

## British Columbia Securities Commission

### British Columbia Instrument 72-502

The British Columbia Securities Commission, having considered that to do so would not be prejudicial to the public interest, orders that, effective March 30, 2004, BC Instrument 72-502 entitled *Trades in Securities of U.S. Registered Issuers* and made on May 18, 2001 is revoked, and the attached BC Instrument 72-502 entitled *Trades in Securities of U.S. Registered Issuers* is made.

March 26, 2004

Douglas M. Hyndman  
Chair

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*(This part is for administrative purposes only and is not part of the Order)*

**Authority under which Order is made:**

Act and sections: *Securities Act*, sections 76 and 171

Other (specify): not applicable

**Trades in securities of U.S. registered issuers**

Order under section 76 of the *Securities Act*

**Summary**

A B.C. resident who has acquired securities under a prospectus exemption (for example, a private placement or a stock option) from a company that is not a reporting issuer in B.C. normally needs an exemption to sell the shares. This Order provides that exemption if the conditions in the Order are met.

**Prospectus Exemption**

1.1 A B.C. resident who acquired securities under a prospectus exemption in a company that is not a reporting issuer under the B.C. *Securities Act* may sell those securities without filing a prospectus under the *Act*, if the following conditions are met:

- (1) The securities of the company are registered under section 12 of the U.S. *Securities Exchange Act of 1934, as amended*, or the company is required to file reports under section 15(d) of that Act.
- (2) The seller's residential address or registered office is in British Columbia.
- (3) A 4-month period has passed since the date the company issued the securities to the seller, or a control person sold the securities to the seller. This 4-month hold period does not apply to securities that a seller acquired under a director or employee stock option.
- (4) If the seller is a control person of the company, then the seller has held the securities for at least 6 months.
- (5) The number of securities the seller proposes to sell under this Order, plus the number of securities of the company of the same class that the seller has sold in the preceding 12-month period, does not exceed 5% of the company's outstanding securities of the same class.
- (6) The seller sells the securities through a registered investment dealer.
- (7) The registered investment dealer executes the trade through an exchange, or market, outside Canada.
- (8) There has been no unusual effort made to prepare the market or create a demand for the securities.

(9) The seller has not paid any extraordinary commission or other consideration for the trade.

(10) If the seller is an insider of the company, the seller reasonably believes that the company is not in default of the securities legislation (including U.S. federal and state securities legislation) that governs the company.

1.2 If a security acquired under a prospectus exemption is converted or exchanged into another security, the converted or exchanged security is considered the same security under this Instrument.

### **Interpretation**

2.1 Terms that are defined in the B.C. *Securities Act* or the B.C. *Securities Rules* have the same meanings in this Order.

2.2 We refer to a company in this Instrument because in most instances the issuer of the security will be a company. However, the exemption applies to the securities of all types of issuers so long as the conditions are met.