

# 2011 BCSECCOM 509

## Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act*, s. 88 – Cease to be a reporting issuer in BC - The issuer's securities are traded only on a market or exchange outside of Canada - Canadian residents own less than 2% of the issuer's securities and represent less than 2% of the issuer's total number of security holders; the issuer does not intend to do a public offering of its securities to Canadian residents, will not be a reporting issuer in a Canadian jurisdiction, is subject to the reporting requirements of US securities laws, and all shareholders receive the same disclosure

## Applicable Legislative Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, s. 88

## Exemption Order

### Flotek Industries, Inc.

### Section 88 of the *Securities Act*, R.S.B.C. 1996, c. 418

## Background

- ¶ 1 Flotek Industries, Inc. (the Filer) applied for an order under section 88 of the Act to be deemed to have ceased to be a reporting issuer.

## Representations

- ¶ 2 The Filer represents that:
1. it was incorporated under the laws of the State of Delaware, U.S.A. on October 30, 2001 and is listed on the New York Stock Exchange (NYSE) under the ticker symbol “FTK”;
  2. its principal office is 2930 W. Sam Houston Parkway N., Suite 300, Houston, Texas 77043;
  3. its Common Stock is the only class of stock of the Filer that is currently outstanding;;
  4. it is a reporting issuer in British Columbia and no other jurisdiction of Canada;
  5. it is a Securities and Exchange Commission (SEC) foreign issuer that is subject to the reporting requirements of the *Securities Exchange Act of 1934*, as amended (the U.S. Legislation); the Filer qualifies as a “SEC foreign issuer” under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

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6. the Filer files all continuous disclosure reports required under U.S. securities laws with the SEC on Electronic Data-Gathering Analysis and Retrieval (EDGAR), where such information is publicly available;
7. as of September 16, 2011, pursuant to a report provided by Broadridge Financial Solutions, Inc. (the Broadridge Report), the Filer had 43,143,875 Common Stock outstanding, of which only 762,284 Common Stock were held by stockholders with addresses in Canada, representing approximately 1.8% of the total Common Stock issued and outstanding;
8. as of September 16, 2011, pursuant to the Broadridge Report, the Filer had a total of 12,530 stockholders, of which only 231 were residents of Canada, representing approximately 1.8% of the total number of holders;
9. based upon the foregoing, residents of Canada:
  - (a) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide; and
  - (b) do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide;
10. none of the Filer's securities are traded on a marketplace in Canada, as defined in National Instrument 21-101 *Marketplace Operations*; the Filer does not currently intend to have its securities listed for trading on a marketplace in Canada;
11. the Filer has no plans to seek a public offering of its securities in Canada;
12. the Filer has provided advance notice to Canadian resident securityholders in a press release that it has applied to the securities regulatory authorities for a decision that it is not a reporting issuer in British Columbia and, if that decision is made, the Filer will no longer be a reporting issuer in any jurisdiction in Canada;
13. all of the Filer's security holders resident in British Columbia will continue to have immediate access to the same continuous disclosure documents through the EDGAR database maintained by the SEC that would be provided to the securities regulatory authorities in British Columbia;

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14. it will undertake to concurrently deliver to its Canadian securityholders, all disclosure documents the Filer would be required under U.S. securities law or NYSE requirements to deliver to U.S. resident securityholders;
15. it is not in default of any reporting or other requirement under the U.S. Legislation;
16. it is not in default of any of its obligations under securities legislation in British Columbia as a reporting issuer other than its obligation to file on or before August 29, 2011 interim financial statements for the period ended May 31, 2011 and accompanying management's discussion and analysis as required under National Instrument 51-102 *Continuous Disclosure Obligations*, and related certifications of such financial statements as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and
17. it did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it is not a closely held reporting issuer as defined in that instrument.

### **Order**

- ¶ 3 Because it is not prejudicial to the public interest, the Commission orders, under section 88 of the Act, that the Filer is deemed to have ceased to be a reporting issuer.

November 7, 2011

Martin Eady, CA  
Director, Corporate Finance  
British Columbia Securities Commission