

M.O., 2014**Order number V-1.1-2014-01 of the Minister of Finance and the Economy, 28 February 2014**

Securities Act
(chapter V-1.1)

CONCERNING the Regulation 45-513 respecting prospectus exemption for distribution to existing security holders

WHEREAS subparagraphs 1, 3, 8, 11, 14, 32.1 and 34 of section 331.1 of the Securities Act (chapter V-1.1) stipulate that the *Autorité des marchés financiers* may make regulations concerning the matters referred to in those paragraphs;

WHEREAS the third and fourth paragraphs of section 331.2 of the said Act stipulate that a draft regulation shall be published in the Bulletin of the Authority, accompanied with the notice required under section 10 of the Regulations Act (chapter R-18.1) and may not be submitted for approval or be made before 30 days have elapsed since its publication;

WHEREAS the first and fifth paragraphs of the said section stipulate that every regulation made under section 331.1 must be approved, with or without amendment, by the Minister of Finance and comes into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation;

WHEREAS the draft Regulation 45-513 respecting prospectus exemption for distribution to existing security holders was published in the *Bulletin de l'Autorité des marchés financiers*, volume 10, no. 46 of November 21, 2013;

WHEREAS the Authority made, on February 10, 2014, by the decision no. 2014-PDG-0010, Regulation 45-513 respecting prospectus exemption for distribution to existing security holders;

WHEREAS there is cause to approve this regulation without amendment;

CONSEQUENTLY, the Minister of Finance and the Economy approves without amendment Regulation 45-513 respecting prospectus exemption for distribution to existing security holders appended hereto.

28 February 2014

NICOLAS MARCEAU,
Minister of Finance and the Economy

Regulation 45-513 respecting prospectus exemption for distribution to existing security holders

Securities Act
(chapter V-1.1, s. 331.1, par. (1), (3), (8), (11), (14), (32.1) and (34))

**CHAPTER 1
DEFINITIONS**

1. Terms defined in Regulation 14-101 respecting Definitions (chapter V-1.1, r. 3) have the same meaning in this Regulation.

2. In this Regulation:

“announcement date” is the day that an issuer issues an offering news release;

“investment dealer” has the same meaning as in section 1.1 of Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations (chapter V-1.1, r. 10);

“listed security” means a security of an issuer of a class of equity security listed on the TSX Venture Exchange, the Toronto Stock Exchange, or the Canadian Securities Exchange;

“offering material” means a document purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution under this Instrument;

“offering news release” means a news release of an issuer announcing its intention to conduct a distribution under this Regulation;

“record date” is the date that is at least one day prior to the announcement date;

“warrant” means a purchase warrant issued by an issuer that entitles the holder to acquire a listed security or a fraction of a listed security of the same issuer.

CHAPTER 2 EXEMPTION FOR DISTRIBUTION TO EXISTING SECURITY HOLDERS

Exemption

3. The prospectus requirement does not apply to a distribution by an issuer of a security of its own issue to a security holder of the issuer if all of the following conditions apply:

(a) the issuer is a reporting issuer in at least one jurisdiction of Canada;

(b) the issuer's equity securities are listed for trading on the TSX Venture Exchange, the Toronto Stock Exchange, or the Canadian Securities Exchange;

(c) the issuer has filed in each jurisdiction of Canada in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction as required by each of the following:

(i) applicable securities legislation;

(ii) an order issued by the regulator or securities regulatory authority;

(iii) an undertaking to the regulator or securities regulatory authority;

(d) the issuer has issued and filed an offering news release;

(e) the distribution is of a listed security or a unit consisting of a listed security and a warrant;

(f) the issuer makes the offer available to all persons who, as of the record date, held a listed security of the issuer of the same class and series as the listed security to be distributed under this exemption;

(g) the purchaser purchases the security as principal;

(h) the purchaser represents in writing to the issuer that, on or before the record date, the purchaser acquired and continues to hold, a listed security of the issuer of the same class and series as the listed security to be distributed under this exemption;

(i) one of the following applies:

(i) the purchaser is a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from a person that is registered as an investment dealer in the jurisdiction;

(ii) the aggregate acquisition cost to the purchaser for the securities purchased under this Regulation, when combined with the acquisition cost to the purchaser for the purchase of any other security from the issuer under this Regulation in the last 12 months, does not exceed \$15,000.

Offering news release

4. The offering news release must include reasonable detail of the proposed distribution and proposed use of gross proceeds including:

(a) the minimum and maximum number of securities proposed to be distributed and the minimum and maximum aggregate gross proceeds of the distribution;

(b) a description of the principal purposes with approximate amounts, for which the issuer will use the gross proceeds, assuming both the minimum and maximum offering; and

(c) a description of how the issuer intends to allocate securities if aggregate subscriptions for securities under the proposed distribution exceed the maximum number of securities proposed to be distributed.

Representations by issuer

5. The issuer must represent each of the following to the purchaser in the subscription agreement:

(a) the issuer's documents and core documents, each as defined in section 225.3 of the Securities Act (chapter V-1.1), do not contain a misrepresentation;

(b) there is no material fact or material change related to the issuer which has not been generally disclosed.

Offering material

6. Other than the subscription agreement, any offering material provided to a purchaser in connection with a distribution under this Regulation must be filed with the regulator, except in Québec, or securities regulatory authority no later than the day that the material is first provided to a purchaser.

Resale restrictions

7. The first trade of a security acquired under section 3 of this Regulation is subject to section 2.5 of Regulation 45-102 respecting Resale of Securities (chapter V-1.1, r. 20).

Report of exempt distribution

8. An issuer that distributes a security under this Regulation must file to the Authority a report of the distribution that complies with Form 45-106F1 no later than 10 days after the distribution.

Application of statutory secondary market civil liability provisions to a purchaser under this Regulation

9. Division II of Chapter II of Title VIII of the Securities Act applies to a security distributed under section 3 of this Regulation.

CHAPTER 3**COMING INTO FORCE****Coming into force**

10. This Regulation comes into force on March 14, 2014.