



## Accredited Investor Exemption Comes to Quebec

On April 23, 2004, the *Autorité des marchés financiers* (formerly known as the Quebec Securities Commission) (the "AMF") published its new position allowing for the use of the "accredited investor" prospectus exemption in Quebec. This new position, combined with previous pronouncements by the AMF adopting a four-month hold period for private placements in Quebec, now places Quebec at par with the other Canadian jurisdictions in terms of private placement exemptions.

An English translation of the text published by the AMF setting forth the conditions upon which the "accredited investor" exemption may be relied upon in Quebec is reproduced below:

"Given that Multilateral Instrument 45-103, Capital Raising Exemption ("MI 45-103") has not been adopted in Quebec, in an effort to be consistent with the other jurisdictions, the staff of the *Agence nationale d'encadrement du secteur financier* (hereinafter, the "*Autorité des marchés financiers*") intends to grant, pursuant to section 263 of the Securities Act, R.S.Q., c. V-1.1, a discretionary exemption from the requirement to file a prospectus and register as a dealer for any distribution to persons who qualify as accredited investors, as defined in paragraphs a) to t) of section 1.1 "*Definition - accredited investor*" of MI 45-103. This discretionary exemption must be obtained before the distribution is completed and will be conditional upon the issuer filing a request with the *Autorité des marchés financiers* for an exemption from the requirement to file a prospectus and register as a dealer. This request must be accompanied by the associated fees as well as the following information:

1. Information relating to the issuer:
  - (a) name, address and telephone number of the issuer as well as of the person who is effecting the distribution (if different than the issuer);
  - (b) reporting status of the issuer as well as the province(s) and territory or territories in which the issuer reports, if any;
2. Details with respect to the distribution:
  - (a) date of the proposed distribution;
  - (b) description of the securities to be distributed;

- (c) number of securities to be distributed (in the event that the securities are convertible or exchangeable, describe the underlying securities, the terms and conditions of exercise or conversion as well as all expiry dates);

3. Confirmation that the distribution will be effected with accredited investors as defined in paragraphs a) to t) of section 1.1 "*Definition - accredited investor*" of MI 45-103 as well as specification of the applicable paragraph.

Ten days following to the end of the distribution, the issuer must also file a notice with the *Autorité des marchés financiers*, which notice shall contain the following information:

1. The number and value of the securities distributed;
2. For each security distributed, indicate the name and address of each subscriber, the number of securities subscribed by each as well as the price paid;
3. For each subscriber, specify which paragraph of section 1.1 "*Definition - accredited investor*" of MI 45-103 applies;
4. The name and address of any person acting as a remunerated agent and the amount of remuneration."

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*This update is intended to provide general comment only and should not be relied upon as legal advice.*

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