

Note: [17 Nov 2015] – The following is a consolidation of ASC Rule 72-501. It incorporates the amendments to this document that came into effect on October 14, 1998, June 15, 2000, February 13, 2002, June 16, 2003, March 30, 2004, September 14, 2005 and November 17, 2015. This consolidation is provided for your convenience and should not be relied on as authoritative.

ALBERTA SECURITIES COMMISSION RULE 72-501
Distributions to Purchasers Outside Alberta

PART 1 DEFINITIONS

1.1 Definitions - in this rule

“Alberta issuer” means an issuer

- (a) whose mind and management is primarily located in Alberta as evidenced by the issuer’s head office or the residences of its senior officers and directors being located in Alberta; or
- (b) whose business is primarily administered from, and whose operations are primarily conducted in, Alberta;

“genuine market” means the Eurobond market, as regulated by the International Securities Market Association; and

“recognized market” means the TSX Venture Exchange, The Toronto Stock Exchange, Aequis NEO Exchange Inc., Bourse de Montréal, the New York Stock Exchange, the American Stock Exchange, the London Stock Exchange, the NASDAQ National Market and the NASDAQ Small Cap Market.

PART 2 EXEMPTIONS FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF THE ACT FOR EUROBOND OFFERINGS

2.1 Exemption for a distribution by an Alberta issuer in a non-convertible debt security to a purchaser outside Alberta where a genuine market exists

Section 75 and 110 of the Act do not apply to the distribution of a non-convertible debt security by an Alberta issuer if

- (a) the distribution is not made to a purchaser in Canada;
- (b) the debt has been accepted for listing or quotation on a genuine market outside of Canada; and

- (c) the securities to be distributed are initially issued in temporary form exchangeable for definitive securities at least 40 days after completion of the distribution upon certification by the holder that the definitive securities are not beneficially owned by an Alberta resident.

2.2 Exemption for a first trade in non-convertible debt securities previously acquired in connection with the distribution of securities outside Alberta where a genuine market exists

The first trade in Alberta in a non-convertible debt security acquired by the seller under section 2.1 of the Rule will be a distribution unless at least a 40 day period has elapsed from the date of the issue of the non-convertible debt security.

2.3 Filing report of trade

The Alberta issuer shall file a report of trade prepared and executed in accordance with Form 45-106F1 *Report of Exempt Distributions* within 10 days from the date of the distribution made under section 2.1 of the rule.

PART 3 EXEMPTIONS FROM THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF THE ACT FOR DISTRIBUTIONS TO PURCHASERS OUTSIDE ALBERTA

3.1 Exemption for a distribution by an Alberta issuer in a security to a purchaser resident outside Alberta

Sections 75 and 110 of the Act do not apply to the distribution of a security by an Alberta issuer provided that

- (a) the distribution is not made to a purchaser in Alberta;
- (b) the purchaser certifies in the subscription agreement that the purchaser is not a resident of Alberta and the issuer does not believe, and has no reasonable grounds to believe, that the certification is false;
- (c) the purchaser acknowledges in the subscription agreement that
 - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the securities,
 - (ii) there is no government or other insurance covering the securities,
 - (iii) there are risks associated with the purchase of the securities,
 - (iv) there are restrictions on the purchaser's ability to resell the securities and it is the responsibility of the purchaser to find out what those restrictions are and to comply with them before selling the securities, and

- (v) the issuer has advised the purchaser that the issuer is relying on an exemption from the requirements to provide the purchaser with a prospectus and to sell securities through a person or company registered to sell securities under the Act and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Act, including statutory rights of rescission or damages, will not be available to the purchaser;
- (d) the issuer has equity security is listed or quoted on a recognized market; and
- (e) the Alberta issuer distributing the security endorses any certificate representing the security with a legend stating that the security is subject to the resale restrictions set out in section 3.2 of the rule.

3.2 Exemption for a first trade in a security previously acquired in connection with a distribution of securities to a purchaser outside Alberta

The first trade in Alberta in a security issued pursuant to the exemption in section 3.1 of the rule will be a distribution unless the conditions specified in section 2.5 of National Instruments 45-102 *Resale of Securities* are satisfied.

3.3 Filing Report of the Trade

The Alberta issuer shall file a report of trade prepared and executed in accordance with Form 45-106F1 *Report of Exempt Distributions* within 10 days from the date of the distribution made under section 3.1 of the rule.

PART 4 EXEMPTION

- 4.1 Exemption** - The Executive Director or the Commission may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 5 EFFECTIVE DATE

- 5.1 Effective Date** - This rule comes into force on October 1, 1998.

[as amended on October 14, 1998, June 15, 2000, February 13, 2002, June 16, 2003, March 30, 2004, September 14, 2005 and November 17, 2015]