

GENERAL RULING/ORDER 31-902
SASKATCHEWAN SMALL BUSINESS SECURITY ISSUERS

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

AND

IN THE MATTER OF
SASKATCHEWAN SMALL BUSINESS SECURITY ISSUERS

RULING
Section 83

WHEREAS a security issuer is defined in *The Securities Act, 1988, S.S. 1988, c. S-42.2* (the "Act") and *The Securities Regulations, R.R.S., c. S-42.2 Reg. 1* (the "Regulations") as a person or company registered pursuant to the Act as a dealer authorized to trade in securities of its own issue exclusively for its own account;

AND WHEREAS an application has been received by the Saskatchewan Securities Commission (the "Commission") from the staff of the Commission for a ruling pursuant to clause 83(1)(a) of the Act and for an order pursuant to section 160 of the Act that:

1. Certain of the requirements for registration pursuant to the Act as a security issuer or as a partner, officer or salesperson of a security issuer;
2. Certain of the ongoing requirements contained in the Act for a person or company registered pursuant to the Act as a security issuer or as a partner, officer or salesperson of a security issuer; and
3. Certain provisions of Local Instrument 33-502 Permanent Registration System

be waived with respect to a person or a company applying for registration as or who is registered as a security issuer or a partner, officer or salesperson of a security issuer pursuant to the Act and this Ruling, as the case may be, where the person or company applying for registration or so registered is a person or company:

1. That is incorporated, continued, organized or established pursuant to the laws of the Province of Saskatchewan;
2. That has its registered office and head office located in the Province of Saskatchewan;
3. That carries on or will carry on a substantial part of its business in the Province of Saskatchewan in that 75% of its business assets are or will be located in the Province of Saskatchewan and 75% of its expenses are or will be incurred in the Province of Saskatchewan;
4. That is controlled by residents of the Province of Saskatchewan in that 75% of its voting securities are or will be held by residents of the Province of Saskatchewan; and
5. Two-thirds of whose promoters and directors are residents of the Province of Saskatchewan;

(hereafter referred to as a "Saskatchewan Small Business") or is a partner, officer or salesperson of a Saskatchewan Small Business;

AND WHEREAS the Commission is of the opinion that:

1. The requirements of:
 - a. Subsection 20(5) of the Regulations with respect to surety bonds;
 - b. Subsection 20(7) of the Regulations to file with the Commission a resolution or statutory declaration with respect to bonding and insurance coverage;
 - c. Subsections 34(1) and (2) of the Regulations with respect to the sending of monthly statements of account;
 - d. Subsection 37(1) of the Regulations with respect to salespersons of a security issuer having successfully completed the Canadian Securities Course;
 - e. Section 40 of the Regulations with respect to the dual occupation of salespersons registered pursuant to the Act;
 - f. Clauses 1(2)(b) and (d) of Table I of Appendix A of the Regulations with respect to the payment of the application filing fee for registration as a security issuer or a partner, officer or salesperson of a security issuer; and
 - g. Sections 3, 4 and 5 of Local Instrument 33-503 Permanent Registration System

are not applicable or appropriate with respect to a Saskatchewan Small Business or its partners, officers or salespersons applying for registration or registered as above-mentioned;
2. The registration of a Saskatchewan Small Business and its partners, officers and salespersons as a security issuer or as a partner, officer and salesperson of a security issuer should be limited to the duration of the offering period of the distribution of securities of the Saskatchewan Small Business for which the registration is sought; and
3. Partners or officers of a Saskatchewan Small Business should meet certain competency requirements before such persons are granted registration as a partner or officer of a security issuer;

AND WHEREAS the Commission is of the opinion that:

1. The public protection mandate of the Commission can be preserved and enhanced by the granting of this Ruling while at the same time promoting the functioning of the Saskatchewan capital market and the growth of Saskatchewan businesses; and
2. That it would not be prejudicial to the public interest to make this Order and Ruling;

IT IS HEREBY RULED pursuant to clause 83(1)(a) of the Act that the provisions of subsection 36(1) of the Act, subsections 20(5), 20(7), 34(1), 34(2) and 37(1), section 40 and clauses 1(2)(b) and 1(2)(d) of Table 1 of Appendix A of the Regulations shall not apply to a person or company applying for registration as or who is registered as a security issuer or as a partner, officer or salesperson of a security issuer pursuant to the Act and this Ruling, as the case may be, provided that:

1. The person or company applying for registration or so registered is a Saskatchewan Small Business or a partner, officer or salesperson of a Saskatchewan Small Business;
2. Trading pursuant to the registration is restricted to only residents of the Province of Saskatchewan;
3. The registration is valid only for one distribution of securities of the Saskatchewan Small Business and only for the offering period of such distribution;
4. The prospectus with respect to the distribution of securities of the Saskatchewan Small Business grants to each purchaser a contractual right to withdraw from the agreement of purchase and sale of the securities issued pursuant to the prospectus if the person or company from whom the purchaser purchased the security receives notice in writing indicating the intention of the purchaser not to be bound by the agreement of purchase or sale at any time up to five business days after receipt by the purchaser of the prospectus or any amendments to the prospectus, as the case may be, that the purchaser is entitled to receive under the Act;
5. That each purchaser signs a certificate acknowledging receipt of the prospectus with respect to the distribution and any amendments thereto in the following form:

Date of Receipt of Prospectus _____

Name of Saskatchewan Small Business _____

Purchaser _____

Salesperson _____

and the security issuer maintains such certificates on its files for a period of at least six years;

6. All advertising, promotional material and sales literature as defined in Saskatchewan Local Instrument 47-501 Marketing Communications to be used in connection with the distribution of securities of the Saskatchewan Small Business is submitted to the staff of the Commission for review prior to being used;
7. No person or company shall be registered pursuant to this Ruling more than three times;
8. No person applying for registration as a partner, officer or salesperson of a security issuer under this Ruling shall be registered without first having successfully completed the Saskatchewan Small Business Security Issuers Course administered by the staff of the Commission, the fee for which shall be \$25.00 per person;
9. No registration shall be granted under this Ruling until the receipt for the final prospectus with respect to the distribution of the securities of the Saskatchewan Small Business involved has been issued by the Commission; and
10. Each person or company applying for registration as a security issuer pursuant to this Ruling shall pay an application filing fee of \$250.00 per person or company and each person applying for registration

pursuant to this Ruling as a partner, officer or salesperson of a security issuer shall pay an application filing fee of \$100.00 per person;

IT IS HEREBY ORDERED that Ordered that sections 3, 4 and 5 of Local Instrument 33-503 Permanent Registration System do not apply to a person or company who is registered as a security issuer or as a partner, officer or salesperson of a security issuer.

DATED at the City of Regina, in the Province of Saskatchewan, this 21st day of November, 1990.

AMENDED at the City of Regina, in the Province of Saskatchewan, this 7th day of July, 1998.

"Marcel de la Gorgendière"
Marcel de la Gorgendière, Q.C.
Chairman

AMENDED on August 29, 2001

AMENDED on February 1, 2002

AMENDED on June 8, 2006

"Barbara Shourounis"
Barbara Shourounis
Director