

For Immediate Release

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Canadian securities regulators propose adopting BC's Over-the-Counter rule

Vancouver – Members of the Canadian Securities Administrators (CSA) today published for comment proposed Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*. The proposed over-the-counter (OTC) rule builds on BC Instrument 51-509 *Issuers Quoted in the U.S. Over-the-Counter Markets* and addresses the harm caused to the reputation of capital markets in Canada by market participants with strong connections to Canadian jurisdictions who engage in abusive activities through the over-the-counter markets in the United States.

The proposed OTC Rule:

- requires disclosure by issuers with a significant connection to a Canadian jurisdiction whose securities are quoted in North America only in the U.S. over-the-counter markets
- discourages the manufacture and sale in a Canadian jurisdiction of U.S. over-the-counter quoted shell companies that can be used for abusive purposes

“Protecting the integrity of Canada’s capital markets is of critical importance to securities regulators across the country,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “The OTC rule proposed today will strengthen disclosure requirements for OTC issuers with a significant connection to Canadian markets, and will provide Canadian regulators with additional compliance and enforcement tools to monitor these markets.”

In addition, the CSA is also proposing consequential changes to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* and CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer*.

The CSA is seeking comment from investors and industry on the proposed OTC rule. To comment, please refer to the CSA Notice and Request for Comment document on the proposed OTC rule, which is available on the websites of the following CSA members:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.sfsc.gov.sk.ca
- www.lautorite.qc.ca
- www.nbsc-cvmnb.ca
- www.gov.ns.ca/nssc
- www.msc.gov.mb.ca

The members of the CSA that are participating in this publication include all jurisdictions with the exception of Ontario. The comment period is open until September 9, 2011.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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