

**IN THE MATTER OF THE SECURITIES ACT  
R.S.N. 1990, CHAPTER S-13, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
THE FIRST TRADE IN SECURITIES ACQUIRED  
PURSUANT TO CERTAIN EXEMPTIONS**

**ORDER AND BLANKET RULING  
(Section 144 and Subsection 75(1))**

**UPON** the motion of the Director of Securities (the "Director") pursuant to the powers conferred on the Director by section 146 of the Act for an order pursuant to section 144 and a blanket ruling pursuant to subsection 75(1) of the Act to revoke and replace with an expanded ruling a previous ruling of the Director dated October 8, 1991 entitled *In The Matter of the First Trade in Securities Acquired Pursuant to Certain Exemptions* (the "Previous Ruling");

**AND UPON** the Director being satisfied that to so order would not be prejudicial to the public interest;

**IT IS ORDERED AND RULED** pursuant to section 144 of the Act that the Previous Ruling be revoked and that pursuant to subsection 75(1) of the Act the following be substituted therefor:

**BLANKET RULING  
Subsection 75(1)**

**UPON** the motion of the Director of Securities (the "Director") for a blanket ruling pursuant to subsection 75(1) of the *Securities Act* R.S.N. 1990, chapter S-13, as amended (the "Act") in respect of first trade relief in respect of securities acquired pursuant to certain exemptions;

**AND WHEREAS** for the purposes of this ruling a "Restricted Security" means a security that was acquired in a distribution exempt from sections 54 and 63 of the Act pursuant to subparagraph 73(1)(f)(i), (ii) or (iii) except for trades in securities acquired under subparagraph 73(1)(f)(iii) where the right was previously acquired in connection with an initial trade exempted under any of the provisions referred to in subsection 73(24), paragraph 73(1)(h) or 54(3)(e) or paragraph 73(1)(i), (j) or (n) of the Act;

**AND WHEREAS** the Director is of the view that where there is no market in Newfoundland for securities of the same class as the Restricted Securities and there is a market outside of Newfoundland for such Restricted Securities where such Restricted Securities could

be traded in accordance with the applicable laws and rules of that market, the holders of such Restricted Securities in Newfoundland should not be prevented from selling the Restricted Securities in such market;

**AND UPON** the Director being satisfied that to so rule would not be prejudicial to the public interest;

**IT IS RULED** pursuant to subsection 75(1) of the Act that section 54 of the Act shall not apply to a first trade in a Restricted Security provided that:

- (a) the issuer of the Restricted Security is incorporated, organized or continued under the laws of a jurisdiction other than Newfoundland and is not a reporting issuer in Newfoundland;
- (b) at the time of the acquisition of the Restricted Security that is the subject of such first trade, residents of Newfoundland hold not more than 10% of the outstanding securities of the particular class, and the number of Newfoundland residents holding securities of the particular class is not more than 10% of the total number of holders of securities of the particular class;
- (c) such first trade is executed:
  - (i) through the facilities of a stock exchange outside of Newfoundland; or
  - (ii) on The Nasdaq Stock Market;
- (d) such first trade is made in accordance with the rules of the stock exchange or market upon which the trade is made in accordance with all laws applicable to such stock exchange or market;
- (e) such first trade is made in accordance with all laws applicable in the jurisdiction in which the trade is made as if the seller had acquired the Restricted Securities in that jurisdiction in the same manner as the seller acquired the Restricted Securities in Newfoundland; and
- (f) all disclosure material relating to the issuer furnished to securityholders resident in the jurisdiction in which the trade is made is, at the relevant time, being furnished to securityholders resident in Newfoundland.

**DATED** at St. John's, Newfoundland this 9th day of January, 1995.

GEORGE F. KENNEDY  
Director of Securities