

Annex G
Summary of Notable Differences between the March 2014 Proposals and the Proposed Report

The March 2014 Proposals published for comment two new proposed forms of exempt distribution – Proposed Form 45-106F10 for investment funds and Proposed Form 45-106F11 for issuers other than investment funds. In an effort to simplify and streamline the exempt market reporting regime for market participants, we have created one form for all issuers.

In the interests of harmonization across the CSA and in order to respond to comments received on the March 2014 Proposals, we propose a number of changes to the Proposed Reports. Below is a summary of notable differences between the March 2014 Proposals and the Proposed Report.

A. Removal of Certain Information Requirements

There were a number of information requirements that were published for comment in the March 2014 Proposals that are not reflected in the Proposed Report. As compared to Proposed Form 45-106F11, the Proposed Report does not require disclosure of the following information:

- age range of purchasers,
- full legal name of the parent of the issuer,
- business email address of the underwriter's chief executive officer, and
- business email address of the issuer's chief executive officer for reporting issuers, wholly owned subsidiaries of reporting issuers, foreign public issuers, wholly owned subsidiaries of foreign public issuers or issuers distributing eligible foreign securities only to permitted clients.

In addition, the Proposed Report removes the requirement to provide certain information that can be accessed through a SEDAR filer profile or firm NRD profile and provides for other exclusions for certain issuers as discussed in section C below.

B. Additional Information Requirements

In addition to the information requirements contemplated in the March 2014 Proposals, the Proposed Report requires that an issuer provide the following information, for the reasons outlined in the Framework of the Proposed Report in the body of this notice:

- firm NRD number for the underwriter,
- SEDAR profile number, legal entity identifier and CUSIP number if the issuer has such identifiers,
- asset size for issuers that do not provide a SEDAR profile number,
- currency conversion, and
- insider status of purchaser.

C. Directors, Executive Officers, Control Persons and Promoters

Proposed Form 45-106F11 contemplated that issuers would disclose information regarding the directors, executive officers, control persons and promoters of issuers. The Proposed Report requires issuers to provide the following additional information regarding these individuals, consistent with the current requirements of Form 45-106F6:

- number of voting securities of the issuer beneficially owned or, directly or indirectly, controlled on the distribution date, including any securities purchased under the distribution,
- total price paid for the above, and
- information about the directors and executive officers of corporate control persons and promoters.

In addition, residential addresses of these persons would be collected in a non-public schedule.

As a result of comments received regarding the March 2014 Proposals, we have excluded certain issuers from the requirement to provide this information. We do not believe that it is necessary for issuers to provide this information if the information is already publicly available for the issuer or its parent, or if the distribution is of an eligible foreign security only to permitted clients. Since the March 2014 Proposals, we have excluded the following issuers from the requirement to provide this information:

- a reporting issuer or a wholly owned subsidiary of a reporting issuer,
- a foreign public issuer or a wholly owned subsidiary of a foreign public issuer, and
- an issuer distributing eligible foreign securities only to permitted clients.

D. Industry Classification

Like the Proposed Report, the March 2014 Proposals required the filer to select the primary industry of the issuer. However, the industry classifications in the Proposed Report have been revised to conform to the NAICS. This change aligns the industry classifications to a global standard that may already be familiar to issuers. The Proposed Report also requires the stage of development or type of business operations if the issuer is in the mining industry or if the issuer is involved in certain investment activities.

E. Number of Employees

Consistent with the March 2014 Proposals, the Proposed Report requires issuers, other than investment funds, to select a range to approximate the number of employees of the issuer. It also allows other issuers to select from broader employee ranges that are largely consistent with those used by Statistics Canada to represent distinctions between small, medium and large businesses which may be familiar to some issuers.

F. Types of Securities Distributed

The March 2014 Proposals required information regarding the types of securities distributed and contemplated the following broad categories of securities (i) equity and other securities, (ii) debt, and (iii) derivatives. The Proposed Report allows for information to be collected in more specific categories to improve consistency.

G. Connection between Purchaser and Person Compensated

In the March 2014 Proposals, Schedule 1 of Proposed Form 45-106F10 and Schedule 1 of Proposed Form 45-106F11 contemplated the provision of purchaser information. In addition to the information requirements set out in the March 2014 Proposals, the Proposed Report requires disclosure regarding persons compensated in relation to each purchaser. We expect that this information would be helpful for the compliance programs of securities regulators in each local jurisdiction.

H. Form Instructions

In addition to changes noted above, the instructions for the Proposed Report have been revised to provide increased clarity regarding the information requirements. In particular, we have provided further instructions for requirements related to:

- filing instructions including for distributions made in more than one jurisdiction,
- payment of filing fees,
- jurisdiction of distribution,
- multiple distributions,
- references to purchaser,
- mortgage investment entities,
- currency of distribution,
- compensation and relationship to the issuer,
- identification of security type,
- stock exchange listings, and
- how to report distributions of issuers located outside Canada.

I. Filing Requirements for Investment Funds

In the March 2014 Proposals, we had proposed to increase the frequency of the investment fund filings¹ from annually to quarterly. After reviewing the comments from market participants, we have determined not to change the frequency of reporting at this time. However, we are proposing to require reporting based on a calendar year. This change would improve the comparability of the information collected. We are proposing a transition period for this change.

¹ For distributions under certain prospectus exemptions (including the accredited investor prospectus exemption and minimum amount investment prospectus exemption), investment funds currently have the option to report annually within 30 days after their financial year-end instead of within 10 days after a distribution.

J. Other Investment Fund Related Changes

The following is a list of specific changes for investment fund issuers between the March 2014 Proposals and the Proposed Report.

We have removed the following items, as found in Form 45-106F10, from the Proposed Report:

- Item 1 [*Party Completing the Report*] - the requirement to provide the FundSERV Code,
- Item 3 [*Structure of the Investment Fund*],
- Item 4 [*Directors and Executive Officers of the Investment Fund*],
- Item 8 [*Directors and Executive Officers of the Investment Fund Manager*],
- Item 9 [*Principal Service Providers*],
- Item 10 [*First Report*], and
- Schedule I to Form 45-106F10 – Age Range of Purchasers.

We have modified the following items, as found in Form 45-106F10, in the Proposed Report:

- Item 5 [*Type of Investment Fund*] – We revised this item to indicate whether the issuer is a (i) equity fund; (ii) fixed income fund; (iii) balanced fund; (iv) money market fund; (v) alternative strategy fund; or (vi) other investment fund. In addition, we would seek information on whether the investment fund utilizes a fund-of-fund structure, and for foreign investment fund issuers, whether they are a UCITs fund.
- Item 6 [*Size of the Investment Fund*] – We removed the requirement to indicate the exact size of the investment fund (**NAV**) as of the date of the report and would permit issuers to indicate the size based on the following ranges as of the date of the most recent NAV calculation: (i) under \$5 million; (ii) \$5 million to under \$25 million; (iii) \$25 million to under \$100 million; (iv) \$100 million to under \$500 million; (v) \$500 million to under \$1 billion; and (vi) over \$1 billion.
- Item 15 [*Aggregate Purchaser Information*] – We replaced the requirement to provide the total dollar value of redemptions since last report filed with the net proceeds to the investment fund.