

## A.S.C. NOTICE 5

### THE PROMPT OFFERING QUALIFICATION SYSTEM

#### 1. INTRODUCTION

- 1.1 In 1982 Alberta Securities Commission (the “Commission”) issued a policy permitting the use in Alberta of a short form prospectus for the purpose of selling securities of eligible senior reporting issuers, as defined in section 75(1)(b) of the regulations (the “Regulations”) made under the Alberta Securities Act (the “Act”), provided such issuers met the criteria set forth in that policy. The use of a short form prospectus under this system is referred to in this notice as the “prompt offering qualification system”.
- 1.2 The criteria referred to in item 1.1 and the filing requirements for use of a short form prospectus in Alberta are now contained in Part 8 of the Act and in Part 8 of the Regulations and, accordingly, the policy has been withdrawn. The Commission is of the view, however, that certain explanatory comments, set forth in item 2, which were contained in the policy should be published in this notice to provide users of the prompt offering qualification system with an understanding of the reasons which gave rise to implementation of the short form prospectus.

#### 2. REASONS FOR THE SHORT FORM PROSPECTUS

- 2.1 The system of distributing additional securities of a reporting issuer by a prospectus in Canada is one which requires repetition, in certain circumstances, of information concerning the issuer which has already been published and disseminated into the public trading markets. A reporting issuer is required to file with provincial and territorial securities commissions and administrators (the “Commissions”) on a timely basis the material information concerning its business and affairs in accordance with the statutory continuous disclosure requirements of the various provincial and territorial Securities Acts and related investor disclosure legislation and the by-laws of the stock exchanges on which its shares are listed and posted for trading. This integrated and continuous disclosure system of reporting issuers provides a permanent disclosure record which comprises, in part, audited annual and unaudited interim financial statements, press release, material change reports and proxy solicitation and information circular material. The public information disclosed through these continuous reporting requirements is available not only to security holders of the reporting issuers but is also available to investment dealers, brokers, research analysts, investment advisers and other users of financial information who are in a position to assess and filter such information for the benefit of investors generally. When such a reporting issuer, or holder of the securities of such a reporting issuer to which the prospectus requirements apply (a “selling security holder” as defined in section 75(1)(d) of the Regulations) desires to make a public offering of securities of the reporting issuer pursuant to a prospectus on a national basis, it must

currently file a prospectus which includes not only the information with respect to the securities proposed to be issued but also the previously published information concerning the issuer and its business and affairs.

- 2.2 The prompt offering qualifications system for the distribution of securities of eligible senior reporting issuers is designed to shorten the time period and to streamline the producers by which such issuers and selling security holders may have access to the Canadian capitals markets through a prospectus offering without reducing the existing benefits of investor protection or the degree and quality of disclosure to the public and without increasing demands placed upon the personnel at the Commissions.
- 2.3 The essence of the prompt offering qualification system is to integrate the offering document with previously published issuer-oriented information concerning the eligible senior reporting issuer that has already been made available to the public trading markets. This integration is achieved by incorporating such public information by reference into a short form prospectus at the time of the distribution by or on behalf of the issuer or a selling security holder.
- 2.4 It is the intention of the Commissions at meetings of the Canadian Securities Administrators to review periodically the eligibility criterion of section 79(2)(d) of the Regulations and to consider amendments thereto based upon continued experience with the prompt offering qualification system.

### 3. **FILING PROCEDURES**

- 3.1 A preliminary short form prospectus, short form prospectus and an initial annual information form and supporting material may be filed pursuant to National Policy 1. For procedures in respect of an annual information form, other than an initial annual information form, reference should be made to subsections 82(4) to (11) inclusive of the Regulations. Every fifth annual information form that is filed by an eligible senior reporting issuer shall be subject to acceptance procedures required by the Regulations provided that the issuer has been continuously subject to the prompt offering qualification system.

### 4. **RECOGNITION OF APPROVED RATINGS AND RATING ORGANIZATIONS**

- 4.1 For the purpose of section 75(1)(a) and (c) of the Regulations, the Commission recognizes the following approved ratings and rating organizations:

	Approved Rating	
Rating Organization*	Non-convertible Debt Securities	Non-convertible Preferred Shares
CBRS Limited	A++, A + or A	P1 or P2

Dominion Bond Rating Service Limited	AAA, AA or A	AAA, AA or A
Moody's Investors Services	Aaa, Aa or A	AAA, AA-1 or AA-2
Standard & Poor's Corporation	AAA, AA, or A	AAA, AA or A

\* The Commission may, in consultation with other securities commissions, recognize other rating organizations and approved rating categories in respect of non-convertible debt securities or non-convertible preferred shares offered by means of a short form prospectus pursuant to section 80 of the Regulations.

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