

The SEC's Form F-7 Can Be Used to Conduct a U.S. Public Offering of Securities, with No Review, No Ongoing SEC Reporting, and No Market Capitalization Requirement

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Did you know that the Canada-U.S. multijurisdictional disclosure system (MJDS) includes an SEC form that does not include any minimum market capitalization requirement, and can be used to complete a public offering of securities in the United States without triggering any ongoing SEC reporting requirements? It's true.

Form F-7 allows certain TSX and TSXV-listed Canadian companies to extend a rights offering to its United States shareholders on a public offering basis, provided they satisfy certain form eligibility requirements. U.S. information legends are included in the Canadian offering documents, which are filed with the SEC under cover of Form F-7, together with certain consents. A Form F-7 is not normally reviewed by the SEC. The shares issued to U.S. shareholders are "free trading" and are issued without any U.S. restrictive legend. Exemptions from state registration requirements are available in most states. A company does not need to satisfy any minimum market capitalization in order to use Form F-7, nor must it be an SEC reporting company. Perhaps most surprisingly, filing a Form F-7 and completing the rights offering does not subject the company to ongoing SEC reporting requirements, so the form can be used by companies that wish to avoid the Sarbanes-Oxley Act and other ongoing SEC requirements.

Form F-7 can be a useful tool in a Canadian company's toolkit.

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