

**GENERAL ORDER 45-503**

**Prospectus Exemption Available to Reporting Issuers that are Listed on a Canadian Stock Exchange**

**In the Matter of  
*The Securities Act, 1988***

**ORDER**

**WHEREAS** staff of the Securities Division (“**Staff**”) of the Financial and Consumer Affairs Authority of Saskatchewan (the “**FCAA**”) has applied to the FCAA for an Order pursuant to section 160 of *The Securities Act, 1988*, SS 1988-89, c.S-42.2 (the “**Act**”) that the prospectus requirement in section 58 of the Act does not apply to certain distributions of securities by certain issuers as outlined below;

**AND WHEREAS** the FCAA has assigned to the Executive Director of the Securities Division, FCAA (the “**Executive Director**”) the power to make exemption orders under the provisions of the Act including orders of general application;

**AND WHEREAS** terms defined in the Act, National Instrument 14-101 *Definitions*, National Instrument 45-106 *Prospectus Exemptions* (NI 45-106), National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (NI 13-101) and National Instrument 45-102 *Resale of Securities* (NI 45-102), have the same meaning in this Order, unless otherwise defined in this Order;

**AND WHEREAS** in this Order:

“**Exemption**” means the listed issuer financing exemption outlined in this Order 45-503;

“**Listed Issuer Financing Document**” means the Form 45-106F19 - *Listed Issuer Financing Document*, attached as Annex 2 to this Order which an issuer must use as the offering document for a distribution under section 1 of the Order;

“**Listed Equity Security**” means a security of a class of equity securities of an issuer listed for trading on an exchange recognized by a securities regulatory authority in a jurisdiction of Canada;

“**Market Price**” means, for securities of a class for which there is a Published Market,

- (a) except as provided in paragraph (b) herein,
  - (i) if the Published Market provides a daily closing price, the average of the daily closing price of securities of that class on the Published Market for each of the

trading days on which there was a daily closing price falling not more than 20 trading days immediately before the day as of which the Market Price is being determined, or

- (ii) if the Published Market does not provide a daily closing price, but provides only the highest and lowest daily prices of securities of the class traded, the average of the averages of the highest and lowest daily prices of securities of the class on the Published Market for each of the trading days on which there were highest and lowest daily prices falling not more than 20 trading days immediately before the day as of which the Market Price is being determined, or
- (b) if trading of securities of the class on the Published Market has occurred on fewer than 10 of the immediately preceding 20 trading days, the average of the following amounts established for each of the 20 trading days immediately before the day as of which the Market Price is being determined:
  - (i) the average of the closing bid and closing ask prices for each day on which there was no trading;
  - (ii) if the Published Market
    - (A) provides a closing price of securities of that class on the Published Market for each day that there was trading, the closing price, or
    - (B) provides only the highest and lowest prices, the average of the highest and lowest prices of securities of that class on the Published Market for each day that there was trading;.

**“Order”** means General Order 45-503;

**“Published Market”** means, for a class of securities, a marketplace on which the securities are traded, if the prices at which they have been traded on that marketplace are regularly

- (a) disseminated electronically, or
- (b) published in a newspaper or business or financial publication of general and regular paid circulation;

**“Restructuring Transaction”** has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

**“Rights Offering Circular for Reporting Issuers”** means Form 45-106F15 - *Rights Offering Circular for Reporting Issuers*, attached as Annex 1 to this Order which an issuer must use for a distribution of rights under section 2.1 of NI 45-106 *Prospectus Exemptions*;

**“Secondary Market Liability Provisions”** means the provisions of securities legislation opposite the name of the local jurisdiction as set out in Appendix D of NI 45-106 *Prospectus Exemptions*.

**AND WHEREAS** for the purpose of the definition of “Market Price”, if there is more than one Published Market for a security and

- (a) only one of the Published Markets is in Canada, the Market Price is determined solely by reference to that market,
- (b) more than one of the Published Markets are in Canada, the Market Price is determined solely by reference to the Published Market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the day as of which the Market Price is being determined, and
- (c) none of the Published Markets are in Canada, the Market Price is determined solely by reference to the Published Market on which the greatest volume of trading in the particular class of securities occurred during the 20 trading days immediately before the day as of which the Market Price is being determined.

**AND WHEREAS** for the purpose of section 1, the aggregate market value of an issuer’s Listed Equity Securities is calculated by multiplying the total number of Listed Equity Securities outstanding, by the market price.

**AND WHEREAS** for the purpose of section 1, “cash equivalents” has the same meaning as in the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time.

**AND WHEREAS** it has been represented to the Executive Director that:

- (a) A new prospectus exemption for issuers listed on a Canadian stock exchange has the potential to further facilitate the capital raising efforts of businesses in Saskatchewan by reducing costs for certain issuers raising smaller amounts of capital through the public markets; allowing smaller issuers greater access to retail investors; and providing retail investors with a broader choice of investments;
- (b) The prospectus exemption will be available to issuers that have been a reporting issuer in a Canadian jurisdiction for at least 12 months and have filed all continuous disclosure documents required under Canadian securities legislation. Eligible issuers will also need to file a short offering document; and
- (c) Provided all necessary ministerial approvals are obtained, securities regulatory authority in other jurisdictions in Canada intend to provide equivalent exemptions from the securities law of each respective jurisdiction.

**AND WHEREAS** the Executive Director is of the opinion that it would not be prejudicial to the public interest to make this Order.

**IT IS ORDERED** under section 160 of the Act that:

- 1. The prospectus requirement in section 58 of the Act does not apply to a distribution by an issuer of a security of the issuer’s own issue provided all the following apply:
  - (a) the issuer is a reporting issuer and has been a reporting issuer in at least one jurisdiction of Canada for the 12 months immediately before the date that the issuer files the news release referred to in paragraph (k);

- (b) the issuer has listed equity securities;
- (c) the issuer is not, or during the 12 months immediately before the date the issuer files the news release referred to in paragraph (k) the issuer or any person or company with whom the issuer completed a Restructuring Transaction was not, either of the following:
  - (i) an issuer whose operations have ceased;
  - (ii) an issuer whose principal asset is cash, cash equivalents, or its exchange listing, including, for greater certainty, a capital pool company, a special purpose acquisition company, a growth acquisition corporation or any similar person or company;
- (d) the issuer is not an investment fund;
- (e) the issuer has filed all periodic and timely disclosure documents that it is required to have filed under each of the following:
  - (i) applicable securities legislation;
  - (ii) an order issued by the regulator or securities regulatory authority;
  - (iii) an undertaking to the regulator or securities regulatory authority;
- (f) the issuer does not allocate the available funds as disclosed in item 9 of the completed form referred to in paragraph (k) to the following:
  - (i) an acquisition that is a significant acquisition under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations*;
  - (ii) a Restructuring Transaction;
  - (iii) any other transaction for which the issuer seeks approval of any security holder;
- (g) on the date of the issuance of the news release referred to in paragraph (k), the total dollar amount of the distribution, combined with the dollar amount of all other distributions made by the issuer under this section during the 12 months immediately before the date of the news release, will not, assuming completion of the distribution, exceed the greater of the following:
  - (i) \$5, 000, 000;
  - (ii) 10% of the aggregate market value of the issuer's listed securities, on the date the issuer issues the news release announcing the offering, to a maximum of \$10, 000, 000;
- (h) the distribution, combined with all other distributions made by the issuer under this section during the 12 months immediately before the date of the issuance of the news release referred to in paragraph (k), will not result in an increase of more than 50% in the issuer's outstanding listed equity securities, as of the date that is 12 months before the date of the news release;

- (i) at the time of the distribution, the issuer reasonably expects that the issuer will have available funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution;
- (j) the security being distributed is either of the following:
  - (i) a Listed Equity Security;
  - (ii) a unit consisting of a Listed Equity Security and a warrant convertible into a Listed Equity Security;
- (k) before soliciting an offer to purchase, the issuer
  - (i) issues and files a news release that
    - (A) announces the offering, and
    - (B) includes the following statement: “There is an offering document related to this offering that can be accessed under the issuer’s profile at [www.sedar.com](http://www.sedar.com) and at [*include website address and provide link, if the issuer has a website*]. Prospective investors should read this offering document before making an investment decision.”;
  - (ii) files a completed Listed Issuer Financing Document;
  - (iii) if the issuer has a website, posts the completed form referred to in subparagraph (ii) on its website;
- (l) the completed form referred to in paragraph (k) is filed before soliciting an offer to purchase and no later than 3 business days after the date of the form;
- (m) the completed form referred to in paragraph (k), together with any document filed under securities legislation in a jurisdiction of Canada on or after the earlier of the date that is 12 months before the date of the document and the date that the issuer’s most recent audited annual financial statements were filed, contains disclosure of all material facts relating to the securities being distributed under this section and does not contain a misrepresentation;
- (n) in Québec, the completed form referred to in paragraph (k) is prepared in French or French and English.

#### **Material changes during distribution**

2. If an issuer issues a news release announcing its intention to make a distribution under section 1 and a material change occurs in respect of the issuer before the completion of the distribution, the issuer must cease the distribution until the issuer:
  - (a) complies with National Instrument 51-102 *Continuous Disclosure Obligations* in connection with the material change,
  - (b) files an amendment to the completed form filed under paragraph 1(k), and

- (c) issues and files a news release that states that an amendment to the completed form referred to in paragraph 1(k) addressing the material change has been filed.

### **Additional requirements**

- 3. (1) An issuer must:
  - (a) take reasonable steps to ensure that a prospective purchaser is aware of the means of accessing the completed form referred to in paragraph 1(k), and
  - (a) include the statement referred to in clause 1(k)(i)(B) in any initial written communication with a prospective purchaser.
- (2) An issuer must close the distribution referred to in section 1 no later than the 45th day after the date the issuer issues and files the news release referred to in paragraph 1(k).

### **Core document**

- 4. A document that purports or appears to be completed in accordance with Listed Issuer Financing Document and is filed with respect to a distribution referred to in section 1 is a “core document” pursuant to the Secondary Market Liability Provisions.

### **Rights Offering Circular for Reporting Issuer**

- 5. To comply with provisions regarding rights offering circular under NI 45-106 *Prospectus Exemptions*, an issuer must complete Form 45-106F15 - *Rights Offering Circular for Reporting Issuers* attached as Annex 1 to this Order.

### **Offering Document**

- 6. An issuer must certify the completed Listed Issuer Financing Document prior to filing as required under paragraph 1(k).
- 7. A Listed Issuer Financing Document filed with respect to a distribution referred to in section 1 is designated an offering memorandum under securities legislation and triggers rights of action.
- 8. If the issuer is an electronic filer, the issuer must file and deliver the Listed Issuer Financing Document in accordance with section 2.2 of NI 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

### **Report of Exempt Distribution**

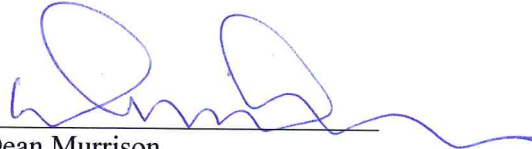
- 9. Within 10 days of distributing securities under the Exemption, the issuer must file a report of exempt distribution in Form 45-106F1 *Report of Exempt Distribution* in every jurisdiction of Canada in which a distribution has been made.

### **Resale of Securities**

- 10. The first trade of a security acquired under the Exemption is subject to a seasoning period on resale pursuant to section 2.6 of NI 45-102 *Resale of Securities*.

**IT IS FURTHER ORDERED** that this Order comes into effect on November 21, 2022 and will expire on the earlier of the date on which this Order is revoked; or the date on which *The Securities Commission (Adoption of National Instruments) (NI 13-101, 45-102 and 45-106) Amendment Regulations, 2022* come into force.

Dated November 21, 2022.



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