

## New Investment Dealer Prospectus Exemption Adopted

On January 14, 2016 the securities regulatory authorities of British Columbia, Alberta, Saskatchewan, Manitoba and New Brunswick (the Participating Jurisdictions) adopted a new prospectus exemption (the Exemption) that will permit Canadian listed issuers to distribute securities to investors who have obtained advice about the suitability of the investment from an investment dealer. The Exemption is subject to the following conditions:

- the issuer must be a reporting issuer in at least one Canadian jurisdiction and have a class of equity securities listed on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas Neo Exchange Inc.;
- the issuer's public disclosure must be up to date;
- the offering can consist only of a listed security, a unit consisting of a listed security and a warrant to acquire another listed security, or another security convertible into a listed security at the security holder's sole discretion;
- the news release announcing the offering must disclose all required information regarding the distribution and any material fact not yet generally disclosed;
- the investor must obtain advice regarding the suitability of the investment from an investment dealer; and
- in all Participating Jurisdictions other than Alberta<sup>1</sup>, the investor must be provided with a contractual right of action in the event of a misrepresentation in the issuer's continuous disclosure record; and

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<sup>1</sup> In Alberta, purchasers are afforded a statutory right of action under Part 17.01 of the *Securities Act* (Alberta).

- although an offering document is not required, if an issuer voluntarily provides one, an investor will have certain rights of action in the event of a misrepresentation in it.

Like most other capital raising prospectus exemptions, the first trade of securities issued under the Exemption will be subject to resale restrictions under section 2.5 of National Instrument 45-102 *Resale of Securities*.

The stated purpose of the Exemption is to facilitate capital raising for listed issuers and foster participation of retail investors in private placements while maintaining appropriate investor protection.

For additional information regarding the Exemption, see [45-318 - Multilateral CSA Notice 45-318 Prospectus Exemption for Certain Distributions through an Investment Dealer](#).

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#### [a cautionary note](#)

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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