

**IN THE MATTER OF THE SECURITIES ACT
R.S.Y. 1986, CHAPTER 158, AS AMENDED**

AND

**IN THE MATTER OF THE
ISSUANCE OF “QUALIFIED INVESTMENTS” UNDER
SUBSECTION 5.2 IN THE *INCOME TAX ACT* (YUKON)**

REGISTRAR’S ORDER 99/ 38

**ORDER EXEMPTING COMPLIANCE WITH PART 1
ISSUED PURSUANT TO ORDER-IN-COUNCIL 1980/273**

**ORDER EXEMPTING COMPLIANCE WITH PART III
ISSUED PURSUANT TO SECTION 22 OF THE SECURITIES ACT**

In this Order, the expressions “eligible investor”, “eligible small business corporation”, “qualified investment,” “qualifying trust”, and “small business corporation investment tax credit certificate” have the meaning given in subsection 5.2(1) of the *Income Tax Act* (Yukon) (“ITA”).

WHEREAS application has been made to the Yukon Registrar of Securities (the “ Registrar”) on behalf of the Minister of Economic Development (“the Minister”) for an Order exempting eligible small business corporation from the registration requirements of Part I of the *Securities Act* (Yukon) (the “Act”) and the prospectus filing requirements of Part III of the Act with respect to the issuance of qualified investments to eligible investors or qualifying trusts.

AND WHEREAS each eligible small business corporation must apply to the Minister under subsection 5.2(8) of the ITA and provide additional documents and information to the Minister under subsection 5.2(9) of the ITA in order to obtain a small business corporation investment tax credit certificate under subsection 5.2(10) of the ITA.

AND WHEREAS subsection 5.2(9) of the ITA states as follows:

- “(9) An application under subsection (8) shall be made in a form authorized by the Minister of Economic Development and shall be accompanied by
- (a) a copy of the corporation’s financial statements for its last taxation year, if any, that ended more than six months before the day on which the application is made and a copy of the corporation’s financial statements for any subsequent taxation year that were prepared before that day,

- (b) a copy of the corporation's returns of income under this Act and Part I of the Federal Act for its last taxation year, if any, that ended more than six months before the day on which the application is made and a copy of any return of income of the corporation under this Act and Part I of the Federal Act for any subsequent taxation year that was filed under section 150 of the Federal Act before that day,
- (c) a copy of the corporation's articles or other constating documents,
- (d) a list containing the names of each director and officer of the corporation and each individual who controls, or who is a member of related group that controls, the corporation and the social insurance number, occupation and residential address of each such person,
- (e) a list containing the names of each individual to whom the corporation intends to issue a security and the social insurance number, occupation and residential address of each such individual,
- (f) statements, signed by each person named in a list referred to in paragraph (d) or (e), that the information contained in the list in respect of the person is accurate,
- (g) A business plan of the corporation containing
 - i. a description of the corporation's activities that is complete in all material respects,
 - ii. an estimate of the amount that the corporation intends to receive from the issuance of qualified investments, and
 - iii. an estimate of the amount that the corporation intends to receive from the issuance of shares, indebtedness or other securities that are not qualified investments, and
 - iv. a description of the intended use by the corporation of the amounts referred to in subparagraphs (ii) and (iii),
- (h) any other information that, in the opinion of the Minister, is necessary to determine whether the security in respect of which the application is made, if issued, would be a qualified investment of an eligible investor or whether the issuance of the certificate would be in accordance with the object and spirit of this Act, and
- (i) any prescribed documents of information."

AND WHEREAS the documents and information provided to the Minister as part of an application will disclose material information relevant to the qualified investment to be issued by the eligible small business corporation.

AND WHEREAS it has been represented to the Registrar on behalf of the Minister:

1. Each eligible small business corporation that intends to issue a qualified investment to an eligible investor or a qualifying trust (the "Trade") in respect of which the eligible investor will receive a

25% investment tax credit must obtain from the Minister a small business corporation investment tax credit certificate.

2. An eligible small business corporation that wishes to obtain a small business corporation investment tax credit certificate must apply under subsection 5.2(8) of the ITA and supply additional information and documents required under subsection 5.2(9) of the ITA.
3. The documents and information provided to the Minister by the eligible small business corporation will provide information to the Minister with respect to qualified investments that the eligible small business corporation proposes to issue.
4. An eligible small business corporation must, under the ITA, be a private corporation or a cooperative corporation at the time of the Trade.

AND WHEREAS the Registrar is of the opinion that a Trade will not be a distribution to the public;

AND WHEREAS the Registrar is of the opinion that a Trade will not be prejudicial to the public interest;

IT IS ORDERED THAT:

1. An eligible small business corporation shall be exempt from the Part I registration requirements of the Act and the Part III prospectus filing requirements of the Act with respect to a Trade where:
 - (a) the eligible small business corporation has been issued a small business corporation investment tax credit certificate that relates to the Trade and
 - (b) before the Trade is completed, the eligible small business corporation delivers to the eligible investor a copy of the application to the Minister of Economic Development under subsection 5.2(8) of the ITA for the small business corporation investment tax credit certificate and any accompanying documents or information provided to the Minister under subsection 5.2(9) of the ITA

DATED at the City of Whitehorse, in the Yukon Territory, this 13th day of July, 1999.

M. Richard Roberts
Registrar of Securities