



British Columbia Securities Commission

Proposed Changes to the Rights Offering Regime and Update on the Existing Security Holder Exemption

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Why rights offerings?

- Fairness to shareholders
- Free-trading securities

Current regime

- Regulatory review
- 25% dilution limit
- Delivery of circular
- Technical report trigger

Leads to

- Seldom used, especially by venture issuers
- Time and cost too high
- Average of 85 days to close

Proposal – faster regime

- No review by commissions
 - Could reduce time by about 40 days

Proposal – short notice

- 1-2 pages
- Q&A format
- Sent with rights certificate

Proposal – rights offering circular

- Q&A format
- No requirement to send
- No business/technical disclosure
- Anticipate being approximately 8-10 pages

Proposal – dilution limit

- Increase to 100% from 25%

Proposal – investor protection

- statutory liability
- offer to all security holders

Proposal – other features

- Pricing
- Stand-by commitments
- Dealer involvement
- Prospectus offerings
- Non-reporting issuers

Proposal – your comments needed

- Why do we need comments?
- What should you comment on?
- Comment period closes February 25th
- For information on how to comment see [CSA Notice and Request for Comment](#) dated November 27, 2014 (available at www.bcsc.bc.ca under Securities Law/Requests for Comment/45-106 Prospectus and Registration Exemptions)

Existing security holder exemption update

- Overview
- Key conditions
- Use to date
- Proposed adoption in Ontario – Feb 11

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