



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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December 24, 2024

**In the Matter of
the Securities Legislation of
Ontario (the Jurisdiction)**

and

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of
Brookfield Renewable Corporation and
Brookfield Corporation**

Decision

Background

The principal regulator in the Jurisdiction has received an application from Brookfield Renewable Corporation (formerly 1505127 B.C. Ltd.) (**New BEPC**) and Brookfield Corporation (**Brookfield**), and together with New BEPC, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that:

- (a) the requirements contained in the Legislation to file a preliminary prospectus and a final prospectus and receive receipts therefor (the **Prospectus Requirement**) shall not apply to specific trades in non-voting limited partnership units of Brookfield Renewable Partners L.P. (**BEP**), to be made in connection with the distribution and exchange of class A exchangeable subordinate voting shares of New BEPC (the **New Exchangeable Shares**) by Brookfield pursuant to the terms of the Rights Agreement (each as defined below);
- (b) New BEPC be exempt from the requirements contained in paragraph 2.2(e) of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) with respect to equity securities (the **Short Form Prospectus Eligibility Requirements**); and
- (c) New BEPC be exempt from requirements contained in section 9.3(1)(b) of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) that distributions by way of an at-the-market distribution using the shelf procedures be limited to distributions of equity securities (the **At-the-Market Distribution Eligibility Requirements**);

(collectively, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut, as applicable.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NI 44-101 and NI 44-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

Relevant Entities

BEP

1. BEP is an exempted limited partnership established, registered and in good standing under the laws of Bermuda. BEP's registered and head office is located at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.
2. BEP is a reporting issuer in all of the provinces and territories of Canada and is an SEC issuer within the meaning of section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*. BEP is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
3. The authorized capital of BEP consists of: (a) an unlimited number of non-voting limited partnership units (the **BEP Units**); (b) an unlimited number of class A preferred limited partnership units; and (c) an unlimited number of general partnership units. As of October 15, 2024, there were 285,111,229 BEP Units (659,240,359 BEP Units assuming the exchange of redeemable partnership units of Brookfield Renewable Energy L.P. (the **Redeemable Partnership Units**) and Exchangeable Shares (as defined below)), 31,000,000 class A preferred limited partnership units and 3,977,260 general partnership units issued and outstanding.
4. The BEP Units are listed on the New York Stock Exchange (**NYSE**) and the Toronto Stock Exchange (**TSX**) under the symbols "BEP" and "BEP.UN", respectively.
5. Brookfield Renewable Partners Limited (**BEP GP**), a wholly-owned subsidiary of Brookfield, holds the general partnership units of BEP.

6. BEP's sole material asset is its limited partnership interest and preferred limited partner interests in Brookfield Renewable Energy L.P. (**BRELP**), a Bermuda exempted limited partnership established, registered and in good standing under the laws of Bermuda. The authorized capital of BRELP is comprised of: (a) limited partner interests held by BEP; (b) Redeemable Partnership Units held by Brookfield Renewable Power Inc. (**BRPI**), a wholly-owned subsidiary of Brookfield; and (c) general partner units held by BRELP Holding L.P. (**BRELP GP LP**), an indirect subsidiary of Brookfield. The general partner of BRELP GP LP is controlled by BEP, through its general partner, pursuant to the terms of a voting agreement between BEP and BRPI (the **Voting Agreement**).
7. Pursuant to the Voting Agreement BRPI agreed that any voting rights with respect to the general partner of BRELP GP LP and BRELP will be voted in accordance with the direction of BEP with respect to (a) the election of directors of the general partner of BRELP GP LP and (b) the approval or rejection of the following matters relating to any such entity, as applicable: (i) any sale of all or substantially all of its assets; (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control; (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency; (iv) any amendment to the limited partnership agreement of BRELP GP LP or BRELP; or (v) any commitment or agreement to do any of the foregoing. As a result, BEP consolidates BRELP and its businesses in its financial statements.
8. Pursuant to the terms of the limited partnership agreement of BRELP, the general partner of BRELP receives incentive distributions that are calculated by reference to the distributions that are ultimately paid to holders of BEP Units. Accordingly, the general partner units of BRELP effectively represent an economic interest in the collective operations of BEP, rather than BRELP.
9. The Redeemable Partnership Units are, in all material respects, economically equivalent to the BEP Units and effectively represent an economic interest in the collective operations of BEP, rather than BRELP.
10. As the limited partnership interests of BRELP are held by BEP, and the general partner units of BRELP and Redeemable Partnership Units effectively represent economic interests in the collective operations of BEP rather than BRELP, (a) BRELP is, in effect, a wholly-owned subsidiary of BEP, and (b) direct and indirect wholly-owned subsidiaries of BRELP are, in effect, wholly-owned subsidiaries of BEP.

BEPC

11. Brookfield Renewable Holdings Corporation (formerly Brookfield Renewable Corporation) (**BEPC**) is a corporation existing and in good standing under the *Business Corporations Act* (British Columbia). BEPC's registered office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. BEPC's head office is located at 250 Vesey Street, 15th Floor, New York, New York, 10281, United States of America.

12. BEPC is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
13. BEPC was created, in part, to provide investors that would not otherwise invest in BEP with an opportunity to gain access to BEP's portfolio of renewable power assets, and to provide investors with the flexibility to own, through the ownership of an Exchangeable Share, the economic equivalent of a BEP Unit. The rights, privileges, restrictions and conditions attached to each Exchangeable Share are such that each Exchangeable Share is, as nearly as practicable, functionally and economically, equivalent to a BEP Unit.
14. Prior to completion of the Reorganization (as defined below):
 - (a) the authorized share capital of BEPC consisted of: (i) an unlimited number of class A exchangeable subordinate voting shares (the **Exchangeable Shares**); (ii) an unlimited number of class B multiple voting shares (the **Class B Shares**); (iii) an unlimited number of class C non-voting shares (the **Class C Shares**); (iv) an unlimited number of class A senior preferred shares (issuable in series); and (v) an unlimited number of class B junior preferred shares (issuable in series). As of October 15, 2024, there were 179,641,191 Exchangeable Shares, 165 Class B Shares, 194,460,874 Class C Shares, zero class A senior preferred shares, and zero class B junior preferred shares issued and outstanding;
 - (b) the only voting securities of BEPC were the Exchangeable Shares and the Class B Shares. Holders of Exchangeable Shares were entitled to one (1) vote per Exchangeable Share held and holders of Class B Shares were entitled to cast, in the aggregate, a number of votes equal to three (3) times the number of votes attached to the Exchangeable Shares. Accordingly, the Exchangeable Shares collectively represented a 25% voting interest in BEPC and the Class B Shares collectively represented a 75% voting interest in BEPC;
 - (c) neither the Exchangeable Shares nor the Class B Shares carried a residual right to participate in the assets of BEPC upon liquidation or winding-up of BEPC, and accordingly, were not equity securities under the Legislation. The Class C Shares were the only equity securities of BEPC;
 - (d) BEP, indirectly through subsidiary entities, owned 100% of the issued and outstanding Class B Shares and 100% of the Class C Shares. Through its ownership of these securities, BEP (i) had a 75% voting interest in BEPC, thereby controlling BEPC and the appointment and removal of directors of BEPC, and (ii) was entitled to all of the residual value in BEPC after payment in full of the amount due to holders of Exchangeable Shares and Class B Shares, and subject to the prior rights of holders of preferred shares;
 - (e) the Class B Shares and the Class C Shares were not transferable except to BEP or persons controlled by BEP; and
 - (f) the board of directors of BEPC consisted of each of the directors of BEP GP and two additional directors.

15. The Exchangeable Shares are listed on the NYSE and the TSX under the symbol “BEPC”.
16. In connection with the Reorganization:
 - (a) BEPC applied to cease to be a reporting issuer; and
 - (b) the Exchangeable Shares will be delisted from the NYSE and the TSX.

Brookfield

17. Brookfield (formerly Brookfield Asset Management Inc.) is a corporation existing and in good standing under the *Business Corporations Act* (Ontario). Brookfield’s registered and head office is located at Suite 100, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.
18. Brookfield is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
19. The Class A Limited Voting Shares of Brookfield are listed on the NYSE and the TSX under the symbol “BN”.
20. Prior to completion of the Reorganization, Brookfield and Brookfield Wealth Solutions Ltd. and their subsidiaries held an approximate 47% economic interest in BEP on a fully-exchanged basis through their indirect ownership of BEP Units, Redeemable Partnership Units, and Exchangeable Shares.
21. Following completion of the Reorganization, Brookfield and Brookfield Wealth Solutions Ltd. and their subsidiaries hold an approximate 47% economic interest in BEP on a fully-exchanged basis through their indirect ownership of BEP Units, Redeemable Partnership Units, New Exchangeable Shares, and Class A.2 Shares (as defined below).
22. Brookfield indirectly holds a 100% voting interest in BEP through its ownership of the general partnership units of BEP.
23. BEP, BRELP, BEPC, New BEPC and certain of their subsidiaries have retained Brookfield and its related entities to provide management, administrative and advisory services under a master services agreement.

New BEPC

24. New BEPC is a corporation existing and in good standing under the *Business Corporations Act* (British Columbia). New BEPC was incorporated on October 3, 2024. New BEPC’s registered office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. New BEPC’s head office is located at 250 Vesey Street, 15th Floor, New York, New York, 10281, United States of America.

25. New BEPC is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.
26. The authorized share capital of New BEPC consists of: (a) an unlimited number of New Exchangeable Shares; and (b) an unlimited number of class B multiple voting shares (the **New Class B Shares**). Prior to completion of the Reorganization, there were no New Exchangeable Shares and one (1) New Class B Share issued and outstanding, which is held by Brookfield BRP Holdings (Canada) Inc. (**CanHoldco**), a subsidiary entity of BEP.
27. Except as provided below, holders of New Exchangeable Shares are entitled to one (1) vote per New Exchangeable Share held and holders of New Class B Shares are entitled to cast, in the aggregate, a number of votes equal to three (3) times the number of votes attached to the New Exchangeable Shares. Accordingly, the New Exchangeable Shares collectively represent a 25% voting interest in New BEPC and the New Class B Shares collectively represent a 75% voting interest in New BEPC.
28. At any time that no New Exchangeable Shares are outstanding or for any vote held only in respect of the New Class B Shares, holders of New Class B Shares are entitled to cast one (1) vote per New Class B Share.
29. The New Exchangeable Shares do not carry a residual right to participate in the assets of New BEPC upon liquidation or winding-up of New BEPC, and accordingly, are not equity securities under the Legislation. The New Class B Shares are the only equity securities of New BEPC.
30. BEP, indirectly through its subsidiary entities, owns 100% of the issued and outstanding New Class B Shares. The New Class B Shares are not transferable except to BEP or persons controlled by BEP. Through its ownership of New Class B Shares, BEP (a) has a 75% voting interest in New BEPC, thereby controlling New BEPC and the appointment and removal of directors of New BEPC, and (b) is entitled to all of the residual value in New BEPC after payment in full of the amount due to holders of New Exchangeable Shares.

The Reorganization

31. BEPC currently qualifies as a “mutual fund corporation” as defined in the *Income Tax Act* (Canada) (the **Tax Act**).
32. The 2024 Canadian federal budget included proposed amendments to the tax rules relating to mutual fund corporations which, if enacted as proposed, were expected to result in additional costs to BEPC.
33. On October 9, 2024, BEP, BEPC, New BEPC and Brookfield entered into an arrangement agreement in respect of a reorganization (the **Reorganization**) designed to preserve the current benefits received by holders of Exchangeable Shares from holding their investments in the business of BEP and its subsidiary entities through a corporation that is intended to qualify as a “mutual fund corporation” (as defined in the Tax Act).

34. On December 3, 2024, the Reorganization was approved at a special meeting of holders of Exchangeable Shares and Class B Shares (the **Meeting**) by: (a) not less than $66\frac{2}{3}\%$ of the votes cast at the Meeting by holders of Exchangeable Shares and holders of Class B Shares, voting together; (b) not less than $66\frac{2}{3}\%$ of the votes cast at the Meeting by holders of Exchangeable Shares, voting separately as a class; and (c) not less than $66\frac{2}{3}\%$ of the votes cast at the Meeting by holders of Class B Shares, voting separately as a class.
35. On December 9, 2024, the Supreme Court of British Columbia approved the Reorganization.
36. As part of the Reorganization:
 - (a) BEPC amended its articles to create two (2) new classes of securities: class A.1 exchangeable subordinate voting shares (the **Class A.1 Shares**) and class A.2 non-voting shares (the **Class A.2 Shares**);
 - (b) holders of Exchangeable Shares (other than Brookfield and its subsidiaries) received one (1) New Exchangeable Share from New BEPC for each Exchangeable Share held;
 - (c) New BEPC transferred the Exchangeable Shares received from holders of Exchangeable Shares (other than Brookfield and its subsidiaries) to BEPC in exchange for Class A.1 Shares on a one-for-one basis, and the Exchangeable Shares were cancelled by BEPC;
 - (d) Brookfield and its subsidiaries transferred the Exchangeable Shares held by them to BEPC in exchange for Class A.2 Shares on a one-for-one basis, and the Exchangeable Shares were cancelled by BEPC;
 - (e) CanHoldco transferred 55 Class B Shares to New BEPC in exchange for 55 New Class B Shares;
 - (f) BEPC amended its articles to, among other things, rename BEPC to “Brookfield Renewable Holdings Corporation” and remove the Exchangeable Shares from its authorized share capital;
 - (g) BEPC applied to cease to be a reporting issuer;
 - (h) the Exchangeable Shares will be delisted from the NYSE and the TSX;
 - (i) New BEPC was renamed “Brookfield Renewable Corporation” and the New Exchangeable Shares will be listed on the NYSE and the TSX under the symbol “BEPC”;
 - (j) New BEPC, BEPC and BEP entered into a pairing agreement pursuant to which the parties have agreed that New BEPC will, at all times, hold such number of Class A.1 Shares equal to the number of New Exchangeable Shares that are outstanding to support the duties and obligations of New BEPC to holders of New Exchangeable Shares (the **Pairing Agreement**); and

- (k) New BEPC entered into option agreements with CanHoldco and Brookfield BRP Canada Corp., a subsidiary entity of BEP, that collectively provide New BEPC with the right to acquire any or all of the Class B Shares and/or Class C Shares held by CanHoldco and Brookfield BRP Canada Corp. in exchange for newly issued New Class B Shares.
37. Following completion of the Reorganization, New BEPC:
- (a) became a reporting issuer in each of the provinces and territories of Canada;
 - (b) qualifies as a “mutual fund corporation” as defined in the Tax Act;
 - (c) has taken the place of BEPC and serves as the entity through which investors who do not wish to hold BEP Units directly may hold their interests in BEP through the ownership of a New Exchangeable Share, which is economically equivalent to a BEP Unit; and
 - (d) carries on its business through BEPC, whose Class A.1 Shares and 55 Class B Shares are New BEPC’s sole material assets.
38. BEP consolidates New BEPC and BEPC and their businesses in BEP’s financial statements, and the collective operations of BEP and its subsidiaries (including New BEPC, BEPC and their subsidiary entities) are the same as they were prior to the creation of New BEPC and occurrence of the transactions conducted in connection with, and to facilitate, the Reorganization.
39. The board of directors of New BEPC consists of the directors that were on the board of directors of BEPC immediately prior to completion of the Reorganization.
40. New BEPC is not a wholly-owned subsidiary entity of BEP; BEP does not own, directly or indirectly, all of the voting securities of New BEPC because members of the public hold New Exchangeable Shares and Brookfield and its subsidiaries hold Class A.2 Shares, which are exchangeable for New Exchangeable Shares (subject to the Ownership Cap (as defined below)). However, by virtue of the terms of the New Class B Shares, BEP holds a 75% voting interest in New BEPC thereby controlling New BEPC and the appointment and removal of directors of New BEPC. The voting rights attached to the New Exchangeable Shares do not allow holders of New Exchangeable Shares to affect the control of New BEPC. The voting right attached to each New Exchangeable Share is expected to assist with index inclusion.

The New Exchangeable Shares

41. The New Exchangeable Shares have substantially the same terms as the Exchangeable Shares. Each New Exchangeable Share has been structured with the intention of providing an economic return equivalent to a BEP Unit, and the rights, privileges, restrictions and conditions attached to each New Exchangeable Share (the **New Exchangeable Share Provisions**) are such that each New Exchangeable Share is, as nearly as practicable, functionally and economically, equivalent to a BEP Unit. In particular:

- (a) each New Exchangeable Share is exchangeable at the option of a holder for one (1) BEP Unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of New BEPC) (an **Exchange**);
 - (b) the New Exchangeable Shares are redeemable by New BEPC at any time (including following a notice requiring redemption having been given by BEP) for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events) (a **Redemption**);
 - (c) upon a liquidation, dissolution or winding up of New BEPC, holders of New Exchangeable Shares are entitled to receive BEP Units (or their cash equivalent, at New BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events) and not any remaining property or assets of New BEPC following such payment (a **New BEPC Liquidation**);
 - (d) upon a liquidation, dissolution or winding up of BEP (a **BEP Liquidation**), including where substantially concurrent with a New BEPC Liquidation, all of the New Exchangeable Shares will be automatically redeemed for BEP Units (or their cash equivalent, at New BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events); and
 - (e) subject to applicable law and in accordance with the New Exchangeable Share Provisions, each New Exchangeable Share entitles the holder to dividends from New BEPC payable at the same time as, and equivalent to, each distribution on a BEP Unit. The New Exchangeable Share Provisions also provide that if a distribution is declared on the BEP Units and an equivalent dividend is not declared and paid concurrently on the New Exchangeable Shares, then the undeclared or unpaid amount of such dividend accrues and accumulates and is to be paid upon the first to occur of any of the circumstances contemplated by paragraphs (a) to (d) above, if not yet paid.
42. Upon being notified by New BEPC that New BEPC has received a request for an Exchange, BEP has an overriding call right to purchase (or have one of its affiliates purchase) all of the New Exchangeable Shares that are the subject of the Exchange notice from the holder of New Exchangeable Shares for BEP Units (or their cash equivalent, at BEP's election) on a one-for-one basis (subject to adjustment to reflect certain capital events).
43. Upon being notified by New BEPC that it intends to conduct a Redemption, BEP has an overriding call right to purchase (or have one of its affiliates purchase) all but not less than all of the then outstanding New Exchangeable Shares for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events).
44. Upon the occurrence of a BEP Liquidation or a New BEPC Liquidation, BEP has an overriding liquidation call right to purchase (or have one of its affiliates purchase) all but not less than all of the then outstanding New Exchangeable Shares on the day prior to the effective date of such BEP Liquidation or New BEPC Liquidation for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events).
45. In connection with the Reorganization, Brookfield entered into a rights agreement (the **Rights Agreement**) pursuant to which it agreed that, until July 30, 2027 (and as automatically

renewed for successive periods of two years, unless Brookfield provides the rights agent with written notice of termination in accordance with the terms of the Rights Agreement), Brookfield will guarantee New BEPC's obligation to deliver BEP Units or their cash equivalent in connection with an Exchange. The Rights Agreement replaced the rights agreement in respect of exchanges of Exchangeable Shares.

46. Investments in New Exchangeable Shares are, as nearly as practicable, functionally and economically, equivalent to an investment in BEP Units. BEP expects that:
- (a) investors of New Exchangeable Shares will purchase New Exchangeable Shares as an alternative way of owning BEP Units rather than a separate and distinct investment; and
 - (b) the market price of the New Exchangeable Shares will be significantly impacted by (i) the combined business performance of New BEPC and BEP as a single economic unit, and (ii) the market price of the BEP Units, in a manner that results in the market price of the New Exchangeable Shares closely tracking the market price of the BEP Units.
47. A holder of New Exchangeable Shares will be able to terminate its investment by either (a) selling the New Exchangeable Shares on the NYSE or the TSX, or (b) selling the BEP Units received by operation of the New Exchangeable Share Provisions on the NYSE or the TSX.

Share Capital of BEPC after the Reorganization

48. Following completion of the Reorganization:
- (a) the authorized share capital of BEPC consists of: (i) an unlimited number Class A.1 Shares; (ii) an unlimited number of Class A.2 Shares; (iii) an unlimited number of Class B Shares; (iv) an unlimited number of Class C Shares; (v) an unlimited number of class A senior preferred shares (issuable in series); and (vi) an unlimited number of class B junior preferred shares (issuable in series); and
 - (b) there are (based on the issued and outstanding share capital of BEPC as of October 15, 2024):
 - (i) 134,827,356 Class A.1 Shares issued and outstanding, all of which are held by New BEPC;
 - (ii) 44,813,835 Class A.2 Shares issued and outstanding, all of which are held by Brookfield and its subsidiaries;
 - (iii) 165 Class B Shares issued and outstanding, 110 of which are held by CanHoldco, and 55 of which are held by New BEPC;
 - (iv) 194,460,874 Class C Shares issued and outstanding, all of which are held by Brookfield BRP Canada Corp.;
 - (v) zero class A senior preferred shares issued and outstanding; and

- (vi) zero class B junior preferred shares issued and outstanding.
49. Other than the ability to receive additional dividends at such time as there are no unpaid dividends in respect of the Class A.1 Shares or the Class A.2 Shares, and if, as and when declared by the board of directors of BEPC (the Additional Dividends), the Class A.1 Shares have terms that are substantially the same as the New Exchangeable Shares, including with respect to the exchange mechanics, dividend rights, voting rights and rights on liquidation. It is expected that Additional Dividends may be declared from time to time in order to fund expenses of New BEPC.
50. The Class A.1 Shares carry one (1) vote per share, and the holders of the Class A.1 Shares are entitled to an aggregate 25% voting interest in BEPC. Each Class A.1 Share has been structured with the intention of providing an economic return equivalent to a BEP Unit and the rights, privileges, restrictions and conditions attached to each Class A.1 Share (the **A.1 Exchangeable Share Provisions**) are such that each Class A.1 Share is, as nearly as practicable, functionally and economically, equivalent to a New Exchangeable Share and a BEP Unit. In particular:
- (a) each Class A.1 Share is exchangeable at the option of a holder for one (1) BEP Unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BEPC);
 - (b) the Class A.1 Shares are redeemable by BEPC at any time (including following a notice requiring redemption having been given by BEP) for BEP Units on a one-for-one basis (subject to adjustment to reflect certain capital events);
 - (c) upon a liquidation, dissolution or winding up of BEPC (a **BEPC Liquidation**), holders of Class A.1 Shares are entitled to receive BEP Units (or their cash equivalent, at BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events) and not any remaining property or assets of BEPC following such payment;
 - (d) upon a BEP Liquidation, including where substantially concurrent with a BEPC Liquidation, all of the Class A.1 Shares will be automatically redeemed for BEP Units (or their cash equivalent, at BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events); and
 - (e) subject to applicable law and in accordance with the A.1 Exchangeable Share Provisions, each Class A.1 Share entitles the holder to dividends from BEPC payable at the same time as, and equivalent to, each distribution on a BEP Unit. The A.1 Exchangeable Share Provisions also provide that if a distribution is declared on the BEP Units and an equivalent dividend is not declared and paid concurrently on the Class A.1 Shares, then the undeclared or unpaid amount of such dividend accrues and accumulates and is to be paid upon the first to occur of any of the circumstances contemplated by paragraphs (a) to (d) above, if not yet paid.
51. As required pursuant to the terms of the Pairing Agreement, any and all Class A.1 Shares will be held by New BEPC. New BEPC may use the exchange right pursuant to the A.1

Exchangeable Share Provisions to obtain BEP Units necessary, from time to time, to satisfy exchanges of the New Exchangeable Shares.

52. Each Class A.2 Share is non-voting and structured with the intention of providing an economic return equivalent to a BEP Unit, and the rights, privileges, restrictions and conditions attached to each Class A.2 Share (the **A.2 Exchangeable Share Provisions**) are such that each Class A.2 Share is, as nearly as practicable, functionally and economically, equivalent to a New Exchangeable Share and a BEP Unit. In particular:
- (a) each Class A.2 Share is exchangeable at the option of a holder for (i) one (1) New Exchangeable Share (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BEPC), or (ii) one (1) BEP Unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BEPC), provided that, after giving effect to any such exchange, Brookfield and its subsidiaries are not permitted to receive a number of New Exchangeable Shares that would result in Brookfield and its subsidiaries owning 9.5% or more of the aggregate fair market value of all issued and outstanding shares of New BEPC (the **Ownership Cap**);
 - (b) the Class A.2 Shares are redeemable by BEPC at any time (including following a notice requiring redemption having been given by BEP) for (i) one (1) New Exchangeable Share (subject to adjustment to reflect certain capital events), or (ii) one (1) BEP Unit (subject to adjustment to reflect certain capital events) (the form of payment to be determined at the election of BEPC);
 - (c) upon a BEPC Liquidation, holders of Class A.2 Shares are entitled to receive one (1) BEP Unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BEPC) and not any remaining property or assets of BEPC following such payment;
 - (d) upon a BEP Liquidation, including where substantially concurrent with a BEPC Liquidation, all of the Class A.2 Shares will be automatically redeemed for BEP Units (or their cash equivalent, at BEPC's election) on a one-for-one basis (subject to adjustment to reflect certain capital events); and
 - (e) subject to applicable law and in accordance with the A.2 Exchangeable Share Provisions, each Class A.2 Share entitles the holder to dividends from BEPC payable at the same time as, and equivalent to, each distribution on a BEP Unit. The A.2 Exchangeable Share Provisions also provide that if a distribution is declared on the BEP Units and an equivalent dividend is not declared and paid concurrently on the Class A.2 Shares, then the undeclared or unpaid amount of such dividend accrues and accumulates and is to be paid upon the first to occur of any of the circumstances contemplated by paragraphs (a) to (d) above, if not yet paid.
53. The Ownership Cap is designed to preserve New BEPC's status as a "mutual fund corporation" under the Tax Act.
54. The Class B Shares continue to be structured to provide the holders with control of BEPC. In particular:

- (a) holders of Class B Shares are entitled to, in the aggregate, a number of votes equal to three (3) times the number of votes attached to the Class A.1 Shares. As a result, holders of Class B Shares have a 75% voting interest in BEPC and holders of Class A.1 Shares have a 25% voting interest in BEPC; and
 - (b) in the event that a share/stock dividend is declared and paid on the Class A.1 Shares, a share/stock dividend will be paid to holders of Class B Shares in an equal number of Class B Shares as Class A.1 Shares are paid to holders of Class A.1 Shares.
55. The only voting securities of BEPC are the Class A.1 Shares and the Class B Shares.
56. The Class C Shares were unaffected by the Reorganization and continue to be structured to provide the holders thereof with all of the residual value in BEPC. In particular:
- (a) subject to applicable law and in accordance with the terms of the Class C Shares, only holders of Class C Shares are entitled to a residual right to participate, on a BEPC Liquidation, in its assets;
 - (b) subject to applicable law and in accordance with the term of the Class C Shares, subject to the prior rights of the holders of the Class A.1 Shares and Class A.2 Shares and of any preferred shares then outstanding, the holders of Class C Shares are entitled to receive dividends if, as, and when declared by the board of directors of BEPC; and
 - (c) share/stock dividends, if any, will be paid to holders of Class C Shares in an equal number of Class C Shares as Class A.1 Shares are paid to holders of Class A.1 Shares and Class A.2 Shares are paid to holders of Class A.2 Shares.
57. The Class B Shares and Class C Shares continue to be subject to restrictions on transfer, other than to BEP or persons controlled by BEP.

Issuance of BEP Units Under the Rights Agreement

58. The attributes of the New Exchangeable Shares, as set out in the New Exchangeable Share Provisions, and the trades contemplated by the Rights Agreement involve or may involve:
- (a) the delivery by Brookfield of BEP Units to a holder of New Exchangeable Shares; and
 - (b) the first trade of BEP Units received by a holder of New Exchangeable Shares in connection with the Rights Agreement.
59. Under section 2.42 of National Instrument 45-106 *Prospectus Exemptions* and in connection with the conversion, exchange, or exercise of a security, the Prospectus Requirement does not apply to a distribution by an issuer if (a) the issuer distributes a security of its own issue to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer, or (b) subject to certain notification requirements, the issuer distributes a security of a reporting issuer held by it to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer.

60. If New BEPC were to issue New Exchangeable Shares pursuant to a future prospectus offering and Brookfield were required to deliver the BEP Units pursuant to the Rights Agreement with respect to those New Exchangeable Shares, it could not rely on paragraph 2.42(1)(b) of NI 45-106, because Brookfield would be delivering BEP Units to a security holder of New BEPC, not of Brookfield.
61. In absence of an exemption, the delivery by Brookfield of BEP Units to a holder of New Exchangeable Shares, must comply with the Prospectus Requirement under the Legislation in each jurisdiction of Canada where the delivery occurs.
62. The New Exchangeable Shares represent part of the equity value of BEP and are functionally and economically equivalent to the BEP Units. As a result of the New Exchangeable Share Provisions, holders of New Exchangeable Shares have the ability to receive a BEP Unit or its cash equivalent (the form of payment to be determined at the election of New BEPC) and will receive identical distributions to the BEP Units, as and when declared by the board of directors of New BEPC. Moreover, the economic interests that underlie the New Exchangeable Shares are identical to those underlying the BEP Units; namely, the assets and operations held directly or indirectly by BEP.
63. A key factor in ensuring that an investment in New Exchangeable Shares is as nearly as practicable, functionally and economically equivalent to an investment in BEP Units is the ability of holders of New Exchangeable Shares to (a) exchange their New Exchangeable Shares, (b) receive BEP Units on the exchange, and (c) sell the BEP Units on the NYSE or the TSX.
64. Relief from the Prospectus Requirement for the delivery by Brookfield of BEP Units to holders of New Exchangeable Shares issued pursuant to a future prospectus offering is necessary for the operation of the backstop provided by Brookfield to holders of New Exchangeable Shares. As such, the Filers submit that granting relief from the Prospectus Requirement is not contrary to the public interest.

Qualification to File Short Form Prospectus

65. New BEPC wishes to be eligible to file short form prospectuses under NI 44-101. New BEPC's eligibility to file short form and shelf prospectuses is critical to its viability as an issuer of a security offering an alternative way of owning BEP Units. In addition, there are short time frames associated with financings undertaken in current market conditions. As a result, the relief from the Short Form Prospectus Eligibility Requirements is being sought concurrently with the completion of the Reorganization and any possible follow-on distribution of New BEPC securities.
66. The qualification criteria for short form prospectus eligibility are outlined in section 2.2 of NI 44-101. Having become a reporting issuer pursuant to the Reorganization, New BEPC satisfies all of the qualification criteria for short form prospectus eligibility in section 2.2 of NI 44-101 with the exception of subsection 2.2(e) which requires that an issuer's equity securities are listed and posted for trading on a short form eligible exchange and that an issuer is not an issuer whose (a) operations have ceased, or (b) whose principal asset is cash, cash equivalents, or its exchange listing (the **Short Form Prospectus Equity Security**

Requirement). The term “equity security” is defined under the Legislation as a security that carries a residual right to participate in the earnings of the issuer and, on the liquidation or winding up of the issuer, in its assets. The New Exchangeable Shares do not carry a residual right to participate in the assets of New BEPC upon liquidation or winding-up of New BEPC, and accordingly, are not equity securities under the Legislation.

67. In the event that New BEPC undertakes an offering or other distribution of its securities prior to the filing of its audited financial statements for the year ended December 31, 2024, New BEPC intends to rely on the exemption in subsection 2.7(2) of NI 44-101 from the requirements to have (a) current annual financial statements and (b) a current AIF.
68. New BEPC is not eligible for the exemption for alternative qualification criteria for conventional preferred shares under Part 2 of NI 44-101 because the New Exchangeable Shares are not conventional preferred shares.
69. It is appropriate for the New Exchangeable Shares to be treated as equity securities for the purposes of NI 44-101 since the New Exchangeable Shares are, in effect, the economic and voting equivalent of the BEP Units and the BEP Units qualify as equity securities under NI 44-101.
70. Except for not meeting the Short Form Prospectus Equity Security Requirement, New BEPC is otherwise qualified to file a prospectus in the form of a short form prospectus pursuant to, and in accordance with, NI 44-101.

Qualification of At-the-Market Distribution

71. Pursuant to section 9.3(1)(b) of NI 44-102, only equity securities may be distributed by way of an at-the-market distribution using the shelf procedures. As noted above, the New Exchangeable Shares are not equity securities under the Legislation.
72. Based on the rationale provided in paragraphs 46, 66, 69 and 70 above, the Filers submit that it is not prejudicial to the public interest to exempt New BEPC from the At-the-Market Distribution Eligibility Requirements.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

1. the Prospectus Requirement shall not apply to the delivery by Brookfield of BEP Units to holders of New Exchangeable Shares for the duration of the Rights Agreement, provided that:
 - (a) such BEP Units are delivered strictly pursuant to Brookfield’s agreement to guarantee New BEPC’s obligation to deliver BEP Units in connection with an Exchange under the terms of the Rights Agreement;

- (b) BEP is a reporting issuer, as defined in the Legislation, in a jurisdiction of Canada at the time such relief is relied upon for the delivery of BEP Units;
 - (c) the terms of the Rights Agreement are not materially amended; and
 - (d) Brookfield has provided prior written notice of the distribution to the principal regulator in accordance with the terms of subsection 2.42(2) of NI 45-106;
2. any first trade in BEP Units acquired by a holder of New Exchangeable Shares in connection with Brookfield satisfying its obligations under the Rights Agreement shall not be a distribution under the Legislation, provided that:
- (a) BEP is and has been a reporting issuer, as defined in the Legislation, in a jurisdiction of Canada for the four months immediately preceding the trade;
 - (b) the trade is not in previously issued securities of an issuer from the holdings of any control person, as that term is defined in subsection 1(1) of the *Securities Act* (Ontario);
 - (c) no unusual effort is made to prepare the market or to create a demand for the BEP Units;
 - (d) no extraordinary commission or consideration is paid to a person or company in respect of the trade;
 - (e) if the selling securityholder is an insider or officer of BEP, the selling security holder has no reasonable grounds to believe that BEP is in default of securities legislation; and
 - (f) the terms of the Rights Agreement are not materially amended;
3. the decision as it relates to the Prospectus Requirement shall terminate on the day on which the Rights Agreement is terminated;
4. New BEPC does not have to comply with the Short Form Prospectus Eligibility Requirements so long as:
- (a) New BEPC is otherwise qualified to file a preliminary short form prospectus under section 2.2 of NI 44-101;
 - (b) the New Exchangeable Shares are listed and posted for trading on a short form eligible exchange (as defined in NI 44-101);
 - (c) New BEPC is not an issuer whose operations have ceased;
 - (d) New BEPC is not an issuer whose principal asset is cash, cash equivalents, or its exchange listing; and
 - (e) the BEP Units qualify as equity securities under NI 44-102;

5. New BEPC does not have to comply with the At-the-Market Distribution Requirements so long as:
- (a) New BEPC otherwise satisfies the conditions set out in section 9.3 of NI 44-102 to distribute securities under an ATM prospectus (as defined in NI 44-102) as part of an at-the-market distribution;
 - (b) the security being distributed is a New Exchangeable Share; and
 - (c) the BEP Units qualify as equity securities under NI 44-102.

“Erin O’Donovan”

Erin O’Donovan
Manager, Corporate Finance Division
Ontario Securities Commission

OSC File#: 2024/0520