

THE SECURITIES ACT

Section 20(1)

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Order No. 7377

August 24, 2016

**Blanket Order 51-501
Exemptions from Multilateral Instrument 51-105
Issuer Quoted in the U.S. Over-the-Counter Markets**

WHEREAS:

(A) For the purposes of this order:

1. Terms defined in the Securities Act (Manitoba) (the Act), National Instrument 14-101 *Definitions*, National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) or Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (MI 51-105) have the same meaning in this Blanket Order.
2. In this order:
 - a) "designated exchange" means any of NASDAQ OMX; Borsa Italiana, MTA Tier; London Stock Exchange, except AIM; Hong Kong Stock Exchange; Deutsche Börse, except the First Quotation Board and the Entry Standard tier; Xetra, Prime Standard and General Standard tiers; SIX Swiss Exchange; Bourse de Luxembourg, except Euro MTF; Tokyo Stock Exchange, 1st Section and 2nd Section; Shanghai Stock Exchange; The Stock Exchange of Thailand, except The Market for Alternative Investment (mai); National Stock Exchange of India; Bombay Stock Exchange; Osaka Stock Exchange; Korea Exchange; and Singapore Exchange; and
 - b) "permitted client" means a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

(B) Certain existing provisions of Manitoba securities laws impose unnecessary and unintended constraints on private placements to institutional investors.

1. Under section 3 of MI 51-105, an issuer that has issued a class of OTC-quoted securities and that does not have a class of securities listed or quoted on certain specified exchanges is a reporting issuer in Manitoba in certain circumstances.
2. Section 2.1(1) of NI 33-105 prohibits a specified firm registrant from acting either as an underwriter in a distribution of securities in which it is the issuer or selling securityholder or as a direct underwriter in a distribution of securities of or by a connected issuer or a related issuer of the specified firm registrant, unless the distribution is made under a prospectus or another document that contains certain specified information. Further, where the specified information is required to be disclosed by section 2.1(1) of NI 33-105, section 4.1 requires in certain circumstances that a purchaser of securities be given a valuation of the issuer.
3. The exemptions from MI 51-105 provided by Order number 6577 and Order number 6889 do not fully address the unnecessary and unintended constraints.

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(C) The Commission is of the opinion that it is not prejudicial to the public interest to make this order.

IT IS ORDERED:

1. That, pursuant to subsection 20(1) of the Act, an OTC issuer is exempt from section 3 of MI 51-105 if it would otherwise apply only by reason of the OTC issuer carrying on promotional activities in or from Manitoba or distributing a security to a person or company in Manitoba (or both), provided that:
 - a) the OTC issuer has securities listed on a designated exchange; or
 - b) all of the following apply:
 - (i) the distribution is exempt from the prospectus requirement;
 - (ii) the promotional activities in or from Manitoba are directed only at permitted clients; and
 - (iii) each person or company in Manitoba to which the OTC issuer distributes a security is a permitted client.
2. That, pursuant to subsection 20(1) of the Act, a person or company is exempt from sections 2.1(1) and 4.1 of NI 33-105 in connection with a distribution to which both of the following apply:
 - a) the distribution is exempt from the prospectus requirement; and
 - b) each person or company that purchases a security pursuant to the distribution is a permitted client.
3. That, pursuant to subsection 20(1) of the Act, Order number 6577 and Order number 6889 are revoked.

BY ORDER OF THE COMMISSION



Director, General Counsel