



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

CSA MULTILATERAL STAFF NOTICE 51-336
ISSUERS USING MASS ADVERTISING

September 13, 2011

This notice sets out the views of staff (staff or we) of the participating CSA Jurisdictions (Alberta, Ontario, Québec, Nova Scotia, New Brunswick and Northwest Territories, collectively, the “Jurisdictions”) with respect to companies (issuers) using television advertising in an apparent effort to promote interest in an issuer’s securities.

The concerns highlighted in this notice with respect to television advertising apply equally to advertising through other means such as radio, internet, social media or print.

Observed Practice

Staff have observed a practice, primarily used by junior issuers in various industries, whereby they are using television advertisements that are generally 15 to 30 seconds in length and focus mainly on positive aspects of the issuer’s business or its prospects. In the case of an issuer listed on a stock exchange, the issuer’s stock symbol figures prominently in the communication. In the case of an unlisted issuer, contact information is generally provided for investment enquiries. These advertisements appear to be for the specific purpose of promoting interest in the issuer’s securities.

Staff’s View

We are of the view that these advertisements may fail to comply with disclosure requirements under the securities legislation in the Jurisdictions (as discussed more fully below) and/or may be misleading to investors.

General comments on advertisements

We think that advertisements of the nature described above may be contrary to securities legislation and misleading to investors. These types of advertisements do not appear to be aimed at selling the products or services of the issuer or raising public awareness of the issuer. This notice is not directed towards advertising or publicity campaigns that are legitimately aimed at such purposes.

In addition to the specific compliance issues relating to the advertisements and the investor protection concerns that they raise, we think that advertising apparently intended to promote trading in an issuer’s securities does not reflect positively on issuers or the Canadian capital markets.

Restrictions on advertising during prospectus distributions

Advertising or marketing activities undertaken during a period of distribution of securities or in furtherance of a distribution are subject to restrictions in the Jurisdictions. Restricted advertising or marketing activities may be oral, written or electronic and include television advertisements.

For more information, please refer to National Instrument 41-101 *General Prospectus Requirements* and Companion Policy 41-101CP *Companion Policy to National Instrument 41-101 General Prospectus Requirements*.

Requirements applicable to mining and oil and gas disclosure

A number of these advertisements contain scientific and technical disclosure regarding mineral or oil and gas projects. Disclosure by an issuer related to mineral projects must comply with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101). Part 2 of NI 43-101 requires that all disclosure made by an issuer of scientific or technical information (including disclosure of mineral resource or mineral reserve) concerning a mineral project on a property material to the issuer must be based upon information prepared by or under the supervision of a qualified person or approved by a qualified person. Similarly, the specific disclosure requirements under Part 5 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* apply to disclosure of reserves and other information made by an issuer engaged in oil and gas activities.

Future action

We will continue to monitor advertisements by issuers. If an issuer's advertisement breaches securities legislation (including the relevant National Instruments), or appears to be misleading to investors or contrary to the public interest, the issuer should anticipate that staff will take appropriate regulatory action which may include a review of the issuer's overall disclosure or issuances of securities.

Questions

If you have questions or require further information, please contact:

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