

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, ss. 3.2, 3.3 and 5.1 – National Instrument 51-102 *Continuous Disclosure Obligations*, subs. 5(1) and s. 13.1 - An issuer that is not yet an ‘SEC issuer’ sought relief to file financial statements prepared in accordance with U.S. GAAP and audited in accordance with U.S. PCAOB GAAS, and file MD&A in accordance with United States standards- the issuer has filed a registration statement with the SEC, and anticipates that it will become effective, at which point the issuer will be an “SEC issuer”; if the issuer does not become an SEC issuer by a set date, it will re-file its financial statements in accordance with Canadian GAAP and audited in accordance with Canadian GAAS, and its MD&A in accordance with Form 51-102F1 *Management’s Discussion and Analysis*

Applicable Legislative Provisions

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, ss. 3.2, 3.3 and 5.1

National Instrument 51-102 *Continuous Disclosure Obligations*, subs. 5(1) and s. 13.1

Citation: Re Verano Holdings Corp., 2022 ABASC 38

Date: 20220429

In the Matter of
the Securities Legislation of
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Verano Holdings Corp. (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the following (the **Exemptions Sought**):

- (a) with respect to its annual financial statements for the financial year ended December 31, 2021 (the **F2021 Financial Statements**), subsection 3.2(1) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**), which provides, among other things, that financial statements other than acquisition statements must be prepared in accordance with Canadian GAAP

applicable to publicly accountable enterprises (the **F2021 Financial Statements Accounting Principles Relief**);

- (b) with respect to the F2021 Financial Statements, paragraph 3.3(1)(a) of NI 52-107, which provides, among other things, that financial statements required by securities legislation to be audited must be audited in accordance with Canadian GAAS (the **Auditing Standards Relief**);
- (c) with respect to MD&A related to the F2021 Financial Statements, subsection 5.1(1) (the **Annual MD&A Relief**) of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), to the extent that it requires the Filer to file its MD&A in the form of 51-102F1 *Management's Discussion and Analysis* (**Form 51-102F1**);
- (d) with respect to its financial statements for the interim period ended March 31, 2022 (the **Q1 2022 Financial Statements**), subsection 3.2(1) of NI 52-107 (the **Q1 2022 Financial Statements Accounting Principles Relief**);
- (e) with respect to MD&A related to the Q1 2022 Financial Statements, subsection 5.1(1) (the **Interim MD&A Relief**) of NI 51-102, to the extent that it requires the Filer to file its MD&A in the form of Form 51-102F1.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Alberta Securities Commission is the principal regulator for this Application;
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut; and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 52-107, NI 51-102 or MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation existing under the laws of British Columbia.
2. The head office of the Filer is located in Chicago, Illinois.

3. The Filer is a reporting issuer in each province and territory of Canada and is not in default of securities legislation in any jurisdiction of Canada.
4. The Filer is an operator of U.S. state licensed cannabis cultivation, processing and retail facilities.
5. The Filer's Class A subordinate voting shares are listed on the Canadian Securities Exchange, trading under symbol "VRNO", and also trade in the United States on the OTCQX marketplace operated by the OTC Market Group under the symbol "VRNOF".
6. The Filer's financial year end is December 31.
7. The Filer filed on April 26, 2022 a registration statement on Form 10 (the **Form 10**) with the SEC registering its Class A subordinate voting shares under the 1934 Act. In accordance with the rules of the SEC, if not withdrawn, the Form 10 will become automatically effective 60 days after the filing date. Once the Form 10 is effective, the Filer will become an SEC issuer.
8. As required by the SEC, the Form 10 included the F2021 Financial Statements prepared in accordance with U.S. GAAP and audited in accordance with U.S. PCAOB GAAS (the **U.S. F2021 Financial Statements**), and related management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act (the **U.S. F2021 MD&A**). If required by the SEC or deemed appropriate by the Filer, the Form 10 will be amended to include the Q1 2022 Financial Statements prepared in accordance with U.S. GAAP (the **U.S. Interim Financial Statements**), and related management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act (the **U.S. Interim MD&A**). The U.S. F2021 Financial Statements, U.S. F2021 MD&A, U.S. Interim Financial Statements and U.S. Interim MD&A are collectively referred to herein as the **U.S Filings**.
9. The Exemptions Sought are needed in order to avoid the duplication of being required to file on the System for Electronic Document Analysis and Retrieval (**SEDAR**) documents that correspond to the U.S Filings, prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, Form 51-102F1, or audited in accordance with Canadian GAAS, as applicable.
10. Upon becoming an SEC issuer, the Filer intends to rely on accommodations for SEC issuers in NI 52-107 and NI 51-102 that relate to U.S. federal securities law.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted, provided that:

- (a) with respect to the F2021 Financial Statements Accounting Principles Relief, the Filer prepares the F2021 Financial Statements in accordance with U.S. GAAP;
- (b) with respect to the Auditing Standards Relief, the Filer proceeds as if it were an SEC issuer relying on section 3.8 of NI 52-107;
- (c) with respect to the Annual MD&A Relief, the Filer complies with section 5.1 of NI 51-102 as if it were an SEC issuer filing its management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act;
- (d) with respect to the Q1 2022 Financial Statements Accounting Principles Relief, the Filer prepares the Q1 2022 Financial Statements in accordance with U.S. GAAP;
- (e) with respect to the Interim MD&A Relief, the Filer complies with section 5.1 of NI 51-102 as if it were an SEC issuer filing its management's discussion and analysis prepared in accordance with Item 303 of Regulation S-K under the 1934 Act;
- (f) if the Filer does not become an SEC issuer by August 29, 2022, the Filer will immediately prepare and file on SEDAR the following documents (collectively, the **Amended Documents**):
 - (i) the F2021 Financial Statements, prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS;
 - (ii) MD&A in respect of the F2021 Financial Statements, prepared in accordance with Form 51-102F1;
 - (iii) the Q1 2022 Financial Statements, prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises;
 - (iv) MD&A in respect of the Q1 2022 Financial Statements, prepared in accordance with Form 51-102F1;
- (g) if the Filer files the Amended Documents, the Filer will also file on SEDAR a news release explaining the nature and purpose of the Amended Documents.

"original signed by"

Denise Weeres
Director, Corporate Finance
Alberta Securities Commission