

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF PARTS 11, 12 AND 14 OF THE SECURITIES ACT  
AND  
IN THE MATTER OF CERTAIN REPORTING ISSUERS

*ORDER*  
*(SECTIONS 123(b) AND 184(2))*

1. WHEREAS section 123(b) and section 184(2) of the Securities Act (S.A. 1981, c. S-6.1, as amended) (the “Act”) authorize the Commission by order to grant exemptions;
2. AND WHEREAS it seems to the Commission to be desirable and not prejudicial to the public interest to provide exemptions pursuant to that authority for reporting issuers that are subject to certain substantive requirements of the Act that are similar to the laws of their jurisdiction of incorporation, organization or continuance (the “home jurisdiction”).
3. AND WHEREAS as herein used:
  - 3.1 “Category A reporting issuer” means
    - 3.1.1 incorporated reporting issuers that are incorporated or continued under the laws of Ontario or Quebec; and
    - 3.1.2 unincorporated reporting issuers that are organized under the laws of one of the provinces referred to in 3.1.1 but only if the laws of that province make them subject to requirements on the relevant topic (i.e the subject matter of the particular exemption) that are equivalent to the requirements that would have been applicable had they been organized as business corporations under the relevant law of that province;
  - 3.2 “Category B reporting issuer” means
    - 3.2.1 incorporated reporting issuers that are incorporated or continued under the laws of British Columbia, Saskatchewan or Manitoba or that are incorporated or continued under, or otherwise subject to, the Canada Business Corporations Act; and
    - 3.2.2 unincorporated reporting issuers that are organized under the laws of one of the provinces referred to in 3.2.1 but only if the laws of that province make them subject to requirements on the relevant topic (i.e. the subject matter of the particular exemption) that are equivalent to the requirements that would have been applicable had they been organized as business corporations under the relevant

law of that province;

- 3.3 “Category C reporting issuer” means
  - 3.3.1 incorporated reporting issuers that are incorporated or continued under the laws of Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, the North West Territories or the Yukon; and
  - 3.3.2 unincorporated reporting issuers that are organized under the laws of one of the provinces referred to in 3.3.1 but only if the laws of that province make them subject to requirements on the relevant topic (i.e. the subject matter of the particular exemption) that are equivalent to the requirements that would have been applicable had they been organized as business corporations under the relevant law of that province or territory;
- 3.4 “Category D reporting issuer” means reporting issuers registered with the Securities and Exchange Commission (the “SEC”) in the United States under the Securities Exchange Act of 1934 but not including issuers that are exempt from the reporting requirements of that Act under Rule 12g 3-2 of that Act;
- 3.5 “Category E reporting issuer” means reporting issuers that are included in the definition of that term in the Act only by virtue of their listing on the Alberta Stock Exchange and which are not incorporated, continued or organized under the laws of Canada or a province or territory of Canada;
- 3.6 “Category F reporting issuer” means reporting issuers that are eligible to use the short form prospectus pursuant to the regulations made under the Act (the “Regulations”);
4. AND WHEREAS for purposes of this order as it relates to an issuer having a home jurisdiction under a political subdivision of a federal authority, a requirement imposed by that federal authority shall be considered to be the home jurisdiction for that issuer;
5. NOW THEREFORE it is ordered, subject to any other order made with respect to any specific reporting issuer, that:
  - 5.1 pursuant to section 123(b)(iii) of the Act,
    - 5.1.1 any Category A reporting issuer shall be exempted from the requirements of section 118(2) of the Act provided that it shall file two copies of material change reports required to be filed by the laws of its home jurisdiction within 10 days after the date of occurrence of the material change or within 10 days after the date that

the Category A reporting issuer was required by the laws of its home jurisdiction to disclose a previous confidential material change (but in any event a previous confidential material change is required to be disclosed within 180 days that the material change became known to the Category A reporting issuer) and provided that it

5.1.1.1 effects the filing with a stock exchange, if applicable, and

5.1.1.2 causes the publication of a notice in newspapers of any material change in its affairs;

5.1.2 any Category D reporting issuer other than reporting issuers having a home jurisdiction of Canada or a province or territory of Canada shall be exempt from compliance with the requirements of section 118, other than the obligation

5.1.2.1 to file with a stock exchange, if applicable, and

5.1.2.2 to publish a notice in newspapers (other than in respect of a confidential material change)

any material change in its affairs but this exemption shall be effective only if the reporting issuer files with the Commission two copies of each Document filed or required to be filed by it with the SEC, such filing with the Commission to be made promptly after the earlier of the date the Document is filed or the date it is required to be filed with the SEC. For the purposes of 5.1.2, "Document" means a formal document filed with the SEC in compliance with rules administered by the SEC and to be included on the public files of the SEC, but does not include informal letters or other communications the content of which is not relevant to an understanding of the affairs of the Category D reporting issuer;

5.2 pursuant to section 123(b)(ii) of the Act, any Category A, B, C, D, or E reporting issuer required by the laws of its home jurisdiction to prepare financial statements as at the end of one or more of the quarterly periods between fiscal year-ends may, subject to compliance with the Regulations as to generally accepted accounting principles, prepare the financial statements as at that date or those dates required under section 120 of the Act in accordance with the requirements, as to the content thereof, of the laws of its home jurisdiction.

5.3 pursuant to section 123(b)(i) of the Act, any Category E reporting issuer

5.3.1 as to which the total number of securities of the class listed on the Alberta Stock Exchange registered in the names of residents of Canada does not exceed 5% of the total number of issued and outstanding securities of that class

and the total number of registered Canadian security holders of that class does not exceed 300, and

5.3.2 which is not required by the laws of its home jurisdiction to prepare interim financial statements for the periods referred to in section 120 of the Act,

shall be exempt from the obligation under section 120 to prepare and to file interim financial statements for those periods as to which no such requirements are imposed by its home jurisdiction, but such reporting issuer shall file with the Commission copies of any financial statements filed by it with the Alberta Stock Exchange;

5.4 pursuant to section 123(b)(ii) of the Act, any Category D reporting issuer, other than those having a home jurisdiction under the laws of Canada or a province or territory of Canada, may, subject to compliance with the provisions of the Regulations as to generally accepted accounting principles, prepare the annual financial statements required by section 121 of the Act in accordance with the requirements, as to the content thereof, made under rules administered by the SEC, but the annual financial statements of any reporting issuer relying on this clause shall be filed with the Commission not later than the earlier of

5.4.1 24 hours after they are filed with the SEC, and

5.4.2 the date on which the Act requires that they be filed with the Commission;

5.5 pursuant to section 123(b)(ii) of the Act, any Category E reporting issuer

5.5.1 as to which the total number of securities of the class listed on the Alberta Stock Exchange registered in the names of residents of Canada does not exceed 5% of the total number of issued and outstanding securities of that class and the total number of registered Canadian security holders of that class does not exceed 300, and

5.5.2 which is required by the laws of its home jurisdiction to prepare annual financial statements, may, subject to compliance with the Regulations as to generally accepted accounting principles, prepare the annual financial statements required by section 121 of the Act in accordance with the requirements, as to the content thereof, of the laws of its home jurisdiction, but the annual financial statements of any reporting issuer relying on this clause shall be filed with the Commission not later than the earlier of

5.5.2.1 24 hours after they are filed with any other governmental agency, and

5.5.2.2 the date on which the Act requires that they be filed with

the Commission;

- 5.6 pursuant, to sections 123(b)(ii) and 123(b)(iii) of the Act, any Category D reporting issuer shall, notwithstanding section 122 of the Act, not be obligated to send to holders of its securities in Alberta financial statements filed under section 120 or section 121 of the Act concurrently with such filing, if
  - 5.6.1 the filing under section 120 or section 121 is effected not later than 24 hours after the filing of the same statements with the SEC, and
  - 5.6.2 a news release summarizing or setting out the statements is released in Canada substantially concurrently with their filing with the Commission, but the statements shall be distributed to security holders in Alberta as required by section 122 of the Act not later than the last date upon which they could have been filed with the Commission in compliance with section 120 or section 121, as the case may be;
- 5.7 pursuant to section 123(b)(ii) of the Act, any reporting issuer which is subject to requirements of its home jurisdiction for the distribution of financial statements to the holders of its securities or specified classes thereof shall be exempt from the requirements of section, 122 of the Act.
- 5.8 pursuant to section 123(b)(iii) of the Act, any reporting issuer other than a mutual fund shall not be obligated by section 122 of the Act to send financial statements to the holders of its securities other than voting securities unless the reporting issuer is required to send financial statements to holders of restricted shares as defined in A.S.C. Policy 1.2.
- 5.9 pursuant to section 123(b)(iii) of the Act, any reporting issuer exempt from the requirements of section 128(1) of the Act by reason of section 184(1) of the Act or by reason of an order of the Commission that does not otherwise specify, is also exempt from the requirements of section 124(2) of the Act, but only if it files with the Commission copies of the material distributed to holders of its voting securities, as if section 124(1) was applicable thereto;
- 5.10 pursuant to section 184(2) of the Act,
  - 5.10.1 those persons who are insiders of a Category D reporting issuer (other than a reporting issuer having a home jurisdiction under the laws of Canada or a province or territory of Canada) but who are not required to file insider trading reports with the SEC are exempt from the requirements of Part 14 of the Act as to the filing of reports on transactions in securities of that particular reporting issuer; and
  - 5.10.2 those persons who are insiders of a reporting issuer referred to in 5.10.1

but are not by that clause exempt from the requirements therein referred to, and hold less than 2% of the outstanding securities of that reporting issuer, are exempted from such requirements while and for so long as they file with the Commission two copies of each insider trading report required to be filed by them with the SEC, such filing with the Commission to be effected within 24 hours after the report is filed, or is required to be filed, with the SEC;

- 5.11 pursuant to section 123(b)(iii) of the Act, any Category D reporting issuer incorporated, organized or continued under the laws of the United States or a state or territory of the United States may omit from the financial statements required under Part 11 of the Act the statement in the notes to the financial statements, required by section 6(3) of the Regulations, indicating which option has been applied in the choice of generally accepted accounting principles provided that
  - 5.11.1 in the case of the financial statements referred to in section 121 of the Act, the auditor's report accompanying the financial statements has been prepared by an auditor who is resident in the United States and that the address of the auditor included on the auditor's report is an address in the United States, and
  - 5.11.2 the financial statements have been prepared in accordance with accounting principles generally accepted in the United States;
- 5.12 pursuant to section 123(b)(iii) of the Act, any Category D reporting issuer other than issuers having a home jurisdiction under the laws of Canada or a province or territory of Canada shall be exempt from the obligation under section 122 of the Act to send the financial statements required to be filed under section 120 of the Act to its security holders but this exemption shall be effective only while the reporting issuer
  - 5.12.1 files with the Commission a copy of the interim quarterly financial information filed or required to be filed by it with the SEC,
  - 5.12.2 files with the Commission and sends to its security holders in Alberta the same quarterly financial information which it sends to its security holders in the United States, and
  - 5.12.3 sends interim quarterly financial statements to its security holders in Alberta within 60 days after the date to which such statements are made up.
- 5.13 Pursuant to section 123(b)(iii) of the Act, notwithstanding section 122 of the Act, a Category F reporting issuer shall not be obligated to send to its security holders in Alberta financial statements filed with the Commission pursuant to section 121

of the Act concurrently with such filing if

5.13.1 such financial statements have been filed with the Commission pursuant to section 84 of the Regulations, and

5.13.2 a press release summarizing or setting out the financial statements is released in Canada substantially concurrently with their filing with the Commission

but the statements shall be distributed to security holders in Alberta as required by section 122 of the Act not later than the last day on which they could have been filed with the Commission in compliance with section 121 of the Act.

6. IT IS FURTHER ORDERED that any reporting issuer that proposes to rely on this order shall, within 10 days after the date that reliance is made on a specific clause or clauses of this order, provide written notice (the "Notice") to the Director of the Commission advising him of that fact. The Notice shall state the following:

6.1 the name of the reporting issuer,

6.2 the reporting issuer's home jurisdiction,

6.3 the specific clause or clauses of the order on which the reporting issuer relies which entitle it to an exemption from certain requirements of Part 11, 12 or 14 of the Act, and

6.4 a written undertaking executed by at least two persons

6.4.1 who are senior officers or directors of the reporting issuer, or

6.4.2 who hold some similar responsible positions as a senior officer or director with the reporting issuer and are authorized to sign on behalf of the reporting issuer,

to the effect that if there is a change in circumstances of the reporting issuer that may disqualify that reporting issuer from relying on the clause or clauses of the order for which the Notice is sent, then the reporting issuer shall provide written notice of the change to the Director, within 10 days of the date of change.

7. IT IS FURTHER ORDERED that this order shall come into effect on March 15, 1987.

Dated at the City of EDMONTON  
in the Province of ALBERTA  
this 25th Day of February, 1987

ALBERTA SECURITIES COMMISSION