Annex A

List of Commenters

1. Blake, Cassels & Graydon LLP
2. Borden Ladner Gervais LLP
3. The Canadian Advocacy Council of CFA Societies Canada
4. Canadian Bankers Association
5. Davies Ward Phillips & Vineberg LLP
6. Investment Industry Association of Canada
7. Neo Exchange Inc. (operating as Cboe Canada)
8. Osler, Hoskin & Harcourt LLP
9. Stikeman Elliott LLP
10. Torys LLP
11. TSX Inc. and TSX Venture Exchange Inc.

Summary of Comments and CSA Responses

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General Support for the Proposed WKSI Regime		
1.	All commenters supported the adoption of a permanent WKSI regime. Their reasons included: • a permanent WKSI regime will remove unnecessary burden and eliminate the costs of a full regulatory review for base shelf prospectuses of issuers that are already well-known and followed by market analysts, • exempting WKSIs from the requirement to state an aggregate dollar value in a base shelf prospectus will result in cost savings to WKSIs by avoiding the need to amend or refile these prospectuses during the 37 months following deemed receipt, • the availability of a permanent WKSI regime is unlikely to introduce material new risks to investors or the integrity of capital markets or impact the quality of disclosure provided to investors,	We thank the commenters for their support and input.

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	• the Proposed Amendments represent an important step forward in fostering efficiency in Canada's capital markets while still protecting investors, • there should be sufficient confidence in the disclosure of WKSIs resulting from their wide following in the financial community and associated scrutiny of their reporting such that a traditional regulatory review of a WKSI's base shelf prospectus is not necessary, • a permanent WKSI regime would allow eligible WKSIs to take advantage of favourable market conditions or narrow market openings by eliminating the possibility of delay resulting from CSA staff review prior to receipt and would better facilitate capital raising, • the Proposed Amendments will provide issuers and dealers with more certainty than the Blanket Orders regarding transaction timing and reduce risks associated with rapidly changing market conditions, • the Proposed Amendments achieve the CSA's goal of more closely aligning the timing of Canadian prospectus filings with those in the U.S., facilitating cross-border offerings, • the proposed permanent WKSI regime is conceptually similar to the proposal of the Capital Markets Modernization Taskforce[1] in its final report.	
General Concerns with the Proposed WKSI Regime		
2.	Ten commenters felt that modifications to the Proposed Amendments were needed, including to: • increase access to the proposed WKSI regime or remove unnecessary burden, with one commenter specifically noting that the absence of regulatory review to clear a WKSI base shelf prospectus does not diminish the diligence that will be performed by underwriters in connection with an offering qualified by that prospectus, • provide for certain and easily verifiable eligibility criteria, • better align the Canadian WKSI framework with the WKSI framework in the U.S. to further facilitate cross-border offerings.	We have considered all the changes suggested by the commenters. As is described in detail below, we have made modifications to increase access to the WKSI regime, to provide for certain and easily verifiable eligibility criteria and to better align the Canadian WKSI framework with that in the U.S.

[1] See recommendation #17 in the Capital Markets Modernization Taskforce's final report, dated January 22, 2021.

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Responses to Specific Questions		
1. Do you agree with the WKSI qualification criteria proposed in the definition of "well-known seasoned issuer"? If not, please identify the requirements that could be eliminated or modified to improve the criteria. For example, are the proposed qualifying public equity and qualifying public debt thresholds appropriate?		
Qualifying Public Equity and Qualifying Public Debt		
3.	<u>Primary Dollar Thresholds</u> Three commenters addressed the primary dollar amount threshold for qualifying public equity and one commenter addressed the primary dollar amount threshold for qualifying public debt. These commenters supported the proposed primary dollar thresholds.	We acknowledge these comments and will maintain the primary dollar amount thresholds for qualifying public equity and qualifying public debt.
4.	<u>"Qualifying Public Equity"</u> Four commenters felt that the exclusion of equity held by reporting insiders from the calculation of "qualifying public equity" was too broad. Specifically, these commenters questioned the exclusion of equity held by significant shareholders from the calculation of "qualifying public equity", noting that: • there is a significant role played by institutional investors in Canadian capital markets who have substantial equity holdings but do not seek to exercise control, • while one might reasonably assume that a control person is unlikely to regularly trade in and out of its control position, it is unclear why one would assume the same of 10% shareholders, • not all significant shareholders have access to such information as material facts or material changes concerning the issuer before such information is generally disclosed and a significant shareholder's interests may not align with the interests of an issuer's board and management, • under the U.S. WKSI regime, the eligibility criteria require a calculation of the market value of an issuer's outstanding common equity held by non-affiliates. As an alternative: • three commenters suggested that only the equity owned by "control persons" (as defined in securities legislation) be excluded when calculating an issuer's "qualifying public equity", • one commenter recommended that the CSA revise the definition of "qualifying public equity" to provide that the	We thank the commenters for their responses; however, we have not revised the definition of "qualifying public equity" to include equity held by significant securityholders. In our view the definition is straight-forward and can be applied simply based on publicly available information. The definition is closely aligned with the requirements of the U.S. WKSI regime as we understand that, in the U.S., 10% shareholders are generally considered to be affiliates of an issuer. Further, we note that the existing definition, which does not carve out certain types of significant securityholders, will be a better approximation of public float than the proposed alternatives.

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	holdings of significant shareholders and their directors and officers be included in the calculation or, as an alternative, that the CSA revert to the definition of "public float" in the Blanket Orders, • one commenter suggested that, provided the CSA has evidence that equity analysts or institutional investors also exclude certain types of 10% shareholders in determining whether a reporting issuer is sufficiently large to follow, only the equity securities held by certain types of significant shareholders, such as eligible institutional investors, be excluded from the calculation of "qualifying public equity".	
5.	Three commenters noted the practical challenges for issuers to determine the holdings of reporting insiders, given the numerous exemptions from filing insider reports on SEDI and the possibility that reporting insiders that are required to file insider reports on SEDI may fail to comply with this obligation. Two of these commenters suggested clarifying that, when calculating "qualifying public equity", an issuer may rely on information in filed insider reports and early warning reports.	We acknowledge these concerns and have added language under "Definitions and Interpretation" to clarify that an issuer may rely upon information contained in an insider report filed on SEDI, or a report or news release filed in accordance with the relevant requirements when calculating "qualifying public equity".
6.	One commenter noted that the definition of "qualifying public equity" refers to equity securities. This commenter suggested that, if an issuer obtains relief from the short form eligibility requirements in paragraph 2.2(e) of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) with respect to equity securities, the definition of "qualifying public equity" should be interpreted in a consistent manner.	We acknowledge the comment. However, we have not revised the definition of qualifying public equity as suggested. Issuers that obtain relief from the short form eligibility requirements in paragraph 2.2(e) of NI 44-101 with respect to equity securities may apply to the securities regulatory authority or regulator for exemptive relief from the requirement to satisfy the "qualifying public equity" threshold on the same basis.
7.	<u>"Qualifying Public Debt"</u> Two commenters recommended allowing a subsidiary of a reporting issuer that is a WKSI to file a WKSI base shelf prospectus for securities for which the parent has provided full and unconditional credit support, without regard to whether that subsidiary has reached the primary dollar threshold for "qualifying public debt." Their reasons included: • where such credit support is provided, it is the parent WKSI's disclosure and status that is relevant, not the subsidiary's disclosure, in determining eligibility for the WKSI regime,	We acknowledge these comments and have revised the requirements to allow an issuer, that does not meet the definition of a "well-known seasoned issuer", to file a WKSI base shelf prospectus for a distribution of non-convertible securities, other than equity securities if: • the issuer is short form eligible under section 2.4 of NI 44-101,

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	• this change would be consistent with sections 2.4 and 2.5 of NI 44-101, which provide that a credit support issuer is qualified to file a short form prospectus if the credit supporter is qualified to file a short form prospectus, • the U.S. WKSI regime provides that a majority-owned subsidiary of a WKSI will be a WKSI if the securities are non-convertible securities, other than common equity, and the parent is a WKSI and fully and unconditionally guarantees the securities to be issued by the subsidiary, • if a credit support issuer is not considered a WKSI so long as its parent credit supporter is a WKSI, there will be many credit support issuers that will be unable to file joint base shelf prospectuses, effectively preventing parent credit supporters from relying on the WKSI regime unless they file a separate, traditional base shelf prospectus for any affected credit support issuers.	• the issuer is a majority-owned subsidiary of a parent issuer who is eligible to file a WKSI base shelf prospectus, • the parent issuer has provided full and unconditional credit support for the securities being distributed, • the issuer is not an investment fund, and • the issuer meets the definition of "eligible issuer". These revisions better align the Canadian WKSI regime with the U.S. WKSI regime.
8.	One commenter noted that the definition of "qualifying public debt" carves out convertible securities. This commenter questioned (i) why convertible securities had been excluded and (ii) whether the term "convertible securities" was intended to refer to all convertible securities or only those that are not convertible into equity securities. The commenter noted that the requirement that the securities be non-convertible would prevent some preferred share issuers that only issue rate reset preferred shares from ever becoming eligible. This commenter also noted that the definition of "qualifying public debt" in the Proposed Amendments only includes "debt securities" (as opposed to "non-convertible securities, other than equity securities" in the definition of "well-known seasoned issuer" or "WKSI" in the Blanket Orders), meaning that preferred share credit support issuers would be ineligible to use the proposed permanent WKSI regime. This commenter suggested that convertible securities and preferred shares be included in the definition of "qualifying public debt" or, alternatively, that rate reset preferred shares and other debt/preferred securities that are not convertible into equity of the issuer count toward the $1 billion qualifying public debt threshold.	We have revised the definition of "qualifying public debt" to refer to "non-convertible securities, other than equity securities" to address the concerns raised by this comment and to align with the requirement in the Blanket Orders and the U.S. WKSI regime. Further, we note that the revisions described in item 7 above to permit credit support issuers to file a WKSI base shelf prospectus based on the parent issuer satisfying the WKSI definition should address eligibility concerns in respect of certain preferred share issuers described by commenters.
Requirement to be Short-Form Eligible		
9.	One commenter noted that an issuer that has obtained exemptive relief permitting it to file a short form prospectus will have effectively, but not technically, met the condition in paragraph (c) of the definition of "well-known seasoned issuer", which provides that an issuer must be qualified to file a short form prospectus under sections 2.2-2.5 of NI	We acknowledge the comment; however, we have not revised the definition. We note that issuers that apply for exemptive relief to be eligible to file a short form prospectus may

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	44-101. This commenter suggested that such an issuer should not be disqualified from being a WKSI simply because it had obtained exemptive relief permitting it to file a short form prospectus.	simultaneously apply for relief from the condition in paragraph (c) of the definition of "well-known seasoned issuer" to permit it to file a WKSI base shelf prospectus on the same basis.
Issuers with Mineral Projects		
10.	Two commenters questioned the need for a quantitative financial requirement for issuers with mineral projects, noting that: • the WKSI regime is premised on the quality of an issuer's disclosure and market following; a financial requirement is incongruous with this premise and the WKSI regime's stated purpose of burden reduction, • there is no clear policy basis for distinguishing mining issuers from issuers in other industries for purposes of accessing the WKSI system and the requirement places an unfair burden on mining issuers. Of these two commenters, one commenter suggested that, if the test is retained, the relevant gross revenue threshold should be based on revenues disclosed in either the mining issuer's most recent interim financial statements or its most recent audited annual financial statements, so that issuers that meet the quantitative requirements before the fourth quarter of a financial year can access the WKSI regime before their annual financial statements are prepared.	We acknowledge the comments; however, we have not revised the requirement. In our view, maintaining the revenue threshold (i.e. the producing issuer concept in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**)) for issuers who have one or more mineral project interests that together constitute a material portion of the issuer's business is important as the volatility in commodity prices can have a significant impact on early-stage and pre-production mining issuer's public equity (market capitalization) that may not be commensurate with an increase in the quality of the issuer's disclosure. It is our view that demonstrating an established record of revenue over time from mining operations is an important consideration for WKSI eligibility for these types of issuers and is consistent with the producing issuer requirement in NI 43-101.
11.	One commenter supported a revenue test but only for issuers whose primary business is mining activities and suggested that the definition should not use the term "mineral project" as the definition in NI 43-101 is too broad and would apply to any issuer whose main business is not mining but may have an immaterial mineral project, or only holds a single mining royalty interest. The commentor suggested that the definition in clause (d) should be revised to say: "for an issuer whose primary business is one or more of exploration, development, or mining activities of mineral projects, the issuer's most recent audited annual financial statements…." The commentor also did not support the revenue test being imposed on royalty issuers, but if it is, they suggested that the revenue thresholds should be scaled back to recognize that royalty issuers	We acknowledge the comment; and have revised the requirement to refer to issuers who have one or more mineral project interests that together constitute a material portion of the issuer's business. In our view the linkage with the term "mineral project" is important and we have retained that concept while limiting the requirement to issuers who have one or more mineral project interests that together constitute a material portion of the issuer's business to address certain scenarios identified by the commenters.

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	without other interests in mineral projects are not generally exposed to the same risks as issuers with mining operations.	
2. Under the Blanket Orders, an issuer does not qualify to file a WKSI base shelf prospectus unless it has been a reporting issuer in at least one jurisdiction of Canada for at least 12 months immediately preceding the date of the WKSI base shelf prospectus. We are concerned that an issuer that has been a reporting issuer for only 12 months may not have a sufficient continuous disclosure record to justify participation in the WSKI regime. To address this concern, we propose extending the length of this seasoning period to three years. Is a three-year seasoning period appropriate? Should we consider a reduced seasoning period? If so, what is an appropriate seasoning period and why?		
12.	One commenter supported the proposed three-year seasoning period. This commenter felt that a three-year seasoning period is a more appropriate timeframe for an issuer to establish a sufficiently robust continuous disclosure record to justify its characterization as a WKSI and that a three-year seasoning period would result in a lower-risk WKSI regime. This commenter also noted that the length of seasoning period could be adjusted in the future if appropriate. Nine commenters did not agree with the three-year seasoning period in the Proposed Amendments, citing the following reasons: • the determining factor for WKSI eligibility in the U.S. is that the issuer be well-known (and therefore subject to more scrutiny) and not that the issuer be seasoned, • the WKSI regime is intended to reduce regulatory burden on issuers that have a strong market following and complete public disclosure record. There is no evidence to suggest that an issuer that has a 12-month reporting history and meets the qualifying public equity or qualifying public debt thresholds but that has less than 36 months of reporting history will not have “complete” reporting or a “strong market following”, with one commenter specifically noting that reporting issuers must establish and maintain internal controls and disclosure controls and procedures over financial reporting, • the primary accommodation under the WKSI regime is foregoing the securities regulatory review of the base shelf prospectus. Given the limited utility of this review in the context of a WKSI, there is no compelling reason to require more than 12 months reporting history from an issuer that would otherwise qualify as a WKSI, • the Blanket Orders require a 12-month seasoning period, and there is no known evidence of any negative impact to investors or to the integrity of capital markets that would justify extending this period for two additional years,	We have considered the comments and evaluated the 12-month seasoning period requirement included in the Blanket Orders. We agree that a 12-month seasoning period, in addition to the other eligibility criteria, is appropriate and have revised the requirement accordingly.

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	• a longer seasoning period may reduce the number of issuers that qualify to use the WKSI regime, limiting the potential capital formation benefits of the regime, • one of the stated goals of the Proposed Amendments is to better align Canadian securities regulatory rules with those in the U.S. to facilitate cross-border offerings. The U.S. WKSI regime requires a 12-month seasoning period; a three-year seasoning period would move the Canadian system out of alignment with the U.S. WKSI regime and could present a competitive disadvantage for Canadian WKSIs vis-à-vis U.S. WKSIs, leading to less capital formation in Canada over time and potentially fewer opportunities for Canadian investors to participate in cross-border offerings, • the U.S. WKSI regime has been in place since 2005 and there is no known evidence that the reporting timeframe in the U.S. is insufficient to establish a reliable disclosure record, • a 12-month seasoning period will provide sufficient public disclosure for investors to make an educated investment decision. In their responses, three commenters viewed a prospectus as a cornerstone to a complete continuous disclosure record and felt that the regulatory risk is lower for a company that has recently gone through a typically robust initial public offering (**IPO**) process. Their reasons included: • a prospectus contains (or incorporates by reference) fulsome disclosure, including financial statements and other material information relating to an issuer's structure, business, securities, governance and risks, • securities regulators can review and comment on a prospectus prior to issuing a receipt. These commenters felt that coupling a long form prospectus with a full 12 months of continuous disclosure should provide investors with sufficient information with which to make an investment decision. Two commenters suggested that, if securities regulators have concerns about the quality of certain issuers' continuous disclosure records because those issuers have not been through a securities regulatory review process, a two-pronged approach could be considered. The options for a two-pronged approach included: • a 12-month seasoning period for reporting issuers that had previously been through a securities regulatory review process for a prospectus, and an 18-month seasoning period for	

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	reporting issuers that have not been through a securities regulatory review process for a final prospectus, • a 12-month seasoning period for reporting issuers that had their IPO prospectus reviewed, and a 36-month seasoning period for reporting issuers that have not had their IPO prospectus reviewed.	
13.	Other Comments Regarding the Seasoning Period Requirement Two commenters noted that the Proposed Amendments do not address the ability of a successor issuer to participate in the WKSI regime and recommended that successor issuers that otherwise meet the eligibility criteria be permitted to file a WKSI base shelf prospectus.	We acknowledge this comment. To address this concern, we have revised the seasoning period requirement to permit successor issuers to count a predecessor's reporting issuer history, provided that, the successor issuer is a reporting issuer and has acquired substantially all of its business from a person or company that (i) was a reporting issuer in a jurisdiction of Canada for the 12 months preceding the acquisition and (ii) at the time of acquisition, was an eligible issuer.
14.	One commenter suggested that the CSA consider whether to account for prior U.S. reporting by an issuer (or a predecessor issuer) in the seasoning period.	We have considered the comment but have determined not to account for prior U.S. reporting by an issuer or a predecessor issuer in the seasoning period. We believe that the reduced seasoning period, described above, will, in many circumstances, alleviate the need to account for prior reporting outside Canada. In addition, also as described above, the regime will permit issuers to count the reporting issuer history of their predecessors when determining seasoning, which will assist many issuers in meeting this requirement.
15.	One commenter recommended that a credit support issuer not be subject to the seasoning period requirement (provided their credit support parent meets the seasoning period requirement), since they rely on the continuous disclosure record of their parent.	We have considered this comment and have revised the requirements to allow an issuer, that does not meet the definition of a "well-known seasoned issuer", to file a WKSI base shelf prospectus for a distribution of non-convertible securities other than equity securities if:

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		• the issuer is short form eligible under section 2.4 of NI 44-101, • the issuer is a majority-owned subsidiary of a parent issuer who is eligible to file a WKSI base shelf prospectus, • the parent issuer has provided full and unconditional credit support for the securities being distributed, • the issuer is not an investment fund, and • the issuer meets the definition of "eligible issuer". These revisions better align the Canadian WKSI regime with the U.S. WKSI regime.
3. Do you agree with the eligibility criteria proposed in the definition of "eligible issuer"? If not, please identify the requirements that could be eliminated or modified to improve the criteria. In particular, do you agree with the requirements relating to (i) penalties and sanctions and (ii) outstanding asset-backed securities?		
Penalties and Sanctions		
16.	*General Comments* Nine commenters responded to our question regarding the requirements relating to penalties and sanctions. Of these, one commenter agreed with the proposed requirements relating to penalties and sanctions. One commenter noted that the requirements relating to penalties and sanctions in the Proposed Amendments appeared to be broader than those in (i) the Blanket Orders and (ii) the U.S. WKSI regime. The commenter queried whether this was intended and appropriate. The remaining commenters felt that the proposed requirements relating to penalties and sanctions were too broad. The following general comments were made: • as drafted in the Proposed Amendments, an issuer could lose WKSI eligibility for a number of unintended situations, including for arbitrary, entirely administrative or minimal penalties or sanctions, without a corresponding investor protection benefit, • the criteria should be narrowed so that it is limited to matters that are relevant to the protection of Canadian investors,	We thank the commenters for these comments and support narrowing the scope of the requirements to maintain the regulatory efficiency underlying the WKSI framework, as described in more detail below.

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	• the proposed criteria would capture many matters that would likely never be raised or discussed by the CSA as part of a customary prospectus review process. Two commenters felt that, if an issuer were routinely required to file an application for discretionary relief from this eligibility requirement, the regulatory efficiency underlying the WKSI framework would be eliminated with no corresponding benefit to Canadian investors.	
17.	*Specific Suggestions* <u>Substance of Penalties and Sanctions</u> One commenter suggested that the eligibility criteria be limited to penalties and sanctions based on a misrepresentation in an issuer's prospectus or other public disclosure, noting that disqualification should not be used to punish prior bad actions that do not bear on the sufficiency of an issuer's disclosure or otherwise contravene the prospectus requirement in a material way. One commenter specifically noted that disqualification in the event of a sanction unrelated to equity issuance would not be proportionate to the significance of the capital formation objectives sought through the Proposed Amendments. One commenter felt that only securities fraud-based infractions should result in a loss of WKSI eligibility. This commenter felt that unregistered activity or an illegal distribution, without the presence of fraud, should not automatically result in WKSI ineligibility. One commenter felt that the eligibility criteria should be limited to circumstances where the relevant claim is based on a misrepresentation contained in the issuer's prospectus or continuous disclosure (or public) record. This commenter noted that other remedies exist to punish issuers for unrelated bad actions and that punishment should be directed at the conduct in question. Nonetheless, this commenter also understood if the CSA were to include, in the eligibility criteria, the absence of sanctions in respect of any illegal distributions by the issuer or its subsidiaries. This commenter specifically felt that the eligibility criteria should not refer to "unregistered activity" or "insider trading" as these acts are already appropriately addressed by applicable securities laws. This commenter also noted that the comparable criteria in the U.S. WKSI regime narrowly refers to violations of U.S. securities laws that prohibit a prospectus or other disclosure document from containing an untrue statement of a material fact or omitting a material fact or engaging in fraud or deceit in connection with the purchase or sale of a security. However, this commenter also noted that the U.S. WKSI regime contains a "bad actor condition" and recommended that this	We have considered the comments received and have narrowed the scope of the penalties and sanctions requirements. Since a receipt will be deemed to be issued upon the filing of a WKSI base shelf prospectus and other filing material, with no prior regulatory review, the WKSI regime will not provide the CSA with an opportunity to identify any public interest concerns and refuse to issue a receipt based on those concerns. Accordingly, we are of the view that the eligibility criteria must exclude matters which pose receipt refusal concerns. A description of the revised criteria and additional rationale is provided below. (a) During the preceding 3 years neither the issuer, nor any of its subsidiaries nor any other issuer that was, during the preceding 3 years, a subsidiary of the issuer was convicted of an offence in Canada or a foreign jurisdiction related to bribery, deceit, fraud, insider trading, misrepresentation, money-laundering, theft or any offence that is substantially similar. o We are of the view that convictions for offences related to bribery, deceit, fraud, insider trading, misrepresentation, money-laundering, theft

	condition not be included in the Proposed Amendments. This commenter felt that the underlying policy objective for this condition in the U.S. would not be applicable for the Canadian WKSI regime.	or any offence that is substantially similar, regardless of the jurisdiction in which they occur, would pose receipt refusal concerns which warrant ineligibility from the WKSI regime. o As suggested by commenters, we have narrowed the scope to refer only to *convictions* for such offences. Further, we have removed conspiracy as a stand-alone offence as we are of the view that a conviction for conspiracy to commit one of the offences in the scope of this criteria would be captured indirectly under this criteria. We have also removed broad references to "unregistered activity" or "illegal distribution", with the understanding that such offences would be captured under the second prong of this requirement, which addresses contraventions under Canadian and U.S. laws respecting securities and derivatives. (b) During the preceding 3 years neither the issuer, nor any of its subsidiaries nor any other issuer that was, during the preceding 3 years, a subsidiary of the issuer was the subject of any order, decision or settlement agreement that imposes sanctions, conditions,

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		restrictions or requirements as a result of a contravention of the laws of Canada or the U.S. respecting securities or derivatives. o We are of the view that sanctions, conditions, restrictions or requirements as a result of a contravention of the laws of Canada or the U.S. respecting securities or derivatives would pose receipt refusal concerns which warrant ineligibility from the WKSI regime. o This second requirement is limited to a contravention of Canadian and U.S. laws (as opposed to any jurisdiction).
18.	One commenter recommended that the CSA narrow the scope of the criteria as follows: • by omitting the reference to "conspiracy", as this term does not have a well-understood, stand-alone meaning in the context of securities legislation and could capture anti-trust or other similar legislation that the commenter felt should not determine WKSI eligibility, • by omitting the reference to "unregistered activity", as this term could invite overly broad application, including to registration requirements unrelated to securities regulation, • by narrowing the reference to "insider trading" to exclude matters that relate to (i) the failure to file insider reports by the required deadline and (ii) insider trading principally conducted by one of the issuer's insiders or employees.	We thank the commenter for their input. For the reasons described above, we have determined that it would be appropriate to: • remove the reference to "conspiracy" as a stand-alone offence; • address the offence of "unregistered activity" in the second prong of the requirement; and • maintain the reference to "insider trading".
19.	<u>Deference to Foreign Courts and Regulators</u> One commenter noted that the criteria related to penalties and sanctions in the Proposed Amendments would consider settlements and regulatory proceedings outside Canada, and queried whether this was intended.	We thank the commenters for their responses. As described above, we have limited the requirement in respect of convictions outside of Canada to a narrow group of offences which in our view would pose receipt refusal concerns

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	Two commenters felt the requirement should be limited to penalties and sanctions imposed by Canadian courts and regulators, while one commenter suggested that the requirement should only consider penalties and sanctions imposed by courts in foreign jurisdictions upon an affirmative finding by a CSA member that such disqualification is in the public interest. In support of their position, these commenters noted: • a foreign jurisdiction may not apply the procedural protections that an issuer would be entitled to in Canada, • foreign decisions may be politically motivated or otherwise without merit, inappropriate or unsubstantiated.	based on the nature of the offence even though they may have occurred outside of Canada. The second requirement, related to sanctions resulting from an issuer's contravention to the laws respecting securities and derivatives, has been limited to the laws of Canada and the U.S. We note that if an issuer is unable to satisfy the criteria they may apply for exemptive relief.
20.	<u>Types of Sanctions</u> One commenter observed that many issuers enter into settlement agreements without admission of facts. Ultimately, this commenter did not recommend against including settlement agreements in the criteria. Three commenters noted that the Proposed Amendments would exclude issuers who choose to enter into settlement agreements but have not been found to be, or admitted to being, at fault for any of the listed activities, noting that for issuers of the size and nature that would qualify as a WKSI, it is common to settle a claim to conclude an action, even if the issuer does not admit, and is not found to be at, fault. These commenters suggested limiting the criteria to settlement agreements where there is an admission of fault by the issuer based on one or more of the prohibited activities, or conviction of one or more of the prohibited actions.	We thank the commenters for their comments. As described above, we have revised the requirement such that only settlement agreements that impose sanctions as a result of a contravention of the laws of Canada or the U.S. respecting securities and derivatives will result in ineligibility. We are of the view that a settlement agreement in respect of an issuer's contravention of such laws would pose receipt refusal concerns warranting exclusion from the WKSI regime. We note that if an issuer is unable to satisfy the criteria, they may apply for exemptive relief.
21.	<u>Materiality</u> Four commenters noted that, without a materiality qualifier, it may be impractical for large issuers to satisfy or even assess the eligibility requirements, as such issuers are likely to be subject to one or more of the listed penalties and sanctions in the ordinary course of business and disclosure controls and procedures are not designed to identify immaterial claims that are not required to be disclosed in an issuer's continuous disclosure. One commenter specifically noted that disqualification in the event of a minor sanction would not be proportionate to the significance of the capital formation objectives sought through the Proposed Amendments.	We thank the commenters for their comments. We have made revisions to the eligibility criteria as discussed above. We have not introduced a materiality qualifier as the nature of the matters resulting in ineligibility (e.g., convictions related to bribery, deceit, fraud, insider trading, misrepresentation, money-laundering, theft or sanctions, conditions, restrictions or requirements as a result of the contravention of Canadian or U.S. laws respecting securities or derivatives) may pose receipt refusal concerns without regard

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		to materiality. We note that if an issuer is unable to satisfy the criteria, they may apply for exemptive relief.
22.	Two commenters felt that the criteria should be limited to the issuer only or, alternatively, to the issuer and its material subsidiaries. In particular, one of these commenters suggested that the definition be aligned with one of the objective definitions or thresholds in Canadian securities legislation (such as the subsidiaries that are required to be disclosed in an issuer's annual information form pursuant to section 3.2 of Form 51-102F2 *Annual Information Form*), while the other suggested that examples be provided of the type of penalty or sanction that would be captured. This commenter referred to "Question 8 – Proceedings" and "Question 9 – Civil Proceedings" in the personal information form for reference. If subsidiaries are included in the criteria, two commenters recommended limiting the criteria to the issuer and only those subsidiaries, which at the time of the penalty or sanction, were controlled by and remain controlled by the issuer.	We thank the commenters for their comments; however, we are of the view that the eligibility criteria should include convictions and sanctions imposed on an issuer and its subsidiaries. In particular, if the eligibility criteria were to consider only those convictions and sanctions imposed on the reporting issuer, the condition would be meaningless for reporting issuers that are purely holding companies. As above, we have not introduced a materiality qualifier as the nature of the matters resulting in ineligibility may pose receipt refusal concerns without regard to whether the subsidiary is material to the issuer. Again, we note that issuers may apply for exemptive relief from the criteria.
23.	<u>Process for Relief from Requirements</u> One commenter recommended that the CSA implement a process with transparent and achievable conditions for routine and expedited relief in circumstances where the disqualification was a result of conduct that (1) did not affect the sufficiency of the issuer's disclosure or its ability to produce reliable disclosure, in each case, in any material respect, (2) had been remedied such that the issuer's disclosure will be reliable going forward or (3) was remedied within a short period (e.g., 30-60 days) following the applicable sanction or settlement agreement. One commenter felt that the Proposed Amendments should provide for a waiver process whereby an issuer that is disqualified from being an eligible issuer could obtain a waiver from its principal regulator to file a WKSI base shelf prospectus upon a determination by the principal regulator that granting the waiver would not be contrary to the public interest. This commenter also suggested that the companion policy provide guidance on when a waiver would be granted. One commenter suggested that, although exemptive relief applications are permitted under the Proposed Amendments, the CSA could	We acknowledge the comments and note that Part 11 of NI 44-102 already provides that the regulator or securities regulatory authority may grant an exemption from the instrument and sets out the process for such applications. The regulator or securities regulatory authority, as applicable, considers applications and whether the relief sought would be contrary to the public interest. We have included additional companion policy guidance to outline the factors staff would consider when reviewing an application for exemptive relief from the definition of "eligible issuer".

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	streamline the process to provide that the principal regulator may also exempt an issuer from this requirement outside of the formal application process (for example, as part of enforcement proceedings). <u>Companion policy guidance</u> Two commenters felt that it would be helpful to provide specific examples of how discretionary relief might be applied in respect of a failure to meet specific eligibility criteria. Three commenters noted that the SEC has provided guidance on waivers of ineligible status in the context of the U.S. WKSI framework and felt similar guidance in the Canadian context would benefit stakeholders.	
24.	Two commenters provided specific drafting suggestions with respect to the criteria.	We thank the commenters for their suggestions; however, we have not adopted the specific drafting suggestions and have instead revised the criteria as outlined above.
Outstanding Asset-backed Securities		
25.	Three commenters responded to our question regarding the requirements relating to asset-backed securities, as follows: • one commenter understood the rationale for not permitting the use of a WKSI base shelf prospectus to distribute asset-backed securities but wondered whether the limitation that an issuer cannot have any asset-backed securities outstanding is necessary if the other eligibility criteria are satisfied. This commenter suggested that it might be to ensure that asset-backed securities would not count toward the "qualifying public debt" threshold and, if so, asked if a more tailored exclusion of asset-backed securities from the eligibility criteria be more appropriate, • one commenter queried the CSA's rationale for automatically excluding an issuer that has previously distributed asset-backed securities from the WKSI regime, • one commenter felt the proposed restriction should be removed entirely or, alternatively, and assuming a clear policy rationale, the restriction should apply only to issuers that have issued asset-backed securities to investors under a Canadian prospectus and not via private placement, so that a bank that consolidates special purpose vehicles onto its balance sheet and that issues asset-backed securities or asset-backed commercial paper via private placement is not disqualified from being a WKSI.	We have considered the comments received. We agree that the restriction should prohibit the qualification of asset-backed securities by a WKSI base shelf prospectus and that issuers that have outstanding asset-backed securities should not automatically be precluded from filing a WKSI base shelf prospectus. The relevant provision has been revised accordingly.

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Other comments on the definition of "eligible issuer"		
26.	Disclosure Record Three commenters suggested a 12-month look-back for the requirement that an issuer have filed all periodic and timely disclosure, citing the following: • a shorter look-back would save issuers from having to confirm that they had filed all disclosure since becoming reporting issuers, • a 12-month look back would align with the U.S. WKSI regime and the annual confirmation process, • a 12-month look back focuses on the most recent disclosure that forms the basis of investor decision-making.	We have considered the comments received and have determined not to revise the requirement. We note that a "well-known seasoned issuer" must be qualified to file a short form prospectus under section 2.2, 2.3, 2.4 or 2.5 of NI 44-101. Such sections generally require an issuer to have filed all periodic and timely disclosure with no regard to a look back period. Given the requirement is generally consistent with the short form eligibility requirements, we do not think that introducing a 12-month look back to this requirement would result in a meaningful burden reduction for most issuers.
27.	Restructuring Transaction One commenter suggested that the reference to "restructuring transaction" in paragraph (b) of the definition of "eligible issuer" be removed, noting that a WKSI that is otherwise eligible to file a WKSI base shelf prospectus should not be prohibited from doing so because of the prior history of another person or company. The commenter believes that concerns relating to transactions that result in an issuer becoming a reporting issuer without filing a prospectus can be adequately addressed through the proposed three-year seasoning period.	We thank the commenter for their input. In light of the reduction in the length of the required seasoning period from three years to 12 months, we are of the view that the reference to "restructuring transaction" is appropriate and necessary to address concerns relating to transactions that result in an issuer becoming a reporting issuer without filing a prospectus.
28.	Proceedings by Creditors One commenter suggested that involuntary proceedings brought by creditors that have been dismissed within 90 days should not affect eligibility.	We have considered the comment and have determined not to make a change to the eligibility criteria. We note that the requirement is aligned with the disclosure requirements in the current prospectus and continuous disclosure regimes, and we are of the view that a consistent approach is appropriate. In the event an involuntary proceeding has been brought against an issuer and was subsequently dismissed within 90 days, the issuer may apply for exemptive relief from the relevant eligibility criteria.
29.	Appropriateness of criteria One commenter noted that the eligibility criteria set out in the definition of "eligible issuer" are appropriate as they establish an	We thank the commenter for its support.

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	objective and reasonable standard for reliability and trustworthiness of an issuers and its principals, which is necessary for the Canadian WKSI regime.	
*4. The definition of "eligible issuer" excludes issuers that have been the subject of a cease trade order or order similar to a cease trade order in any Canadian jurisdiction within the previous three years. Should this exclusion contain an exception for issuers that were the subject of a cease trade order or similar order in any Canadian jurisdiction within the previous three years that was revoked within 30 days of its issuance, to align with the disclosure requirements for directors and executive officers in Form 41-*101F1 *Information Required in a Prospectus, Form 51-102F2 Annual Information Form and Form 51-102F5 Information Circular?*		
30.	Seven commenters responded to this question. These commenters agreed that this exclusion should contain an exception for issuers that were the subject of a cease trade order, or similar order in any Canadian jurisdiction within the previous three years, that was revoked within 30 days of its issuance. One commenter suggested that an equivalent exception should apply to all other items that disqualify an issuer from being an "eligible issuer" to the extent they are capable of being remedied. One commenter proposed, in the alternative, a 12 month look-back with no exclusion for issuers that were the subject of a cease trade order or similar order in any Canadian jurisdiction that was revoked within 30 days of its issuance. One commenter felt that the eligibility rules should contain an exception to address situations where a failure to file cease trade order results from a third party's action or inaction.	We acknowledge the comments and have provided an exception for issuers that were the subject of a cease trade order or similar order in any Canadian jurisdiction within the previous three years that was revoked within 30 days of its issuance.
5. Are there other eligibility criteria that should disqualify an issuer from the WKSI regime? If so, please explain.		
31.	Seven commenters responded to this question. Of the seven, five commenters felt that no additional eligibility criteria should be adopted. Two commenters felt that the eligibility criteria in the Proposed Amendments were already too restrictive and one commenter noted that the Proposed Amendments already include significantly more criteria than the U.S. WKSI regime. Two commenters felt that additional eligibility criteria should be considered, including requirements that: • only WKSIs in good standing with their listing exchange should be eligible to participate in the WKSI regime, • WKSIs who, in the preceding 36 months, filed a prospectus and had a receipt for that prospectus refused by a CSA member, should not be eligible to participate in the WKSI regime. This commenter noted that if a receipt was issued to the issuer for a subsequently filed prospectus, the issuer should no longer be disqualified,	We have considered all commenters' views and have determined that it would be appropriate to include the following additional eligibility criteria: • an issuer who has had a receipt refused for a prospectus in the preceding 3 years is ineligible to file a WKSI base shelf prospectus, • a requirement that an issuer not be the subject of any pending proceeding under Canadian securities legislation related to a prospectus or a distribution of securities,

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	• a WKSI that repeatedly fails to meet deadlines could be considered ineligible to use the WKSI regime.	• a requirement that an issuer can not have o during the preceding 180 days, filed a preliminary prospectus or an amendment to a preliminary prospectus and not filed and obtained a receipt for a final prospectus which relates to the preliminary prospectus or the amendment, or o during the preceding 90 days, withdrawn a preliminary prospectus or an amendment to a preliminary prospectus prior to filing and obtaining a receipt for a final prospectus which relates to the preliminary prospectus or the amendment. We are of the view that such additional criteria are appropriate given the overall narrowing of the scope of the penalties and sanctions requirements and to limit the possibility of a deemed receipt for a prospectus which may have receipt refusal concerns as described above under item 17 and below under item 42.
6. Under the Proposed Amendments, issuers would be required to deliver personal information forms with the WKSI base shelf prospectus. However, the receipt for the prospectus would be deemed to be issued prior to any review of these personal information forms. Do you agree with requiring issuers to deliver personal information forms with the WKSI base shelf prospectus? If not, please explain.		
32.	Seven commenters responded to this question. <u>Agree with Requirement</u> Of the seven, three commenters agreed with the requirement for reporting issuers to deliver personal information forms with a WKSI base shelf prospectus. One commenter noted that requiring the filing of personal information forms would provide an additional safeguard should a personal	We have considered the comments received and have determined to replace the requirement to deliver a personal information form when filing a WKSI base shelf prospectus with a requirement for issuers to deliver to the regulator, as soon as practicable on such request, any personal information form

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	information form reveal any concerns and may assist the CSA in any potential enforcement action against an issuer. Disagree with Requirement Four commenters did not agree with the requirement for reporting issuers to deliver personal information forms with a WKSI base shelf prospectus. These commenters noted that the purpose of requiring personal information forms in this context was unclear and that the burden of providing personal information forms outweighed any benefit. Three commenters suggested that there are more appropriate occasions on which personal information forms might be submitted by WKSIs, such as at the request of a stock exchange, during continuous disclosure reviews, during a WKSI's annual confirmation process or otherwise in advance of a prospectus filing. Potential Implications of a Personal Information Form Review Assuming the requirement is retained, five commenters contemplated the potential implications of any concerns arising during the subsequent regulatory review of a personal information form. Four commenters suggested that the results of any subsequent review of personal information forms should not impact a WKSI's ability to raise capital under a WKSI prospectus or cause the deemed receipt to be rescinded, while one commenter suggested that, if a concern were identified during the review of the personal information forms, the CSA member should request an undertaking from the WKSI either (i) not to issue securities under the WKSI base shelf prospectus until the concern has been resolved or (ii) to cause the affected director or officer to resign if appropriate. Three commenters noted that, to the extent the requirement is retained, the Proposed Amendments should explicitly describe these implications. Proposed Refinement Two commenters also proposed more general modifications to reduce the regulatory burden associated with the collection of personal information forms: • one commenter suggested that the CSA formally recognize that a WKSI is entitled to rely on a personal information form filed within the same year with any recognized exchange, • one commenter recommended that the CSA extend the period for which a personal information form is valid to at least five years for all short-form eligible issuers, but in particular WKSIs.	that is required to be delivered with a preliminary short form prospectus. We believe this will result in meaningful burden reduction for issuers while still maintaining the CSA's ability to obtain and review personal information forms, as needed.

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Other Comments		
33.	Receipt Mechanism Two commenters supported the deemed receipt mechanism, noting that certainty in respect of transaction timing is critical for executing an offering that is to be made concurrently with a WKSI base shelf prospectus filing and will allow for more flexibility in the execution of cross-border offerings.	We thank the commenters for their support.
34.	MJDS Considerations One commenter recommended that the CSA institute an automated process where evidence of the deemed receipt for a WKSI base shelf prospectus would be issued by the relevant securities regulator, either automatically upon filing or upon request, in order to facilitate southbound-only shelf distributions. This commenter also recommended that the Proposed Amendments allow for the WKSI regime to apply to circumstances where a registration statement on Form F-10 prescribed under the 1933 Act for a southbound-only shelf of a WKSI is filed with a Canadian securities regulator in lieu of a base shelf prospectus. One commenter stressed the importance of ensuring that, under any WKSI regime, the special accommodations for Canadian issuers currently available under MJDS are not jeopardized.	We thank the commenters for their feedback. Although we have not made the suggested revisions to the WKSI framework itself, we have included additional companion policy guidance clarifying that, if an issuer is seeking to use a WKSI base shelf prospectus to qualify securities for offer and sale in the U.S. under MJDS, all jurisdictions that act as principal regulator pursuant to NP 11-202 are prepared to issue a notification of clearance, as contemplated by the procedures outlined in 71-101CP *The Multijurisdictional Disclosure System*, on request.
35.	Bought Deal Exemption Three commenters suggested that the CSA allow eligible Canadian WKSIs to engage in offers in the bought deal context prior to filing a WKSI base shelf prospectus and prospectus supplement, citing the following reasons: • there is no apparent policy basis for denying WKSI issuers the ability to rely on the bought deal exemption for pre-marketing in conjunction with filing a WKSI base shelf prospectus and prospectus supplement, • it creates a disparity between the U.S. WKSI system and the Canadian WKSI system. Two commenters proposed mechanics for bought deal offerings in the WKSI context. One commenter made a technical drafting suggestion.	A WKSI base shelf prospectus allows an issuer to complete an unlimited number of offerings over a 37-month period. An issuer participating in the WKSI regime that may distribute securities in a bought deal offering is encouraged to structure its affairs accordingly and to file a WKSI base shelf prospectus in advance of launching any bought deal offering.

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36.	Effective Period One commenter supported the extension of the effectiveness period for a WKSI base shelf prospectus from 25 to 37 months, noting that this timeline aligns with the U.S. WKSI framework.	We thank the commenter for its support.
37.	Annual Confirmation One commenter supported the proposed annual confirmation procedure stating that it is a reasonable addition to the WKSI framework established by the Blanket Orders. One commenter questioned whether the annual reconfirmation should consider matters that do not go to an issuer's fundamental stability or creditworthiness.	We thank the commenters for their input. In our view, the annual confirmation requirement is appropriate given the financial thresholds for Canadian WKSI qualification and is aligned with the U.S. WKSI regime. We note that the annual confirmation was not required under the Blanket Orders, given their limited duration.
38.	Two commenters suggested extending the annual confirmation period to 90 days preceding the annual filing date to be consistent with the filing deadline for an annual information form. This would allow an issuer to comply with the requirement in the unlikely event that it files its annual information form during the first 30 days following the end of its previous fiscal year.	We have considered the comment but have determined to leave the annual confirmation window unchanged. An issuer may complete its annual confirmation on its annual filing date or during the 60 days preceding its annual filing date, using its qualifying public equity or its qualifying public debt, as applicable, as calculated on any day during the 60 days preceding the date on which the confirmation is performed. As a result, an issuer may qualify as a WKSI based on an average closing price of its securities, or principal amount of non-convertible securities, ending on a date that is 120 days before the annual filing date. If issuers were permitted to complete the annual confirmation at any time during the 90 days preceding the annual filing date, as suggested, it would be possible for an issuer to reconfirm its WKSI status using its qualifying public equity or its qualifying public debt measured on a date that was 150 days before the current annual filing date and distribute securities under its WKSI base shelf prospectus until its next annual filing date.
39.	Transition to Non-WKSI Base Shelf Prospectus Five commenters noted that the U.S. WKSI regime permits an issuer that loses its WKSI status to continue to sell securities under its WKSI	We have considered the comments but have determined to leave the process unchanged. A deemed receipt for an

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	registration statement pending the conversion of that registration statement to a non-WKSI registration statement. These commenters supported this transition procedure, noting that the absence of a transition procedure in the Canadian WKSI regime could have an adverse consequence for investors, issuers and the market generally, particularly if an issuer's loss of WKSI status were due to market volatility. These commenters suggested that the annual confirmation procedure include a transition period that permits an issuer to continue to use its WKSI base shelf prospectus while it prepares and files a traditional base shelf prospectus. While most commenters made a general comment regarding the length of the transition period, one commenter suggested a 15-day transition period.	issuer's WKSI base shelf prospectus remains effective until the earlier of the issuer's annual filing date and the date the WKSI base shelf prospectus is withdrawn. Issuers have 60 days before their annual filing date to confirm their WKSI eligibility and can use this period to transition to a traditional base shelf prospectus if it appears the issuer will not be able to confirm its eligibility as a WKSI on, or in the 60 days before, its annual filing date. Specifically, if necessary, an issuer may file and obtain a receipt for a traditional base shelf prospectus before the lapse of the deemed receipt for its WKSI base shelf prospectus.
40.	<u>Withdrawal of a WKSI Base Shelf Prospectus Upon Loss of WKSI Status</u> Five commenters questioned the proposed requirement for an issuer that had filed a WKSI base shelf prospectus to issue a news release announcing the loss of its WKSI status, for the following reasons: • the loss of WKSI status can occur for technical reasons (for example, a decrease in an issuer's public equity float) and would not, in itself, constitute material information requiring timely disclosure or provide further useful information to the market and issuing a press release in this scenario may lead to unintended negative consequences for the issuer, • the reason for ceasing to be an eligible issuer will generally already have been included in the issuer's public disclosure, • a news release would likely attract negative attention that may be unwarranted in light of the circumstances and may negatively impact the issuer's share price, • the issuer would already be required to confirm its continued eligibility in its annual information form, • a withdrawal news release may mislead the market by giving an impression that the issuer will not be issuing securities in the near term or until it has again filed a WKSI base shelf prospectus, when in fact the absence of a WKSI base shelf prospectus does not in itself prevent an issuer from quickly proceeding with an offering, including a public offering by way of the bought deal exemption,	We thank the commenters for their suggestions. We have changed the requirements such that an issuer that files a WKSI base shelf prospectus, and subsequently loses its WKSI status before the lapse of the prospectus, must file a letter withdrawing its WKSI base shelf on SEDAR+ rather than issuing a news release.

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	• an issuer has no obligation to raise capital under any base shelf prospectus that has been filed and generally an issuer who has filed a base shelf prospectus would not be expected to indicate to the market that it will not be issuing securities under that base shelf prospectus, • there is no comparable requirement in the U.S. WKSI regime. One commenter recommended that, if the WKSI regime is to impose a positive obligation on issuers to withdraw their WKSI base shelf prospectuses in certain circumstances, the CSA establish a process for the withdrawal of a prospectus under securities legislation. This commenter also felt that clarifying language should be included to the effect that such a withdrawal would not affect the rights, obligations and liabilities of the issuer, underwriters or purchasers under distributions under the WKSI base shelf prospectus that were effected prior to such withdrawal.	
41.	<u>Underwriter Liability</u> Two commenters suggested including a provision that the underwriters of a distribution under a WKSI prospectus will be deemed to have satisfied the prospectus requirement, even if the issuer is later found not to have been an "eligible issuer", provided that the underwriters had a reasonable belief that the issuer was an "eligible issuer" at the time of filing the WKSI base shelf prospectus based on the qualification certificate filed by the issuer with the WKSI base shelf prospectus, an issuer's statement in its AIF or WKSI base shelf prospectus confirming its eligibility, or a representation made to the underwriters. These commenters felt that it would be impossible for an underwriter to independently confirm all WKSI eligibility criteria.	We have considered the comment but have determined not to include a saving provision providing that underwriters and participants (other than the issuer) in a distribution that is qualified by a WKSI base shelf prospectus will be deemed to have satisfied the prospectus requirement provided they had a reasonable belief that the issuer was an "eligible issuer" at the relevant time. Underwriters perform a gate-keeping function, particularly in the case of a distribution qualified by a WKSI base shelf prospectus, where there is no regulatory review. As such, we are of the view that underwriters should perform the necessary due diligence regarding the issuer's WKSI eligibility. We have revised the WKSI regime to provide for more certain and easily verifiable eligibility criteria. We think that an issuer's internal controls, together with an underwriter's reasonable care and diligence, should provide certainty as to an issuer's eligibility to file a WKSI base shelf prospectus. In the event it turns out that an issuer who filed a WKSI base shelf prospectus was not in fact an "eligible

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		issuer", staff would assess each situation on a case-by-case basis. Staff would consider whether the underwriter exercised reasonable care and diligence as to an issuer's eligibility to file a WKSI base shelf prospectus when evaluating any potential regulatory concerns.
42.	Multiple Base Shelf Prospectuses One commenter pointed out that the proposed companion policy guidance suggests that it may not be possible for an issuer to have more than one base shelf prospectus at any given time, noting that there may be circumstances in which an issuer would prefer to maintain an existing base shelf prospectus while filing a new WKSI base shelf prospectus or file more than one WKSI base shelf prospectus covering different types of securities, transactions or jurisdictions. This commenter felt that it would be helpful for the CSA to clarify whether an issuer may have more than one base shelf prospectus at a time.	Issuers are not prohibited from establishing concurrent base shelf prospectuses. Generally, if an issuer is requesting a receipt for an additional base shelf prospectus, we would expect a compelling reason as to why multiple base shelf prospectuses are appropriate and for this rationale to be explained in the issuer's subsequent base shelf prospectus and/or continuous disclosure record. We have added eligibility criteria which require that an issuer has not: • during the preceding 180 days, filed a preliminary prospectus or an amendment to a preliminary prospectus and not filed and obtained a receipt for a final prospectus which relates to the preliminary prospectus or the amendment, or • during the preceding 90 days, withdrawn a preliminary prospectus or an amendment to a preliminary prospectus prior to filing and obtaining a receipt for a final prospectus which relates to the preliminary prospectus or the amendment. We are of the view that these additions are required to address a technical loophole identified during the WKSI pilot program under the Blanket Orders. Specifically, if an issuer has an existing preliminary prospectus or amended and restated preliminary prospectus which is, or was, subject to CSA staff's review and

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		comment, it would not be appropriate to abandon the prospectus and pivot to filing a WKSI base shelf prospectus to avoid engaging with staff who may have receipt refusal concerns in respect of the preliminary prospectus or amended and restated preliminary prospectus. We note that issuers can apply for exemptive relief from the eligibility criteria.
43.	<u>Fees</u> One commenter recommended against charging fees for the filing of a WKSI base shelf prospectus as no review is performed by the relevant securities regulatory authorities in connection with that prospectus. This commenter also noted that, if a fee is charged in connection with the filing of a WKSI base shelf prospectus, the rules should allow for the fee to be paid within a reasonable time following filing and clarify that the deemed receipt for a WKSI base shelf prospectus would not be affected by late payment. This commenter also made a drafting suggestion.	We have considered the comment and have determined to maintain a fee for the filing of WKSI base shelf prospectuses and the normal course procedures related to the payment of such fees. While a receipt will be deemed to be issued upon the filing of a WKSI base shelf prospectus and other filing material, with no prior regulatory review, we will review the disclosure later as part of our compliance oversight.
44.	One commenter provided three discrete drafting suggestions to clarify: • the definition of "annual filing date", • the filing requirement included in subsection 9B.5(1), and • the prohibition included in subsection 9B.6(3) with respect to distributions under WKSI base shelf prospectuses that are required to be withdrawn.	We thank the commenter for its suggestions and have: • revised the definition of "annual filing date" as suggested, • included companion policy guidance to clarify the filing requirement in subsection 9B.5(1), and • revised subsection 9B.6(3) to clarify the prohibition.