



SECURITIES DIVISION

DEPARTMENT OF GOVERNMENT SERVICES AND LANDS
GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

Blanket Ruling No. 36

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

AND

**IN THE MATTER OF
TRADES IN SECURITIES IN CONNECTION WITH
A SECURITIES EXCHANGE ISSUER BID
OR AN AMALGAMATION, ARRANGEMENT OR OTHER
STATUTORY PROCEDURE**

**BLANKET ORDER
(Subsection 75(1))**

UPON the application of certain interested parties to the Director of Securities (the "Director") pursuant to the powers conferred upon the Director by section 146 of the Act for rulings pursuant to subsection 75(1) of the Act with respect to (i) trades made by an issuer in securities of its own issue to its securityholders in connection with a securities exchange issuer bid and (ii) trades made by the holders of securities of a company to another company in connection with a transaction referred to in paragraphs 36(1)(o) and 73(1)(i) of the Act;

AND UPON it appearing to the Director that:

1. pursuant to paragraphs 36(1)(p) and 73(1)(j) of the Act, a trade made by an issuer in securities of its own issue exchanged by or for the account of the issuer with the securityholders of another issuer in connection with a take-over bid as defined in Part XIX is not subject to section 26 or 54 of the Act;
2. pursuant to paragraphs 36(1)(q) and 73(1)(k) of the Act, a trade in a security to a person or company pursuant to an issuer bid made by that person or company is not subject to section 26 or 54 of the Act;
3. no exemptions from the registration and prospectus requirements of the Act are available with respect to trades made by an issuer in a security of its own issue to a securityholder of the issuer in connection with a securities exchange issuer bid made in compliance with Part XIX; and
4. it is arguable that trades made by the holders of securities of a company to another company in connection with a transaction referred to in paragraph 36(1)(o) and 73(1)(i) of the Act do not have the benefit of the exemptions provided for in such provisions;

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

IT IS RULED pursuant to subsection 75(1) of the Act that sections 26 and 54 of the Act do not apply to trades in securities (the "Securities") of an issuer (the "Offeror") that are exchanged by or for the account of the Offeror with its securityholders in connection with an issuer bid as defined in Part XIX of the Act, provided that:

- A.
 - 1. at the time of the trade the Offeror is a reporting issuer not in default of any requirement of the Act or the regulation made thereunder (the "Regulation");
 - 2. the Offeror complies in respect of the issuer bid with the provisions of Part XIX of the Act and Part IX of the Regulation; and
 - 3. in respect only of section 26, the Offeror is not a market intermediary as defined in subsection 169(1) of the Regulation; and
- B. the first trade in Securities acquired pursuant to this ruling shall be a distribution unless such first trade is made in accordance with the provisions of either:
 - 1. subsection 73(5) of the Act and subsections 73(15), (16) and (17) of the Act as if such Securities had been acquired pursuant to an exemption referred to in subsection 73(5) of the Act, or
 - 2. paragraph 54(5)(a) of the Act as if such Securities had been acquired pursuant to the exemption referred to in paragraph 54(5)(a) of the Act as if the reference in paragraph 54(5)(a) to "take-over bid" were a reference to "issuer bid"; and

IT IS FURTHER RULED pursuant to section 75(1) of the Act that sections 26 and 54 of the Act do not apply to trades in securities (the "Specified Securities") of a company heretofore or hereafter made by the holders of the Specified Securities to another company in connection with a statutory amalgamation or arrangement, or a statutory procedure described in subparagraph 73(1)(i)(ii) of the Act, provided that the first trade in Specified Securities acquired pursuant to this ruling shall be a distribution unless such first trade is made in accordance with subsection 73(5) of the Act as if such Specified Securities had been acquired pursuant to an exemption referred to in subsection 73(5) of the Act.

DATED at St. John's, Newfoundland this 25 day of September, 1996.

GEORGE F. KENNEDY
Director of Securities