

Multilateral CSA Notice

Exemptions from Certain Financial-Statement Requirements of the Offering Memorandum Exemption

December 17, 2014

Introduction

The Alberta Securities Commission has implemented, and the Financial & Consumer Services Commission (New Brunswick) will implement, a harmonized interim local order (the OM exemption order) that provides relief from certain financial-statement requirements of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*. The OM exemption order replaces a harmonized order that was implemented in Alberta and New Brunswick in 2012 (the 2012 Order) that provided substantially similar relief and will expire on December 20, 2014. The OM exemption order provides relief from (i) the requirement to obtain an audit of financial statements or other financial information and (ii) the requirement for financial statements to be prepared using Canadian GAAP applicable to publicly accountable enterprises (that is, IFRS), on certain conditions.

Although use of the 2012 Order has been limited, market commenters suggest that with the creation of registered portals to facilitate online offerings, more issuers anticipate being able to avail themselves of the relief provided under the OM exemption order.

Substance and Purpose

The relief provided under the 2012 Order is extended for an additional two years with the following changes:

- it is conditioned on the issuer not having raised more than \$500,000 in all distributions made in all jurisdictions of Canada in reliance on the offering memorandum exemption under National Instrument 45-106 *Prospectus and Registration Exemptions* (including any amounts raised under the OM exemption order, the 2012 Order or any corresponding orders elsewhere in Canada); and
- the issuer's financial statements included with its offering memorandum may be prepared using the regulatory accounting principles set forth in the order, rather than Canadian GAAP applicable to publicly accountable enterprises, on certain conditions.

The changes are intended to reinforce the focus of this exemption on providing appropriate financial-statement relief to early-stage issuers.

Questions

Please refer questions to any of the following:

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