

**Notice of Amendments to  
National Instrument 45-106 *Prospectus and Registration Exemptions*  
and  
Companion Policy 45-106cp *Prospectus And Registration Exemptions***

**Introduction**

We, the Canadian Securities Administrators (CSA or we), are implementing amendments to:

- National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106), and
- Companion Policy 45-106CP *Prospectus and Registration Exemptions* (45-106CP).

This notice forms part of a series of notices that address changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

**Background**

NI 45-106 provides certain exemptions from the prospectus requirements of Canadian securities legislation. NI 45-106 refers to and relies on references to Canadian generally accepted accounting principles (Canadian GAAP), which are established by the Canadian Accounting Standards Board (AcSB). In February 2006, the AcSB published a strategic plan to transition, over a period of five years, Canadian GAAP for public enterprises to IFRS, as adopted by the International Accounting Standards Board (IASB). In March 2008, the timing of the transition was confirmed. IFRS will apply to most Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011.

The AcSB has incorporated IFRS into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Canadian GAAP for most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

- Part I of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011, and
- Part V of the Handbook - Canadian GAAP for public enterprises that is the pre-changeover accounting standards (current Canadian GAAP).

NI 45-106 also refers to and relies on references to current Canadian generally accepted auditing standards (Canadian GAAS), which are established by the Canadian Auditing and Assurance Standards Board (AASB). The AASB published their strategic plan to adopt International Standards on Auditing as Canadian Auditing Standards in February

2007. These standards will continue to be known as Canadian GAAS in the Handbook. Canadian Auditing Standards are effective for audits of financial statements for periods ending on or after December 14, 2010.

Consistent with these changes, the CSA is repealing and replacing National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (to be renamed *Acceptable Accounting Principles and Auditing Standards*) (NI 52-107). The new version of NI 52-107 will require domestic issuers to comply with IFRS for financial years beginning on or after January 1, 2011 and will set out the accounting principles and auditing standards that apply to financial statements filed in a jurisdiction. The implementation of the new version of NI 52-107 is described in a separate notice (NI 52-107 Notice).

The amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The CSA is implementing amendments to National Instrument 14-101 *Definitions* to include a definition of IFRS that incorporates amendments made to IFRS from time to time.

### **Substance and Purpose of the Amendments**

The purpose of these changes is to accommodate the transition to IFRS and the new version of NI 52-107. A small number of housekeeping changes are also being made. The amendments:

- replace current Canadian GAAP terms and phrases with IFRS terms and phrases,
- change disclosure requirements in instances where IFRS contemplates different financial statements than current Canadian GAAP,
- provide a 30 day extension to the deadline for reporting issuers to include in an offering memorandum the first interim financial report in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011, and
- clarify an existing provision or, where part or all of the provision is no longer accurate or appropriate, amend or delete it.

Appendix B sets out the amendments to NI 45-106 and 45-106CP.

### **Transition**

After the IFRS changeover date on January 1, 2011, non calendar year-end issuers will continue to prepare financial statements in accordance with current Canadian GAAP until the start of their new financial year. To accommodate for this, we have included transition provisions in the amendment instruments that provide that the amendments only apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011. Thus, during the transition period,

- issuers only including or incorporating by reference financial statements in an offering memorandum prepared in accordance with current Canadian GAAP will be required to comply with the version of NI 45-106 that contains current Canadian GAAP terms and phrases, and
- issuers including or incorporating by reference financial statements in an offering memorandum that comply with IFRS will be required to comply with the version of NI 45-106 that contains IFRS terms and phrases.

After the transition period all issuers will be required to comply with the version of NI 45-106 that contains IFRS terms and phrases.

To further assist issuers and their advisors and to increase transparency, during the transition period certain jurisdictions will post two different unofficial consolidations of NI 45-106 and 45-106CP on their websites:

- the existing versions of NI 45-106 and 45-106CP that contain current Canadian GAAP terms and phrases, which apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning before January 1, 2011; and
- the new versions of NI 45-106 and 45-106CP that contain IFRS terms and phrases, which apply to an offering memorandum of an issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to financial years beginning on or after January 1, 2011.

### ***52/53 week financial years***

Notwithstanding the above, the amendment instrument for NI 45-106 now includes a transition provision which provides the amendments may be applied by an issuer to an offering memorandum or an amendment to an offering memorandum of the issuer which includes or incorporates by reference financial statements of the issuer in respect of periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

### **Written Comments**

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, published the amendments to NI 45-106 and 45-106CP for comment on October 16, 2009 (the October 2009 Materials). No comments were received.

The Autorité des marchés financiers and the New Brunswick Securities Commission published the amendments to NI 45-106 and 45-106CP for comment on March 12, 2010. No comments were received.

## **Summary of Changes to the October 2009 Materials**

See Appendix A for a summary of the changes made to the October 2009 Materials. The changes include terminology changes to maintain consistency with NI 52-107.

## **Implementation**

In some jurisdictions, Ministerial approval is required for these changes. Provided all necessary approvals are obtained, the amendments will come into force on January 1, 2011.

## **Questions**

Please refer your questions to any of:

Gordon Smith  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission  
(604) 899-6656  
Toll free: 800 373-6393 (toll free across Canada)  
[gsmith@bcsc.bc.ca](mailto:gsmith@bcsc.bc.ca)

Manny Albrino, CA  
Associate Chief Accountant  
British Columbia Securities Commission  
(604) 899-6641  
Toll free: 800 373-6393 (toll free across Canada)  
[malbrino@bcsc.bc.ca](mailto:malbrino@bcsc.bc.ca)

George Hungerford  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission  
(604) 899-6690  
Toll free: 800 373-6393 (toll free across Canada)  
[ghungerford@bcsc.bc.ca](mailto:ghungerford@bcsc.bc.ca)

Charlotte Howdle  
Senior Securities Analyst  
Alberta Securities Commission  
(403) 297-2990  
[charlotte.howdle@asc.ca](mailto:charlotte.howdle@asc.ca)

Taryn Montgomery  
Legal Counsel  
Alberta Securities Commission  
(403) 297-4968  
[Taryn.Montgomery@asc.ca](mailto:Taryn.Montgomery@asc.ca)

Tracy Clark  
Legal Counsel  
Alberta Securities Commission  
(403) 355-4424  
[Tracy.Clark@asc.ca](mailto:Tracy.Clark@asc.ca)

Dean Murrison  
Deputy Director, Legal/Registration  
Securities Division  
Saskatchewan Financial Services Commission  
(306) 787-5879  
[Dean.Murrison@gov.sk.ca](mailto:Dean.Murrison@gov.sk.ca)

Chris Besko  
Legal Counsel - Deputy Director  
The Manitoba Securities Commission  
(204) 945-2561  
[cbesko@gov.mb.ca](mailto:cbesko@gov.mb.ca)

Winnie Sanjoto  
Senior Legal Counsel, Corporate Finance  
Ontario Securities Commission  
(416) 593-8119  
[wsanjoto@osc.gov.on.ca](mailto:wsanjoto@osc.gov.on.ca)

Jason Koskela  
Legal Counsel, Corporate Finance  
Ontario Securities Commission  
(416) 595-8922  
[jkoskela@osc.gov.on.ca](mailto:jkoskela@osc.gov.on.ca)

Sylvie Anctil-Bavas  
Chef comptable  
Autorité des marchés financiers  
(514) 395-0337, ext. 4291  
[sylvie.anctil-bavas@lautorite.qc.ca](mailto:sylvie.anctil-bavas@lautorite.qc.ca)

Susan Powell  
Senior Legal Counsel, Regulatory Affairs  
New Brunswick Securities Commission  
(506) 643-7697  
[susan.powell@nbsc-cvmnb.ca](mailto:susan.powell@nbsc-cvmnb.ca)

Shirley Lee  
Director, Policy and Market Regulation  
Nova Scotia Securities Commission  
(902) 424-5441  
[leesp@gov.ns.ca](mailto:leesp@gov.ns.ca)

Steve Dowling  
Superintendent of Securities  
Prince Edward Island  
(902) 368-4552  
[sddowling@gov.pe.ca](mailto:sddowling@gov.pe.ca)

Don Boyles  
Program & Policy Development  
Securities Commission of Newfoundland and Labrador  
Government of Newfoundland & Labrador  
(709) 729-4501  
[dboyles@gov.nl.ca](mailto:dboyles@gov.nl.ca)

Louis Arki, Director, Legal Registries  
Department of Justice, Government of Nunavut  
(867) 975-6587  
[larki@gov.nu.ca](mailto:larki@gov.nu.ca)

Donn MacDougall  
Deputy Superintendent, Legal & Enforcement  
Office of the Superintendent of Securities  
Government of the Northwest Territories  
PO Box 1320  
Yellowknife, NT X1A 2L9  
Tel: (867) 920-8984  
Fax: (867) 873-0243  
E-mail: [donald\\_macdougall@gov.nt.ca](mailto:donald_macdougall@gov.nt.ca)

Frederik J. Pretorius  
Manager Corporate Affairs (C-6)  
Dept of Community Services  
Government of Yukon  
(867) 667-5225  
[Fred.Pretorius@gov.yk.ca](mailto:Fred.Pretorius@gov.yk.ca)

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