

SASKATCHEWAN POLICY STATEMENT 44-601

REQUIREMENTS FOR USE OF THE ALBERTA STOCK EXCHANGE OFFERING PROSPECTUS

PART 1 DEFINITIONS

In this policy statement:

"**Act**" means *The Securities Act, 1988*, S.S. 1988, c. S-42.2 (the "Act");

"**ASC**" means the Alberta Securities Commission;

"**Commission**" means the Saskatchewan Securities Commission;

"**Director**" means the Director of the Saskatchewan Securities Commission;

"**EOP**" means a preliminary prospectus and prospectus used for distributions through the Alberta Stock Exchange;

"**EOP Form**" means the form of the EOP;

"**EOP Policy**" means Circular No. 13, Exchange Offering Prospectus adopted by the Alberta Stock Exchange;

"**Exchange**" means the Alberta Stock Exchange;

"**Exchange Distribution**" means a distribution of securities through the facilities of the Alberta Stock Exchange;

"**Exchange Issuer**" means:

1. an issuer:
 - (a) whose securities have been listed on the Exchange for at least 12 months prior to the date of the receipt for the preliminary EOP;
 - (b) that is not in default under the policies of the Exchange;
 - (c) that meets the continued listing requirements set out in Circular No. 3 of the Exchange;
and

- (d) that will meet the minimum listing requirements for an industrial, oil and gas or a mining company as set out in Circular No. 1 of the Exchange upon achieving the minimum offering; or
- 2. an issuer designated by the Director as an Exchange Issuer;

"Qualifying Issuer" means an issuer that has been conditionally approved for listing on the Exchange as:

- 1. an oil and gas or mining company; or,
- 2. an industrial company which has earned more than \$200,000 of gross revenue during its last complete financial year;

"Regulations" means *The Securities Regulations*, R.R.S., c. S-42.2 Reg 1;

"Saskatchewan Exchange Issuer or Saskatchewan Qualifying Issuer" means an Exchange Issuer or a Qualifying Issuer, as the case may be, that:

- 1. has its head office in Saskatchewan; or
- 2. has more than 50% of its total assets on a consolidated basis situated in Saskatchewan; or
- 3. earns more than 50% of its total revenue on a consolidated basis from activities carried out in Saskatchewan; or
- 4. is raising money from the distribution of securities, the majority of which it will use to develop business operations in Saskatchewan;

"Schedule 1" means Schedule 1 to the EOP Policy titled "Documents to be Filed";

PART 2 PURPOSE

- 2.1 Subsection 58(3) of the Act permits the filing of a preliminary prospectus and prospectus in the prescribed form where the distribution takes place through the facilities of a stock exchange recognized by the Commission, in accordance with the by-laws, regulations or policies of the stock exchange.
- 2.2 In General Ruling/Order 11-901 Recognition Order, the Commission has recognized the Exchange for the purposes of subsection 58(3) of the Act.

- 2.3 The Exchange has adopted an EOP Policy with respect to Exchange Distributions. Schedule 1 and the EOP Form are part of the EOP Policy. Attached to this policy statement as Appendix "A" are the EOP Policy, Schedule 1 and the EOP Form.
- 2.4 The purpose of this policy statement is to:
- (a) set out the terms and conditions upon which the Commission recognizes the Exchange; and
 - (b) prescribe the EOP Form as the form of preliminary prospectus and prospectus pursuant to subsection 58(3) of the Act;

PART 3 PROCEDURE

The Commission, the Exchange and the ASC will review EOPs in accordance with the following procedures:

3.1 Qualifying Issuers

- (a) Where a Saskatchewan Qualifying Issuer makes a distribution of securities under an EOP only in Saskatchewan and files that EOP only with the Commission and the Exchange, only the Commission will conduct a full prospectus review;
- (b) Where a Qualifying Issuer makes a distribution of securities under an EOP only in Alberta and files that EOP only with the ASC and the Exchange, only the ASC will conduct a full prospectus review;
- (c) Where a Saskatchewan Qualifying Issuer makes a distribution of securities under an EOP in both Saskatchewan and Alberta and files that EOP with the Commission, the ASC and the Exchange, the Commission will conduct a full prospectus review and the ASC will conduct a merit review only; and
- (d) Where a Qualifying Issuer makes a distribution of securities under an EOP in both Saskatchewan and Alberta and files that EOP with the Commission, the ASC and the Exchange, the ASC will conduct a full prospectus review and the Commission will conduct a merit review only.

3.2 Exchange Issuers

- (a) Where a Saskatchewan Exchange Issuer makes a distribution of securities under an EOP only in Saskatchewan and files that EOP only with the Commission and the

Exchange, the Exchange will conduct a full prospectus review and the Commission will conduct a merit review only;

- (b) Where a Saskatchewan Exchange Issuer makes a distribution of securities under an EOP in Saskatchewan and Alberta and files that EOP with the Commission, the ASC and the Exchange, the Exchange will conduct a full prospectus review and the Commission and the ASC will conduct a merit review only;
 - (c) Where an Exchange Issuer makes a distribution of securities under an EOP only in Alberta and files that EOP only with the ASC and the Exchange, the Exchange will conduct a full prospectus review and the ASC will conduct a merit review only; and
 - (d) Where an Exchange Issuer makes a distribution of securities under an EOP in Alberta and Saskatchewan and files that EOP with the ASC, the Exchange and the Commission, the Exchange will conduct a full prospectus review and the ASC and the Commission will conduct a merit review only.
- 3.3 The Commission will refuse to act as prime jurisdiction and conduct a full review of a prospectus of a Qualifying Issuer, where the Qualifying Issuer has its head office in Alberta and will distribute securities there.

PART 4 CONDITIONS FOR REVIEW OF EOPS BY THE EXCHANGE

- 4.1 The Commission agrees that the Exchange may conduct a full prospectus review under section 3.2 on the following conditions:
- (a) the EOP Form is the prescribed form to be used for EOP filings;
 - (b) securities legislation, securities directions and the EOP Policy shall all apply to Exchange Distributions except as specifically provided in the EOP Policy;
 - (c) when conducting a full prospectus review the Exchange must follow the operating procedure agreed to by the Commission and the Exchange; and
 - (d) the Commission must approve any amendments to the EOP Policy, Schedule 1 and the EOP Form before they are finalized.

PART 5 EFFECTIVE DATE

5.1 The effective date of this policy statement is February 3, 1994.

Adopted by the Commission on February 3, 1994
Amended effective January 25, 1996

"Marcel de la Gorgendière"

Marcel de la Gorgendière, Q.C.

Chairperson