

Annex A

Proposed BC Instrument 51-519 *Promotional Activity Disclosure Requirements*

Definitions

1. In this Instrument:

“**interim period**” has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

“**marketplace**” has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

“**MD&A**” has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

“**person or company**” has the same meaning as in National Instrument 14-101 *Definitions*;

“**U.S. marketplace**” has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

“**venture issuer**” means a reporting issuer that does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

Application

2. This Instrument does not apply to any of the following:

- (a) a person or company registered under the *Securities Act* with respect to promotional activity relating to the person or company’s activities as a registrant;
- (b) a person or company that satisfies the conditions under section 8.18(3) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
- (c) an adviser that satisfies the conditions under section 8.26(4) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
- (d) an investment fund;

- (e) a person or company conducting promotional activity in respect of an investment fund.

News release requirement

3. (1) A venture issuer that arranges for a person or company to conduct promotional activity in respect of the issuer or a security of the issuer must promptly issue and file a news release disclosing the following:
 - (a) that the issuer has arranged for the person or company to conduct the promotional activity;
 - (b) the name, business address, email and telephone number of each person or company that will be involved in conducting the promotional activity, and a description of the person or company's relationship with the issuer, if any;
 - (c) the date on which the promotional activity will start and the date on which the promotional activity will end or is expected to end;
 - (d) the nature of the promotional activity;
 - (e) any platform or other medium on or through which the promotional activity will occur;
 - (f) a description of the compensation that the person or company has received or may receive for the promotional activity including, for greater certainty, the total amount of the compensation and whether the compensation includes a security or derivative that is the subject of the promotional activity.
- (2) For greater certainty, a venture issuer must issue and file the news release under subsection (1) whether or not the person or company conducting the promotional activity has received or may receive compensation for the promotional activity.

Updated news release

4. If, after a news release is issued under section 3, a significant change occurs to the information in the news release, the venture issuer must promptly issue and file a news release disclosing the nature and substance of the change.

Disclosure on inquiry

5. A person or company that arranges for another person or company to conduct promotional activity must, promptly after receiving a request for information about the promotional activity, disclose to the person or company that made the request the information referred to in section 3(1)(a) to (f).

Promotional disclosure

6. At the time a person or company conducts promotional activity, the person or company must disclose the following and, if the disclosure is in writing, the disclosure must be presented in a manner that a reasonable person would consider to be prominent:
 - (a) the name of any person or company for which the person or company has been retained to conduct the promotional activity;
 - (b) if the person or company has received or may receive compensation for the promotional activity,
 - (i) the name of any person or company providing the compensation,
 - (ii) a description of the compensation, including, for greater certainty, the total amount of compensation and whether it includes a security or derivative that is the subject of the promotional activity, and
 - (iii) a statement that the information referred to in paragraphs (a), (b)(i) and (ii) and (c) to (g) is required to be disclosed by law;
 - (c) whether the person or company beneficially owns, or controls or directs, directly or indirectly, a security, or a related financial instrument of or in respect of a security, that is the subject of the promotional activity;
 - (d) in the case of a derivative, whether the person or company has an interest in a derivative or an underlying interest of a derivative that is the subject of the promotional activity;
 - (e) whether the person or company has an intention to:
 - (i) acquire or dispose of a security that is the subject of the promotional activity,
 - (ii) transact a related financial instrument of a security that is the subject of the promotional activity,
 - (iii) trade a derivative that is the subject of the promotional activity, or
 - (iv) transact an underlying interest of a derivative if the underlying interest or the derivative is the subject of the promotional activity;
 - (f) any platform or other medium on or through which the promotional activity will occur;

- (g) a description of any conflict of interest arising from or related to the activity.

Oversight requirement

- 7. A person or company that arranges for another person or company to conduct promotional activity must ensure that the promotional activity is conducted in compliance with section 6.

MD&A disclosure

- 8. If a venture issuer's total expenditures on promotional activity exceed 10% of its total operating expenses during an annual or interim period, the issuer must disclose the components of those expenditures in its interim and annual MD&A for the period.

Exception – directors, officers and employees

- 9. Sections 3, 6, 7 and 8 do not apply to an issuer conducting promotional activity in respect of the issuer or a security of the issuer if
 - (a) the promotional activity is conducted by a director, officer or employee of the issuer acting in that capacity, and
 - (b) the director, officer or employee is identified as a director, officer or employee of the issuer at the time the promotional activity is conducted.