

**May 10, 2012**

### **Canadian securities regulators strengthen over-the-counter rules**

**Vancouver** – Members of the Canadian Securities Administrators (CSA) today published advance notice of adoption of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (the OTC rule). The OTC rule addresses the damage to the reputation of Canada’s capital markets by market participants with strong connections to Canadian jurisdictions who engage in abusive activities through OTC markets in the U.S.

The OTC rule:

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

“The reputation of Canada’s capital markets have been negatively impacted by market participants who engage in questionable activities through the OTC markets in the United States,” said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. “We have enacted the OTC rule to address this reputational harm, and to help protect legitimate issuers, investment dealers, and other market participants in participating jurisdictions.”

In connection with the adoption of the OTC rule, the CSA is also making 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 members of the CSA that are participating in this publication include all jurisdictions with the exception of Ontario.

Subject to all necessary ministerial approvals, the OTC Rule will come into force on **July 31, 2012**.

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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