



British Columbia Securities Commission

Updated Rules for Tailored Disclosure for Venture Companies

June 18, 2015

The Why?

- Targeted changes - recognize stage of development
- Focus disclosure on needs and expectations of investors
- Reduce burden on companies without compromising investor protection

What is changing?

MD&A – Quarterly Highlights

- Tailored and focused
- Material information
- Only interim periods
- Optional

Business acquisition reporting

- Significance threshold moving from 40% to 100%
- Pro formas not required
- Consistent approach - all filing types

Prospectus changes

- Reduce annual financial statement history from three to two years
- Incorporate other streamlined changes:
 - MD&A – Quarterly Highlights
 - Business acquisition report – new threshold
 - Executive compensation disclosure – new form

Executive compensation disclosure

- New optional venture issuer form
- Disclosure for three NEOs instead of five
- Information covers only two years
- No grant date fair value disclosure – new tables will disclose options granted/exercised
- New filing deadlines

Audit Committee requirements

- Increased independence rules for Audit Committees
- Straightforward independence test - aligned with existing TSXV rules

Transitional Timing - June 30, 2015

- Business acquisition reports
- Executive compensation form
- *Most* prospectus changes – exception is use of quarterly highlights (timing is the only difference)

Transitional timing – Financial Year-End

- Quarterly highlights
 - Financial years beginning on or after July 1, 2015
 - e.g. December 31 year-end - can use quarterly highlights for interim period ending **March 31, 2016**
- Audit Committee
 - Financial years beginning on or after January 1, 2016
 - e.g. December 31 year-end - must meet audit committee composition requirements on **January 1, 2016**
- Filing deadline for executive compensation
 - Financial years beginning on or after January 1, 2016
 - e.g. December 31 year-end must meet this filing deadline for its financial year ending **December 31, 2016**

Expectations for Quarterly Highlights

Where to start?

- Remember the goal of MD&A – to provide a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements and your company's financial condition and future prospects.

Keys to success

- Short, focused discussion
- Balanced and accurate
- Narrative

How will success be measured?

- Will investors understand business
- Update vs. outlook
- Operating milestones
- Liquidity and capital resources

More information

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