

**ALBERTA SECURITIES COMMISSION**

**BLANKET ORDER #51-502 (AB)**

**TRANSITIONAL ORDER RELATING TO FORMER VSE ISSUERS LISTED ON CDNX  
THAT BECAME REPORTING ISSUERS IN CONNECTION WITH THE  
RECOGNITION OF CDNX**

**- and -**

**REVOCAION OF BLANKET ORDER #51-501 (AB) DATED NOVEMBER 26, 1999**

**Order Under Subsections 123(c), 184(2) and 186(1) and Section 185 of the Act**

**PART 1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions** - In this Blanket Order:

“**Act**” means the *Securities Act* (Alberta), SA 1981, c.S-61, as amended;

“**BCSC**” means the British Columbia Securities Commission;

“**BC Securities Laws**” means the *Securities Act* (British Columbia), the BCSC *Securities Rules* and any decision of the BCSC or the executive director of the BCSC;

“**CDNX**” means the Canadian Venture Exchange Inc.;

“**CDNX-VSE Issuer**” means an issuer that has any securities listed on CDNX and had any securities listed on the VSE on November 26, 1999;

“**Commission**” means the Alberta Securities Commission;

“**Equivalent BC Document**” means the document required to be filed under the Equivalent BC Requirements;

“**Equivalent BC Requirements**” means the requirements under BC Securities Laws that are equivalent to the requirements from which a person or company is exempted under Part 3 of this Blanket Order;

“**Merger**” means the merger of the ASE and the VSE;

**“New Reporting Issuer”** means a CDNX-VSE Issuer that:

- (a) is a reporting issuer under BC Securities Laws;
- (b) was not a reporting issuer under the Act prior to the Merger and became a reporting issuer only under clause (iii) of the definition of reporting issuer in subsection 1(t.1) of the Act as a result of having securities listed and posted for trading on CDNX and;
- (c) since the date of the Merger:
  - (i) has not conducted a transaction or taken any other action that would make it a reporting issuer under any of clauses (i), (ii), (iv) or (v) of the definition of reporting issuer in subsection 1(t.1) of the Act; and
  - (ii) has not filed with the Commission a New Reporting Issuer Notice, as that term is defined in the Original Order, irrevocably electing not to be subject to the Original Order;

**New Transition Period**” means the period starting on the date of this Blanket Order and ending on June 30, 2001;

**“Original Order”** means Blanket Order #51-501(AB) dated November 26, 1999;

**“Rules”** means the Rules made by the Commission under section 196.1 of the Act; and

**“VSE”** means the Vancouver Stock Exchange.

**1.2 Interpretation** - Unless otherwise defined in this Blanket Order, terms used in this Blanket Order that are defined or interpreted in the Act or Rules should be read in accordance with the Act and Rules.

**1.3 Recitals** - Section 2 of this Blanket Order is provided for background informational purposes only and does not form part of the relief provided by this Blanket Order.

## **PART 2 BACKGROUND TO BLANKET ORDER**

- 2.1.** Under the definition of reporting issuer in subsection 1(t.1) of the Act, issuers listed and posted for trading on a recognized exchange in Alberta are deemed to be reporting issuers. On November 26, 1999, in connection with the Merger, CDNX was recognized as an exchange in Alberta by the Commission.
- 2.2** Consequently, CDNX-VSE Issuers that were not already reporting issuers in Alberta became reporting issuers in Alberta by operation of law at the time an of their securities were listed and posted for trading on CDNX.
- 2.3** To provide transitional relief to CDNX-VSE Issuers from certain of the obligations associated with reporting issuer status, the Commission granted the Original Order. Generally speaking, the relief provided by the Original Order exempted CDNX-VSE Issuers from filing and, if applicable, mailing annual and interim financial statements, proxy materials and material change reports in accordance with the requirements of the Act and Rules, provided that the Equivalent BC Document was filed with the ASC at the same time as it was filed with the BCSC and, if applicable, was mailed to residents in Alberta at the same time as it was mailed to residents of British Columbia.
- 2.4** The Original Order also relieved insiders of the CDNX-VSE Issuers from the filing of insider reports in accordance with the Act and Rules provided that such insiders complied with the Equivalent BC Requirements. Furthermore the Original Order relieved persons offering to acquire securities of CDNX-VSE Issuers from certain acquisition reporting requirements, provided that such persons complied with the Equivalent BC Requirements.
- 2.5** However, CDNX VSE Issuers that relied on the Original Order were not only relieved of certain of the burdens associated with reporting issuer status, they were also denied the principal benefit of reporting issuer status, that being the ability to utilize the resale rules in sections 109 to 112 of the Act, ASC Rule 45-501 and sections 2.2 and 3.2 of ASC Rule 72-501. Unless CDNX-VSE Issuers filed a New Reporting Issuer Notice irrevocably electing to be subject to the full burdens of reporting issuer status, securities distributed by them pursuant to exemptions from the prospectus requirements were generally subject to an indefinite hold period in Alberta.
- 2.6** The Commission has reconsidered the Original Order and determined that while it is appropriate to relieve CDNX-VSE Issuers and certain of the persons associated with them from certain of the burdens associated with reporting issuer status, it is not necessary to deny the CDNX-VSE Issuers the benefits of reporting issuer status. Accordingly, this Blanket Order shall revoke and replace the Original Order.

- 2.7 The Commission has determined that there is adequate justification for granting this Blanket Order and that the granting of this Blanket Order, including the revocation of the Original Order is not prejudicial to the public interest.

### **PART 3 ORDERS RELATING TO NEW REPORTING ISSUERS**

- 3.1 **Material Change Reports** - Under subsection 123(c) of the Act it is ordered that a New Reporting Issuer is exempt from the requirements of section 118 of the Act during the New Transition Period, provided that the New Reporting Issuer files the Equivalent BC Document with the Commission at the same time and in the same manner as it files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements.

- 3.2 **Annual Financial Statements** - Under subsection 123(c) of the Act it is ordered that a New Reporting Issuer is exempt from the requirements of subsection 121(1) of the Act during the New Transition Period, provided that:

- (a) the New Reporting Issuer files the Equivalent BC Document with the Commission at the same time and in the same manner as it files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements; and
- (b) the New Reporting Issuer sends the Equivalent BC Document to each holder in Alberta of its securities, other than holders of debt instruments, at the same time and in the same manner as it sends the Equivalent BC Document to each holder in British Columbia of its securities, other than holders of debt instruments.

- 3.3 **Interim Financial Statements** - Under subsection 123(c) of the Act it is ordered that a New Reporting Issuer is exempt from the requirements of subsection 120(1) of the Act during the New Transition Period, provided that:

- (a) the New Reporting Issuer files the Equivalent BC Document with the Commission at the same time and in the same manner as it files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements; and
- (b) the New Reporting Issuer either:
  - (i) sends the Equivalent BC Document to each holder in Alberta of its securities other than holders of debt instruments, at the same time and in the same manner as it sends the Equivalent BC Document to each holder in British Columbia of its securities, other than holders of debt instruments; or

- (ii) complies with all of the requirements regarding interim financial statements as described in National Policy Statement No. 41 (or any successor instrument to National Policy Statement No. 41).

**3.4 Proxy Solicitations** - Under subsection 184(2) of the Act it is ordered that a person or company soliciting proxies from security holders of a New Reporting Issuer is exempt from the requirements of sections 127 and 128 of the Act and sections 164, 165, 166, 167 and 168, of the Rules during the New Transition Period, provided that:

- (a) the person or company files with the Equivalent BC Document with the Commission, at the same time and in the same manner as it files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements; and
- (b) the person or company sends the Equivalent BC Document to each holder in Alberta of the New Reporting Issuer's securities, other than holders of debt instruments, at the same time and in the same manner as it sends the Equivalent BC Document to each holder in British Columbia of the New Reporting Issuer's securities, other than holders of debt instruments.

**3.5 Filing of Information Circular** - Under subsection 123(c) of the Act it is ordered that a New Reporting Issuer is exempt from the requirements of section 124 of the Act during the New Transition Period provided that the New Reporting Issuer files the Equivalent BC Document with the Commission at the same time and in the same manner as it files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements.

**3.6 Insider Trade Reporting** - Under subsection 184(2) of the Act it is ordered that an insider of a New Reporting Issuer is exempt from the requirements of section 147 of the Act during the New Transition Period, provided that the insider files the Equivalent BC Document with the BCSC under the Equivalent BC Requirements.

**3.7 Acquisition Reporting** - Under section 185 of the Act it is ordered that an offeror that acquires securities of a New Reporting Issuer is exempt from the requirements of sections 141 and 142 of the Act during the New Transition Period, provided that the offeror complies with all of the Equivalent BC Requirements.

**3.8 Form 23 Reporting** - Under subsection 185 of the Act it is ordered that a person or company referred to in subsections 112(1)(a) or 112(1)(b) of the Act, during the New Transition Period, is exempt from:

- (a) the requirements of subsections 112(1)(d)(vi), 112(2), 112(3) and 112(4) of the Act; and
- (b) the requirement in subsection 112(1)(d) of the Act not to be in default of any requirement of the Act or the regulations,

provided that the person or company complies with all of the Equivalent BC Requirements.

**PART 4 - REVOCATION AND REPLACEMENT OF BLANKET ORDER #51-501**

**4.1 Revocation and Replacement of Original Order** - Under subsection 186(1) of the Act, it is ordered that the Original Order is hereby revoked and replaced by this Blanket Order.

Dated at the City of Edmonton

in the Province of Alberta

this 29<sup>th</sup> day of September, 2000

\_\_\_\_\_(signed by)\_\_\_\_\_  
Eric T. Spink, Vice-Chair

\_\_\_\_\_(signed by)\_\_\_\_\_  
Thomas G. Cooke, Q.C., Member