

August 13, 2013

In The Matter of
The Securities Legislation of
Saskatchewan and Ontario (The Jurisdictions)

and

In The Matter of
The Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In The Matter Of
Information Services Corporation
(The Filer)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the requirements under sections 10.1(1)(a) and 10.1(4) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) that restricted securities be referred to in prescribed continuous disclosure documents using a term that includes the appropriate "restricted security term" (as defined under NI 51-102) not apply to any references to the Class A Limited Voting Shares of the Filer (the Class A Limited Voting Shares) in the prescribed continuous disclosure documents of the Filer (the Exemption Sought).

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

- (a) the Financial and Consumer Affairs Authority of Saskatchewan (FCAA) is the principal regulator for this application;
- (b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

1. The Filer along with Crown Investments Corporation of Saskatchewan (the Selling Shareholder), filed a preliminary prospectus respecting the initial public offering of the Class A Limited Voting Shares ("IPO") on May 31, 2013 and the final prospectus on June 27, 2013 (collectively, the Prospectus);
2. The registered and head office of the Filer is located at 300 - 10 Research Drive, Regina, Saskatchewan, S4S 7J7;
3. The registered office and headquarters of the Selling Shareholder is located at 400 - 2400 College Avenue, Regina, Saskatchewan, S4P 1C8;
4. The Filer was incorporated as Information Services Corporation of Saskatchewan, a Saskatchewan provincial Crown corporation on January 1, 2000, pursuant to *The Crown Corporations Act, 1993* (Saskatchewan). In the autumn of 2012, the Government of Saskatchewan announced its intention to privatize Information Services Corporation of Saskatchewan and introduced *The Information Services Corporation Act* (Saskatchewan) (the ISC Act) into the Saskatchewan Legislature on November, 19, 2012. Upon the proclamation of the ISC Act on May 30, 2013, Information Services Corporation of Saskatchewan was continued pursuant to *The Business Corporations Act* (Saskatchewan) as Information Services Corporation and became subject to that Act, resulting in *The Crown Corporations Act, 1993* (Saskatchewan) ceasing to apply to the Filer;
5. The Selling Shareholder is an agent of the Crown in right of Saskatchewan and is a wholly-owned provincial Crown corporation. It is the agency utilized for making and administering, on behalf of the Government of Saskatchewan, the investments authorized by *The Crown Corporations Act, 1993* (Saskatchewan) and acts as a holding company for a number of wholly-owned Crown corporations and certain other entities in which the Crown in right of Saskatchewan has an interest;
6. The Filer's authorized share capital consists of an unlimited number of Class A Limited Voting Shares, one Class B Golden Share (the Golden Share) and an unlimited number of Preferred Shares, issuable in series (the Preferred Shares). The following is a summary of the rights, privileges restrictions and conditions attached to these securities under the Filer's Articles of Continuance (the Articles of Continuance):

Class A Limited Voting Shares. Subject to the restrictions described in paragraph 7. below, the holders of the Class A Limited Voting Shares are entitled to one vote per Class A Limited Voting Share on all matters to be voted on by the shareholders at any meetings of shareholders, other than at meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Class A Limited Voting Shares are entitled to receive any dividends declared by the Filer in respect of the Class A Limited Voting Shares, subject to the rights of the holders of other classes of shares. The holders of the Class A Limited Voting Shares will be entitled to receive, subject to the rights of the holders of other classes of shares, the remaining property and

assets of the Filer available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Filer, whether voluntary or involuntary.

Golden Share. As the holder of the sole Golden Share, the Selling Shareholder, an agent of the Crown in Right of Saskatchewan and a wholly-owned provincial Crown corporation, is entitled to receive notice of and to attend all meetings of shareholders including meetings of any class or series thereof, but does not have the right to vote at any such meeting other than a meeting of the holder of the Golden Share as a class. The holder of the Golden Share does not have the right to vote separately as a class, except: (i) to veto a transfer of the Filer's registered office outside of Saskatchewan; (ii) to veto a transfer of all or any part of the Filer's head office operations, or all or any part of the functions constituting the Filer's head office operations, outside of Saskatchewan; (iii) to veto the sale, lease or exchange of all or substantially all of the Filer's property; (iv) on any proposal to apply for a continuance in a jurisdiction outside of Saskatchewan; (v) on any proposal to amend the Filer's Articles of Continuance; or (vi) as otherwise provided by law. The holder of the Golden Share does not have the right to receive any dividends declared by the Filer or to participate in the distribution of the remaining property and assets of the Filer available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Filer, whether voluntary or involuntary. The holder of the Golden Share has no pre-emptive, redemption, purchase or conversion rights in respect of such share. The Golden Share may be transferred to a Crown corporation existing under *The Crown Corporations Act, 1993* (Saskatchewan), a department, ministry or agency of the Government of Saskatchewan or any other agent of the Crown in right of the Province of Saskatchewan, but is otherwise non-transferrable.

Preferred Shares. The Preferred Shares will be issuable at any time from time to time in one or more series. The board of directors of the Filer (the "Board") will be authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Preferred Shares of each series, which may include voting rights and other provisions attaching to the Preferred Shares or shares of the series. Notwithstanding the forgoing, no series of Preferred Shares shall provide for the right to vote in connection with any election of directors of the Filer. The Preferred Shares of each series will rank on parity with the Preferred Shares of every other series and will be entitled to preference over the Class A Limited Voting Shares, the Golden Share and any other share ranking junior to the Preferred Shares with respect to the distribution of any property or assets in the event of the Filer's liquidation, dissolution or winding-up, whether voluntary or involuntary.

7. The Filer's Articles of Continuance are fully subject to the ISC Act which imposes a few limitations on the rights and privileges of the Class A Limited Voting Shares, as follows:

Appointment of Directors by Province of Saskatchewan. The ISC Act provides that, in lieu of voting the Class A Limited Voting Shares of the Filer held by the

Selling Shareholder on any resolution electing directors to the Board, the Lieutenant Governor in Council of the Province of Saskatchewan (the "Lieutenant Governor") has the right to appoint that number of members to the Board equal to the Selling Shareholder's *pro rata* share of the issued and outstanding voting securities (rounded to the nearest whole number) (the "Proportionate Board Appointment Right"), but always subject to a minimum of two directors (the "Minimum Board Appointment Right").

Limit on Amount of Holdings. The ISC Act contains provisions imposing limits on ownership, including joint ownership, of the Class A Limited Voting Shares and any other voting securities which might subsequently be issued. Specifically, except the Province of Saskatchewan or an agent of the Province of Saskatchewan, no person, alone or together with associates (associates being determined according to specific rules in the ISC Act), may hold, beneficially own or control, directly or indirectly, other than by way of security only or for purposes of distribution by an underwriter, voting securities to which are attached more than 15% of the votes attached to the issued and outstanding voting shares (the "Ownership Restriction"). Preferred Shares, if any, will not qualify as voting shares for the purposes of the ISC Act by virtue of not being entitled to vote in connection with the election of directors of the Filer. In order to give effect to the Ownership Restriction, the ISC Act and the Regulations thereunder contain provisions for the enforcement of the Ownership Restriction, including provisions for suspension of voting rights, forfeiture of rights to dividends and recovery of dividends paid to shareholders holding more than 15% of the votes attached to the issued and outstanding voting shares (i.e. the Class A Limited Voting Shares).

Other. The Articles of Continuance and the ISC Act place certain other restrictions on ISC, including a prohibition against transferring head office operations, or all or any part of head office operations (generally all executive, corporate planning, senior administrative and general management functions) outside of Saskatchewan and a prohibition against the Filer's articles or by-laws containing provisions inconsistent with the provisions included in the ISC Act. Further, all of the Filer's executive officers and substantially all of the Filer's senior officers must be ordinarily resident in Saskatchewan.

8. There are 17,500,000 Class A Limited Voting Shares issued and outstanding, one Golden Share issued and outstanding, and no Preferred Shares. The Selling Shareholder owns a minimum of 31% of the issued and outstanding Class A Limited Voting Shares and the sole Golden Share.
9. Pursuant to the Articles of Continuance, the Filer has a minimum of 6 directors and maximum of 12 directors on its Board.
10. Pursuant to NI 51-102, a "restricted security" means an equity security of a reporting issuer if any of the following apply:
 - (a) there is another class of securities of the reporting issuer that carries a greater number of votes per security relative to the equity security;

- (b) the conditions of the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or significantly restrict the voting rights of the equity securities; or
 - (c) the reporting issuer has issued another class of equity securities that entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities.
11. Part 10 of NI 51-102 requires a reporting issuer that has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, to provide specific disclosure with respect to such securities in its information circular, a document required by NI 51-102 to be delivered upon request by a reporting issuer to any of its securityholders, an annual information form prepared by the Filer and any other document that it sends to its securityholders.
 12. On May 10, 2013, the Selling Shareholder filed an application with the FCAA and Ontario Securities Commission (the OSC) for an exemption from, among other things, the requirements of Sections 12.2(3) and (4) of National Instrument 41-101 *General Prospectus Requirements* that the Class A Limited Voting Shares be referred to in the Prospectus using a term or defined term that includes the appropriate restricted security term, such that the Class A Limited Voting Shares to be distributed to the public can be referred to in the Prospectus using the term "Class A Limited Voting Share" and the defined term "Class A Share" and an application with the OSC for similar relief under Part 4 of OSC Rule 56-501 *Restricted Securities* (Rule 56-501). The OSC issued an order dated May 31, 2013 granting the Filer the exemptive relief set out therein from the requirements of Rule 56-501. FCAA issued a final prospectus receipt on June 27, 2013.
 13. The Filer believes that the term "Class A Limited Voting Shares" more appropriately describes the characteristics of the Class A Limited Voting Shares than the restricted security terms referred to in NI 51-102.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of each Decision Maker under the Legislation is that the Exemption Sought is granted provided that in its disclosure documents the Filer refers to the Class A Limited Voting Shares using the term "Class A Limited Voting Share" or the defined term "Class A Share".



Dean Murrison
Director,
Securities Division
Financial and Consumer Affairs
Authority of Saskatchewan