

## **ALBERTA SECURITIES COMMISSION NOTICE #51-502 (AB)**

### **Blanket Order #51-502 (AB): Transitional Blanket Relief Provided to Former VSE Issuers and Revocation of Blanket Order #51-501(AB)**

The Alberta Securities Commission (the “Commission”) has issued Blanket Order #51-502 (AB) (“BOR 51-502”) which revokes and replaces Blanket Order #51-501 (AB) (the “Original Order”) which was issued on November 26, 1999.

#### **1. Background**

On November 26, 1999, The Alberta Stock Exchange and the Vancouver Stock Exchange (“VSE”) merged to create the Canadian Venture Exchange Inc. (“CDNX”). On November 26, 1999 the Commission recognized CDNX as an exchange in Alberta under section 52(2) of the *Securities Act* (Alberta) (the “Act”). The definition of reporting issuer in the Act deems issuers that have had securities listed and posted for trading on a recognized exchange to be reporting issuers in Alberta. Accordingly, issuers that had securities listed on the VSE that were not previously reporting issuers in Alberta, upon being listed and posted for trading on CDNX automatically became reporting issuers in Alberta (“CDNX-VSE Issuers”).

The Commission issued the Original Order to provide a transitional period of relief to certain CDNX-VSE Issuers (and certain persons involved with them) from the full burdens associated with reporting issuer status. However, issuers that relied on the Original Order could not take advantage of the benefits of reporting issuer status, specifically, the resale rules in sections 109 to 112 of the Act, Commission Rule 45-501 and sections 2.2 and 3.2 of Commission Rule 72-501 (collectively, the “Resale Rules”) unless they filed a “New Reporting Issuer Notice”, irrevocably electing to be subject to the full burdens of reporting issuer status.

Unfortunately, there appears to have been considerable confusion on the part of the CDNX-VSE Issuers in regard to the need to file the New Reporting Issuer Notice prior to relying upon the Resale Rules. Some CDNX-VSE Issuers relied on the relief provided by the Original Order, failed to file a New Reporting Issuer Notice and then issued securities pursuant to exemptions from the prospectus requirements in the Act or Commission Rules under the mistaken assumption that the securities had a hold period that would expire on a specified date following the initial exempt trade (eg. 12 months). CDNX-VSE Issuers that have done this should consult legal counsel as they may have contravened Alberta securities law. BOR 51-502 is not retroactive and it cannot cure any prior non-compliance by CDNX-VSE Issuers with the Original Order.

#### **2. Purpose**

The purpose of BOR 51-502 is to replace the Original Order with a simpler regime. The Commission reconsidered the Original Order and determined that there is adequate justification for permitting CDNX-

VSE Issuers that meet the definition of “New Reporting Issuer” in BOR 51-502, the full benefits of reporting issuer status while continuing to allow transitional relief from certain of the burdens. Accordingly, the Commission has issued BOR 51-502, which revokes and replaces the Original Order. BOR 51-502, like the Original Order, relieves New Reporting Issuers and certain persons involved with them from certain of the filing obligations applicable to Alberta reporting issuers, provided, generally, that they comply with the equivalent requirements under British Columbia securities law and certain modified filing requirements. BOR 51-502, unlike the Original Order, does not remove the ability of a New Reporting Issuer relying upon it to use the Resale Rules. Further, unlike the Original Order, there is no requirement under BOR 51-502 for a New Reporting Issuer to file a New Reporting Issuer Notice prior to relying on the Resale Rules. In addition, BOR 51-502 provides relief to control persons and other persons required to prepare and file a Form 23 (Notice of Intention to Distribute Securities) under section 112 of the Act. This relief was not provided in the Original Order.

The modified filing requirements applicable to New Reporting Issuers and the persons involved with them are summarized in **Appendix “A”** to this Notice. This Notice and **Appendix “A”** provide a summary only. For full details of the relief provided by BOR 51-502 and the conditions to that relief, refer to BOR 51-502.

### ***3. CDNX-VSE Issuers that Filed a New Reporting Issuer Notice under BOR #51-501***

CDNX-VSE Issuers that filed a New Reporting Issuer Notice under the Original Order irrevocably elected to be subject to the full burdens of reporting issuer status. BOR 51-502 does not relieve those CDNX-VSE Issuers from the burdens they previously irrevocably agreed to accept. Accordingly, those CDNX-VSE Issuers (and persons involved with them) continue to be bound by that irrevocable notice and continue to have all of the rights and obligations associated with reporting issuer status. For greater clarity, there will be no refunds of filing fees for CDNX-VSE issuers that made the irrevocable election under the Original Order.

### ***4. Transitional Period***

The transitional relief provided by BOR 51-502 expires June 30, 2001. After that time, the New Reporting Issuers and the persons involved with them will be subject to all of the obligations that arise as a consequence of the New Reporting Issuer having reporting issuer status and will be expected to comply with all applicable provisions of Alberta securities law.

### ***5. Definitions and Interpretations***

#### ***(a) Defined terms***

Terms used in this Notice that are defined or used in BOR 51-502 should be read in accordance with BOR 51-502.

**(b) Interpretation of “listed” and “listed and posted for trading”**

The Commission interprets the phrase “listed and posted for trading” as used in clause (iii) of subsection 1(t.1) of the Act, as meaning that an issuer’s securities are listed and not suspended from trading. The Original Order and BOR 51-502, in certain cases, use the term “listed” without the additional words “and posted for trading”. This choice of words reflects a decision to refer to issuers that had securities which are listed but may be suspended from trading.

BOR 51-502 is available to New Reporting Issuers that are listed on CDNX and have at any time since November 26, 1999 been both listed and posted for trading on CDNX. A New Reporting Issuer that became a reporting issuer by having its securities listed and posted for trading can continue to rely on BOR 51-502 even if it is subsequently suspended from trading.

If a CDNX-VSE Issuer’s securities were suspended from trading on the Vancouver Stock Exchange at the time of the merger and were then listed on CDNX but also concurrently suspended from trading on CDNX, the issuer is not considered to have become a reporting issuer in Alberta until the suspension is removed.

An issuer that is delisted from CDNX is not “listed” and is not “posted”. A former New Reporting Issuer that is delisted from CDNX will no longer be entitled to rely upon the relief provided by BOR 51-502. However, it will continue to be a reporting issuer in Alberta and since it cannot rely on BOR 51-502, it will be subject to the full obligations of a reporting issuer.

**(c) Interpretation of “in the same manner”**

BOR 51-502 refers to certain filings being made with the Commission “in the same manner” as they are made with the British Columbia Securities Commission. This language has been added to BOR 51-502 to clarify that documents filed with the Commission under BOR 51-502 are to be filed electronically with the Commission via SEDAR. This is done by selecting the Commission as an additional recipient.

**6. Publication of Blanket Order #51-502 (AB)**

The Commission has published BOR 51-502 in the Weekly Summary for the week ending September 29, 2000. BOR 51-502 has also been placed on the Commission’s website at [www.albertasecurities.com](http://www.albertasecurities.com).

## APPENDIX “A”

### *Summary of Modified Filing Requirements Applicable to CDNX-VSE Issuers*

	<b>Prepare:</b>	<b>File:</b>	<b>Mail:</b>
<b>Material Change Reports</b> (s. 118 of Alberta Act)	in accordance with BC securities law	via SEDAR with BCSC, together with applicable filing fee  and  simultaneously via SEDAR with Commission (no filing fee)	N/A
<b>Annual Financial Statements</b> (s.121(1) of Alberta Act)	in accordance with BC securities law	via SEDAR with BCSC, together with applicable filing fee,  and  simultaneously via SEDAR with Commission (no filing fee)	to holders in BC of securities as required or permitted by BC securities law  and  simultaneously, in same manner to holders in Alberta of securities
<b>Interim Financial Statements</b> (s.120(1) of Alberta Act)	in accordance with BC securities law	via SEDAR with BCSC, together with filing fee, if applicable  and  simultaneously via SEDAR with Commission (no filing fee)	to holders in BC of securities as required or permitted by BC securities law  and  simultaneously, in same manner to holders in Alberta of securities
<b>Proxy Materials (Information Circulars)</b> (ss. 124, 127 and 128 of Alberta Act and ss 164-168 of Commission Rules)	in accordance with BC securities law	via SEDAR with BCSC, together with applicable filing fee,  and  simultaneously via SEDAR with Commission (no filing fee)	to holders in BC of securities as required or permitted by BC securities law  and  simultaneously, in same manner, to holders in Alberta of securities
<b>Insider Trade Reports</b> (s. 147 of Alberta Act)	in accordance with BC securities law	with BCSC in manner required or permitted by BC securities law, together with filing fee, if applicable	N/A
<b>Early Warning Acquisition Reports</b> (ss. 141 and 142 of Alberta Act)	in accordance with BC securities law	with BCSC in manner required or permitted by BC securities law, together with applicable filing fee	N/A
<b>Form 23 Reports</b> (ss. 112(d)(vi), 112(2)-(4) of Alberta Act)	in accordance with BC securities law	with BCSC in manner required or permitted by BC securities law, together with any applicable filing fee	N/A

#### Definitions used in Table

“BC”	means British Columbia
“BCSC”	means British Columbia Securities Commission
“SEDAR”	means System for Electronic Document Analysis and Retrieval