

**GENERAL RULING/ORDER 45-904**  
**TRADES BY ISSUERS IN SECURITIES TO NON-EMPLOYEE**  
**OFFICERS OR DIRECTORS PURSUANT TO SECURITY PURCHASE PLANS**

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

AND

IN THE MATTER OF  
TRADES BY ISSUERS IN SECURITIES TO NON-EMPLOYEE  
OFFICERS OR DIRECTORS PURSUANT TO SECURITY PURCHASE PLANS

RULING  
(Section 83)

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 Securities Act, 1988, S.S. 1988, c. S-42.2* (the "Act") that the provisions of sections 27 and 58 of the Act shall not apply to:

1. A proposed trade of securities (the "Securities") including options (the "Options") of an issuer (the "Issuer") by the Issuer to a non-employee officer or director of the Issuer or an affiliate of the Issuer (the "Non-Employee Officer or Director"), a company controlled by the Non-Employee Officer or Director, or to a self directed registered retirement savings plan of the Non-Employee Officer or Director (the "Non-Employee Purchasers") which are issued as incentives or compensation methods pursuant to a plan established by the Issuer, the eligible participants of which include both employees of the Issuer or an affiliate of the Issuer and Non-Employee Purchasers (a "Plan"); and
2. A proposed trade of Securities on the exercise of Options;

AND WHEREAS it has been represented to the Commission that:

1. Issuers may use either the statutory exemptions contained in clauses 39(1)(u) and 81(1)(o) of the Act or 39(1)(cc) and (81)(1)(z) of the Act to sell or grant Securities (including Options) to officers or directors of the Issuer who are employees of the Issuer or affiliates of the Issuer pursuant to a Plan and:

- a. use of the exemptions contained in clauses 39(1)(u) and 81(1)(o) of the Act would not trigger any filing or reporting requirements under subsections 81(3) of the Act (see definition of offering memorandum in clause 2(1)(ff) of the Act) and 81(4) of the Act (see General Ruling/Order 12 - "Exemption From Certain Reporting Requirements With Respect To Certain Exemptions Order, 1988"), however, the first trade restrictions contained in subsection 81(8) of the Act (see General Ruling /Order 13- "First Trades of Securities Acquired By Employees Pursuant to Section 81(1)(o) of the Act") would apply but do not include a requirement that the Securities be held for a specific period of time prior to their resale; and
  - b. use of the exemptions contained in clauses 39(1)(cc) and (81)(1)(z) of the Act would trigger filing and reporting requirements under subsections 81(3) and 81(4) of the Act, and the first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities be held for a specific period of time prior to their resale;
2. Issuers may use either the statutory exemptions contained in either subclauses 39(1)(m)(iii) and 81(1)(f)(iii) of the Act, clauses 39(1)(u) and 81(1)(o) of the Act or clauses 39(1)(cc) and (81)(1)(z) of the Act to trade Securities to officers or directors of the Issuer who are employees of the Issuer or affiliates of the Issuer who have purchased or been granted Options pursuant to a Plan on the exercise of the Options and:
- a. use of the exemptions contained in subclauses 39(1)(m)(iii) and 81(1)(f)(iii) of the Act, where the Options were acquired pursuant to clauses 39(1)(u) and 81(1)(o) of the Act, would not trigger any filing or reporting requirements under subsections 81(3) or 81(4) of the Act, nor any first trade restrictions on the resale of the Securities acquired on the exercise of the Options;
  - b. use of the exemptions contained in subclauses 39(1)(m)(iii) and 81(1)(f)(iii) of the Act, where the Options were acquired pursuant to clauses 39(1)(cc) and 81(1)(z) of the Act, would not trigger filing and reporting requirements under subsections 81(3) and 81(4) of the Act, however, the first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities acquired on the exercise of the Options be held for a specific period of time prior to their resale;
  - c. use of the exemptions contained in clauses 39(1)(u) and 81(1)(o) of the Act would not trigger any filing or reporting requirements under subsections 81(3) of the Act (see definition of offering memorandum in clause 2(1)(ff) of the Act) and 81(4) of the Act (see General Ruling/Order 12 - "Exemption From Certain Reporting Requirements With Respect To Certain Exemptions Order, 1988"), however, the first trade

restrictions contained in subsection 81(8) of the Act (see General Ruling /Order 13- "First Trades of Securities Acquired By Employees Pursuant to Section 81(1)(o) of the Act") would apply but do not include a requirement that the Securities acquired on the exercise of the Options be held for a specific period of time prior to their resale; and

- d. use of the exemptions contained in clauses 39(1)(cc) and (81)(1)(z) of the Act would trigger filing and reporting requirements under subsections 81(3) and 81(4) of the Act and the first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities acquired on the exercise of the Options be held for a specific period of time prior to their resale;
3. Issuers use the statutory exemptions contained in clauses 39(1)(cc) and 81(1)(z) of the Act to sell or grant Securities (including Options) to Non-Employee Purchasers pursuant to a Plan and filing and reporting requirements would be triggered under subsections 81(3) and 81(4) of the Act and the first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities be held for a specific period of time prior to their resale;
  4. Issuers may use either the statutory exemptions contained in subclauses 39(1)(m)(iii) and 81(1)(f)(iii) of the Act or clauses 39(1)(cc) and 81(1)(z) of the Act to trade Securities to Non-Employee Purchasers who have purchased or been granted Options pursuant to a Plan on the exercise the Options and:
    - a. use of the exemptions contained in subclauses 39(1)(m)(iii) and 81(1)(f)(iii) of the Act would not trigger filing and reporting requirements under subsections 81(3) and 81(4) of the Act, however, first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities acquired on the exercise of the Options be held for a specific period of time prior to their resale; and
    - b. use of the exemptions contained in clauses 39(1)(cc) and (81)(1)(z) of the Act would trigger filing and reporting requirements under subsection 81(4) of the Act and the first trade restrictions contained in subsections 81(6) and 81(7) of the Act would apply and include a requirement that the Securities acquired on the exercise of the Options be held for a specific period of time prior to their resale;
  5. The first trade restrictions contained in both subsection 81(8) of the Act and subsections 81(6) and 81(7) of the Act require that the Issuer have been a reporting issuer within the meaning of the Act for a specified period of time and that a report be filed by the Issuer or the vendor of the Securities, as the case may be;

6. Officers or directors of the Issuer acquiring Securities must meet the reporting requirements for insiders under Part XVII of the Act; and
7. There is no rationale for maintaining a distinction in treatment between employee officers or directors of the Issuer and Non-Employee Purchasers with respect to Securities purchased pursuant to Plans;

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

IT IS HEREBY RULED pursuant to clause 83(1)(a) of the Act that the provisions of sections 27 and 58 of the Act shall not apply to:

1. a trade of Securities by the Issuer to the Non-Employee Purchasers pursuant to a Plan; or
2. a trade of Securities pursuant to the exercise of Options;

provided that the first trade of Securities acquired pursuant to this Ruling shall be subject to the provisions of subsection 81(8) of the Act as modified by General Ruling/Order 13 - "First Trade Of Securities Acquired By Employees Pursuant To Clause 81(1)(o) Of The Act Ruling, 1988" as if such Securities had been acquired in reliance of the exemption in clause (81)(1)(o) of the Act.

DATED at the City of Regina, in the Province of Saskatchewan, this 3rd day of May, 1995.

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