

Annex E

Summary of the Principal Differences Between the Blanket Orders and the Proposed Amendments

Blanket Orders	Proposed Amendments	Rationale
Definition of WKSI – Calculation of Public Equity		
<p>Under the Blanket Orders, an issuer’s “public float” is defined as the aggregate market value of the issuer’s securities held by persons or companies that are not affiliated parties of the issuer and is calculated by using the price at which the securities were last sold in the principal market for the securities as of a date within 60 days preceding the date of filing the WKSI base shelf prospectus.</p>	<p>Under the Proposed Amendments, an issuer’s “qualifying public equity” is defined as the aggregate market value of the issuer’s listed equity securities, excluding securities held by affiliates or reporting insiders of the issuer, and is calculated using the simple average of the daily closing price of the issuer’s equity securities on a short form eligible exchange for each of the trading days on which there was a daily closing price for the 20 trading days preceding the date of calculation (which must be within 60 days of the date of filing the WKSI base shelf prospectus).</p>	<p>The definition was refined to exclude securities held by “reporting insiders”. We are of the view that excluding securities held by reporting insiders from the calculation is appropriate and provides a better approximation of an issuer’s qualifying public equity. We selected reporting insiders because these individuals will have been previously identified and their holdings are publicly available.</p> <p>The Proposed Amendments include a requirement to calculate the 20-day simple average closing price of the issuer’s securities, for consistency with other rules that refer to market price.</p> <p>Under the Proposed Amendments, an issuer should use the simple average closing price of its securities available on a “short form eligible exchange”. A “short form eligible exchange” is defined in National Instrument 44-101 <i>Short Form Prospectus Distributions (NI 44-101)</i> as the Toronto Stock Exchange, the TSX Venture Exchange, the NEO Exchange (now Cboe Canada) and the Canadian Securities Exchange. We believe the market price on a “short</p>

Blanket Orders	Proposed Amendments	Rationale
		form eligible exchange” best reflects how the market price of issuers that are listed on more than one exchange is consolidated and publicly made available.
Definition of WSKI – Reporting Issuer Status		
Under the Blanket Orders, an issuer that files a WSKI base shelf prospectus must have been a reporting issuer in at least one jurisdiction in Canada for the previous 12 months.	Under the Proposed Amendments, an issuer that files a WSKI base shelf prospectus must have been a reporting issuer in at least one jurisdiction in Canada for the previous three years.	The Proposed Amendments increase the seasoning period to address the concern that an issuer that has been a reporting issuer for only 12 months may not have a sufficient continuous disclosure record, market following or history of participation in the capital markets to justify participation in the WSKI regime.
Definition of WSKI – Mining Operations		
Under the Blanket Orders, if an issuer that files a WSKI base shelf prospectus has mining operations, its most recent audited financial statements must disclose prescribed revenue from mining operations, and the issuer must file any technical reports that would be required to be filed with a preliminary short form prospectus under National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects (NI 43-101)</i> .	Under the Proposed Amendments, if an issuer that files a WSKI base shelf prospectus has a mineral project, its most recent audited financial statements must disclose prescribed revenue from mining operations, and the issuer must file any technical reports that would be required to be filed with a preliminary short form prospectus under NI 43-101.	The requirement is generally unchanged, except that the introductory language refers to “mineral project” rather than “mining operations”, to align with NI 43-101.
Eligibility Requirement - Periodic and Timely Disclosure		
Under the Blanket Orders, an issuer is ineligible to file a WSKI base shelf prospectus if it has not filed all periodic and timely disclosure documents that it is required to have filed with the securities regulator or securities regulatory authority in	Under the Proposed Amendments, an issuer is not eligible to file a WSKI base shelf prospectus if it has not filed all periodic and timely disclosure required under applicable securities legislation, an order issued by the regulator or securities regulatory authority or	The Proposed Amendments expand the requirement for an issuer to have filed all periodic and timely disclosure. The change aligns with the basic qualification criteria in section 2.2 of NI 44-101.

Blanket Orders	Proposed Amendments	Rationale
each jurisdiction in which it is a reporting issuer.	an undertaking to the regulator or securities regulatory authority.	
Eligibility Requirement - Operating History		
Under the Blanket Orders, an issuer is ineligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its predecessors was either an issuer whose operations have ceased or an issuer whose principal asset is cash, cash equivalents or its exchange listing.	Under the Proposed Amendments, an issuer is not eligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any person or company with whom the issuer completed a restructuring transaction was a person or company whose operations have ceased or a person or company whose principal asset is cash, cash equivalents or its exchange listing.	The requirement is generally unchanged except that the Proposed Amendments replace the undefined term “predecessor” with the concept of a person or company with whom the issuer completed a “restructuring transaction”, which is defined in National Instrument 51-102 <i>Continuous Disclosure Obligations</i> .
Eligibility Requirement - Penalties and Sanctions		
Under the Blanket Orders, an issuer is ineligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its subsidiaries was the subject of any penalties or sanctions, including restrictions on the use of any type of prospectus, or exemption, imposed by a court relating to securities legislation or by a securities regulatory authority.	Under the Proposed Amendments, an issuer is not eligible to file a WKSI base shelf prospectus if, during the three years immediately preceding the date of the WKSI base shelf prospectus, the issuer or any of its subsidiaries has been the subject of an order, judgment, decree, sanction, or administrative penalty imposed by, or has entered into a settlement agreement with or approved by, a court in Canada or a foreign jurisdiction or a securities regulatory authority or similar authority in a foreign jurisdiction related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, insider trading, unregistered activity or illegal distribution.	The requirement has been changed to describe with greater specificity the types of penalties and sanctions that would preclude an issuer from filing a WKSI base shelf prospectus.

Blanket Orders	Proposed Amendments	Rationale
Discretionary Exemptive Relief		
Exemptive relief applications are not accepted under the Blanket Orders.	Under the Proposed Amendments, exemptive relief applications will be considered.	This change would allow a more fact-specific assessment of WKSI eligibility.
Filing Requirements for a WKSI Base Shelf Prospectus		
<p>Under the Blanket Orders, an issuer filing a WKSI base shelf prospectus must file a letter in place of the preliminary prospectus that states: (i) its reliance on the Blanket Orders; (ii) its public float (or the aggregate amount of non-convertible, non-equity securities distributed by prospectus in the past three years) and the date of that determination; (iii) the provision under which it is short-form eligible; and (iv) if it has mining operations, the basis on which it satisfies the applicable requirements.</p> <p>The letter must also certify that the issuer has satisfied all WKSI qualification criteria and filing requirements.</p> <p>The letter must be signed by one executive officer or director.</p>	<p>Under the Proposed Amendments, an issuer filing a WKSI base shelf prospectus must file a certificate that meets the requirements of subparagraph 4.1(1)(a)(ii) of NI 44-101.</p> <p>In addition, the WKSI base shelf prospectus must disclose: (i) the issuer's reliance on the WKSI rules; and (ii) its qualifying public equity (or qualifying public debt) that establish that the issuer is a WKSI and the corresponding date.</p>	<p>The Proposed Amendments contemplate a more streamlined filing process.</p>
Receipt of a WKSI Base Shelf Prospectus		
The Blanket Orders contemplate an accelerated receipt mechanism for WKSI base shelf prospectuses.	Under the Proposed Amendments, no receipt is issued for a WKSI base shelf prospectus. Instead, a receipt is deemed to be issued.	The automatic receipt mechanism was introduced to provide increased certainty regarding transaction timing for issuers filing WKSI base shelf prospectuses.

Blanket Orders	Proposed Amendments	Rationale
Amendments		
<p>The Blanket Orders do not address amendments to WKSI base shelf prospectuses.</p>	<p>The Proposed Amendments set out the requirements for an amendment to a WKSI base shelf prospectus and contemplate a deemed receipt for WKSI base shelf prospectus amendments.</p>	<p>This change was introduced to provide a more comprehensive and flexible regime.</p>
Annual Confirmation		
<p>Under the Blanket Orders, there is no requirement for an issuer that has filed a WKSI base shelf prospectus to conduct an annual confirmation.</p>	<p>Under the Proposed Amendments, an issuer that has filed a WKSI base shelf prospectus must confirm its eligibility annually, by confirming that: (i) it continues to be a WKSI; and (ii) it remains eligible. The confirmation must be performed within 60 days before the date on which the issuer's audited annual financial statements are required to be filed.</p> <p>The issuer must then signal to the market that it remains an eligible WKSI in its annual information form or in an amendment to its WKSI base shelf prospectus.</p> <p>An issuer that is no longer an eligible WKSI must publicly announce that it will not distribute securities under a prospectus supplement to the WKSI base shelf prospectus and withdraw the WKSI base shelf prospectus.</p>	<p>This change was made to better align the Canadian WKSI regime with the WKSI regime in the United States, which includes an annual reassessment requirement.</p>
Period of Receipt Effectiveness		
<p>The Blanket Orders do not contain specific provisions relating to receipt effectiveness.</p>	<p>Under the Proposed Amendments, the deemed receipt for a WKSI base shelf prospectus will be effective until the earlier of: (i) 37 months from the date of its deemed issuance;</p>	<p>The Proposed Amendments extend the period of receipt effectiveness to provide additional burden reduction. These changes also build in a lapse date if the issuer does not</p>

Blanket Orders	Proposed Amendments	Rationale
	<p>(ii) the annual filing date unless the issuer continues to be an eligible WKSI and has complied with the annual confirmation provisions; and (iii) the relevant lapse date prescribed in NI 44-102 (which, in turn, depends on how the issuer qualifies to be short form eligible).</p>	<p>complete the annual confirmation or is no longer an eligible WKSI on any day in the 60 days preceding its annual filing date.</p>