



## GENERAL RULING/ORDER 21-901

IN THE MATTER OF  
*THE SECURITIES ACT, 1988, SS 1988, c. S-42.2*

AND

IN THE MATTER OF  
MARKET FACILITATION ACTIVITIES  
BY ISSUERS IN THEIR OWN SECURITIES

### RULING/ORDER

(Sections 83 and 160 of *The Securities Act, 1988, SS 1988, c. S-42.2*, Section 15.1 of National Instrument 21-101 *Marketplace Operation* and 12.1 of National Instrument 23-101 *Trading Rules*)

WHEREAS an application has been received by the Saskatchewan Financial Services Commission (the "Commission") from the staff of the Commission for:

1. A ruling pursuant to clause 83(1)(a) of *The Securities Act, 1988, S.S. 1988, c. S-42.2* (the "Act") that the provisions of sections 27 of the Act shall not apply to certain activities carried out by an issuer and its officers, directors, employees or agents to facilitate trades of its securities by its security holders (the "Market Activities");
2. An order pursuant to subsection 160(1) the Act exempting certain issuers from the requirement in subsection 25(1) of the Act to be recognized as an exchange in Saskatchewan when they carry out Market Activities;
3. A order pursuant to section 15.1 of National Instrument 21-101 *Marketplace Operation* ("NI 21-101") that the provisions of NI 21-101 shall not apply to the Market Activities; and
4. An order pursuant to section 12.1 of National Instrument 23-101 *Trading Rules* ("NI 23-101") that the provisions of NI 21-101 shall not apply to the Market Activities;

WHEREAS the Commission has assigned to the Director of the Securities Division of the Commission (the "Director") the power to make exemption orders and rulings under provisions of the Act including orders and rulings of general application;

AND WHEREAS it has been represented to the Director that:

1. There are issuers:
  - (a) whose outstanding securities are not subject to hold or seasoning periods under Saskatchewan securities legislation and are therefore freely tradable in Saskatchewan, either because the issuer is a reporting issuer in Saskatchewan or the securities were issued under a decision of the Commission made in accordance with Saskatchewan Policy Statement 45-601 *Community Ventures – Section 83 Rulings* and have the benefit of General Ruling/Order 45-906 *Community Venture Resale Restrictions*; and
  - (b) whose securities are not listed and posted on an exchange or traded on an over the counter market;

(the “Issuers”);
2. The Issuers’ security holders can legally trade their securities using the isolated trade registration exemption in Saskatchewan securities legislation, but they find it is very difficult to find buyers and there is therefore little liquidity in the market for the securities;
3. Some of the Issuers wish conduct Market Activities which involve the Issuer setting up a system to facilitate trades of its securities by its security holders and this activity, but for this Ruling/Order, would be subject to the registration requirement of the Act and the requirements of NI 21-101 and NI 23-101;
4. The Market Activities include a range of activities from simply compiling and making available a list of potential sellers and buyers of its securities to actually conducting the trade of its securities on behalf of the sellers and buyers;
5. The Issuers may have a website through which it carries out its Market Activities and makes the facility available to sellers and buyers of its securities;
6. The Issuers would not provide any investment advise in carrying out the Market Activities and their activities would be limited to those of purely administrative nature; and
7. The Issuers’ continuous disclosure material is publicly available on SEDAR;

AND WHEREAS the Director is of the opinion that it would not be prejudicial to the public interest to grant this Ruling;

IT IS HEREBY RULED pursuant to clause 83(1)(a) of the Act that the provisions of sections 27 of the Act shall not apply the Market Activities provided that:

1. The Issuer is a reporting issuer in Saskatchewan or has issued securities under a decision of the Commission made in accordance with Saskatchewan Local Policy 45-601 *Community Ventures – Community Ventures* that have the benefit of General Ruling/Order 45-906 *Community Venture Resale Restrictions* ;

2. The Issuer's head office is in Saskatchewan and the majority of its security holders reside in Saskatchewan;
3. The Issuer files its continuous disclosure material on SEDAR;
4. The Issuer's securities are not listed or posted for trading on an exchange or traded on an over the counter market;
5. The Issuer conducts Market Activities only with respect to its own securities;
6. The Issuer has a written description of its Market Activities and the procedures it carries out under its Market Activities available on its web site or, if the Issuer does not have a web site, it forwards this information to its security holders at least once a year and provides to it the public upon request at no cost;
7. In carrying out the Market Activities, the Issuer:
  - a. must ensure the Market Activities are equally available to all its securities holders and the public;
  - b. must treat all of its security holders and the public equally;
  - c. must make all information about Market Activities equally available to all its securities holders and the public;
  - d. must act honestly, fairly and in good faith;
  - e. must provide a method for sellers and buyers to keep their identifying and trading information confidential unless the sellers and buyers give their consent to the release of this information;
  - f. if the Market Activities involve the Issuer conducting the trade on behalf of sellers and buyers:
    - i. must provide procedures for dealing with competing sell or buy orders;
    - ii. must provide procedures for entry and display of quotations and orders;
    - iii. must provide procedures for execution, reporting, clearance and settlement of trades;
    - iv. must provide for the keeping of complete and accurate records of the trades conducted by the Issuer through the Market Activities; and
    - v. must hold funds and securities received as part of the Market Activities in trust for the parties to the trade for the completion of the trade in accordance with

the Market Activities;

- g. if the Market Activities involve the Issuer holding funds and securities received in trust as above described, must disclose this fact clearly on all material provided with respect to the Market Activities;
  - h. must caution persons or companies selling or buying its securities under the Market Activities to ensure compliance with the Act especially, without limitation, the takeover bid requirements of the Act, and urge them to consult their own professional advisors before trading; and
  - i. must disclose contact information for an individual responsible for the operations of the Market Activities for the Issuer;
- 8. The Issuer prepares and maintains a record of the sale price per security, the time and date of the trade, the number of securities traded and the type of securities traded for all trades conducted under its Market Activities and makes this information publicly available on its web site or, if the issuer does not have a web site, in a newspaper of general and regular paid circulation in the area where the Issuer's head office is located;
- 9. The Issuer makes available on its web site and/or through a link on its website to SEDAR or if the Issuer does not have web site, to any person or company upon request at no cost:
  - a. Any prospectus or offering memorandum of the Issuer prepared with respect to its securities; and
  - b. All financial, corporate and continuous disclosure information of the issuer filed with the Commission or forwarded by the Issuer to its security holders;
- 10. The Issuer charges no commissions or fees to sellers or buyers who participate in the Market Activities;
- 11. The activities carried out by the Issuer, its officers, directors, employees or agents with respect to the Market Activities are of a purely administrative nature;
- 12. The Issuer, its officers, directors, employees or agents provide no investment advice with respect to the Market Activities;
- 13. The Issuer, its officers, directors, employees or agents do not take any active part in soliciting sellers or buyers under the Market Activities;
- 14. The Issuer advises the Commission it is instituting Market Activities prior to their commencement and provides the Commission with a web site address where the procedures for its Market Activities can be found or, if the issuer has no web site, provides the Commission with a copy of the procedures and an undertaking to provide to the Commission at no cost whatever information about its Market Activities the Director may request; and

