed securities to be distributed under this section to subscribe for securities in the distribution;
- (e) the purchaser has represented in writing to the issuer that the purchaser held at the record date, and continues to hold, a listed security of the issuer of the same class and series as the listed securities to be distributed under this section;
- (f) the issuer or any salesperson acting on behalf of the issuer in connection with a distribution under this section does not reasonably believe that the representation of the purchaser, referred to in paragraph (e), is untrue;
- (g) either:
 - (i) the purchaser has obtained advice regarding the suitability of the investment and, if the purchaser is a resident of a jurisdiction of Canada, that advice is from a person registered in that jurisdiction as an investment dealer, or
 - (ii) the aggregate of the acquisition cost to the purchaser of securities to be purchased from the issuer under the distribution, when added to the acquisition cost to the purchaser of all other securities of the issuer acquired in reliance on this section in the 12-month period immediately preceding the distribution, does not exceed \$15,000.

(3) The issuer must represent to the purchaser in the subscription agreement that

- (a) the issuer's "core documents" and "documents", as those terms are defined in section 138.1 of the Act, do not contain a misrepresentation, and
- (b) there is no material fact or material change related to the issuer which has not been generally disclosed.

(4) A distribution of listed securities or units by an issuer under subsection (2) must not result in an increase of more than 100 percent in the number of outstanding listed securities of the same class.

(5) The exemption in subsection (2) is not available for a distribution of a listed security if the class of listed security has been suspended from trading for failure to comply with the ongoing requirements of the applicable exchange.

(6) Part XXIII.1 of the Act applies to a security distributed under this section.

(7) Other than the subscription agreement, any offering material prepared in connection with a distribution under this section must be filed with the securities regulatory authority by the issuer no later than the day that the offering material was first provided to a potential purchaser.

3. Section 6.1 is deleted and replaced with the following:

6.1 Report of exempt distribution – (1) An issuer that distributes its own securities must file a report if it makes the distribution under

- (a) section 2.1 [Government incentive security], or
- (b) section 2.9 [Distributions to existing security holders].

(2) The issuer must file the report no later than 10 days after the distribution..

4. Section 6.2 is deleted and replaced with the following:

6.2 Required form of report of exempt distribution – (1) The required form of report under paragraph 6.1(1)(a) [Report of exempt distribution] is Form 45-501F1.

(2) The required form of report of exempt distribution under paragraph 6.1(1)(b) [Report of exempt distribution] is Form 45-106F1 *Report of Exempt Distribution*..

5. This instrument comes into force on February 11, 2015.

ANNEX C-2

EXISTING SECURITY HOLDER PROSPECTUS EXEMPTION

**CHANGES TO COMPANION POLICY 45-501CP TO OSC RULE 45-501
ONTARIO PROSPECTUS AND REGISTRATION EXEMPTIONS**

1. **The changes to Companion Policy 45-501CP to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* are set out in this Annex.**
2. **Section 6.1 is deleted and replaced with the following:**

6.1 Report of exempt distribution – (1) Section 6.1 of the Rule requires an issuer that has distributed a security of its own issue under section 2.1 [*Government incentive security*] or section 2.9 [*Distributions to existing security holders*] of the Rule to file a report of exempt distribution in the required form, on or before the 10th day after the distribution..

3. **The following is added after Part 7:**

PART 8: EXISTING SECURITY HOLDER PROSPECTUS EXEMPTION

Distributions to existing security holders

8.1 General – All security holders of the same class of securities must be treated fairly and in a manner that is perceived to be fair in connection with a distribution under section 2.9 of the Rule. The Commission recognizes that distributions to existing security holders are capable of being abusive or unfair. Accordingly, issuers and others who benefit from access to the capital markets have an obligation to treat security holders fairly, and the fulfillment of this obligation is essential to the protection of the public interest in maintaining capital markets that operate efficiently, fairly and with integrity.

8.2 Anti-dilution – While an offer must be made available to all persons who, as of the record date, held a listed security of the issuer of the same class and series as the listed security to be distributed under section 2.9 of the Rule, there is no requirement that an issuer make the offer on a pro rata basis to its security holders. For the purposes of a distribution under section 2.9 of the Rule, if security holders have an identical opportunity under the distribution, then they are considered to be treated identically.

While there is no pro rata requirement, the Commission takes the position that in order to support the fair treatment of all security holders, an issuer should establish, maintain and apply policies and procedures that provide reasonable assurance that the issuer, and, if applicable, each registrant, fairly allocate investment opportunities among the issuer's security holders. However, any distribution under section 2.9 of the Rule cannot result in an increase of more than 100% of the outstanding securities of the same class and section 2.9 of the Rule should not be used in a manner that results in security holders suffering significant dilution.

8.3 Minimum Subscription Amount – Under section 2.9 of the Rule, there is no requirement that an issuer accept all subscriptions from each existing security holder. However, if an issuer were to reject a subscription that was in all respects a valid subscription, it could call into question whether the offering was made available to all security holders of the issuer. While an issuer might not want to accept small subscription amounts because of the administrative burden, for transparency purposes, an issuer should consider clearly disclosing the minimum subscription amount in the offering news release..

ANNEX C-3

EXISTING SECURITY HOLDER PROSPECTUS EXEMPTION

AMENDING INSTRUMENT FOR NATIONAL INSTRUMENT 45-102 *RESALE OF SECURITIES*

1. **National Instrument 45-102 *Resale of Securities* is amended by this Instrument.**

2. **APPENDIX D is amended by:**

(a) Replacing the definition of “2009 OSC Rule 45-501” with the following:

““2009 OSC Rule 45-501” means the Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemption* that came into force on the later of (a) September 28, 2009 and (b) the day on which sections 5 and 11, subsection 12(1) and section 13 of Schedule 26 of the *Budget Measures Act, 2009*, were proclaimed into force, as amended on February 11, 2015;”

(b) by replacing “Section 2.2 of the 2005 OSC Rule 45-501 and 2009 OSC Rule 45-501.” in paragraph 3(b) with the following:

“Section 2.2 of the 2005 OSC Rule 45-501 and 2009 OSC Rule 45-501;

Section 2.9 of the 2009 OSC Rule 45-501.”.