

IN THE MATTER OF THE *SECURITIES ACT*,
R.S.N.W.T. 1988, ch. S-5, AS AMENDED

CONSOLIDATION OF BLANKET ORDER NO. 1

In force May 16, 1997

AS AMENDED BY

Amendment No. 1 – November 30, 2001

Amendment No. 2 – November 21, 2002

Amendment No. 3 – June 16, 2003 (revoked)

Amendment No. 4 – August 15, 2003 (revoked)

Amendment No. 5 – May 18, 2005

Amendment No. 6 – September 14, 2005

BLANKET ORDER NO. 1

WHEREAS subsection 27(2)(b) of the *Securities Act* provides that no person or corporation shall trade in any security unless the person or corporation files a prospectus or statement of material facts with the Registrar, or unless the Registrar has ordered that a prospectus or statement of material facts need not be filed;

AND WHEREAS the Registrar is of the opinion that certain trades in securities which are statutorily exempt from the filing requirements in other jurisdictions should also be exempt in the Northwest Territories without the need to apply for a separate exemption for each trade;

IT IS ORDERED THAT:

1. (1) In this Order, the following definitions shall apply:

"control person" means any person or corporation or any combination of persons and corporations holding:

- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer; or
- (ii) more than 20% of the voting rights attached to all outstanding voting securities of the issuer, except where there is evidence showing that the holding of those voting rights does not affect materially the control of that issuer;

"distribution" where used in relation to a trade in a security, means a trade:

- (i) in a security of an issuer that has not been previously issued;
- (ii) by or on behalf of an issuer in a previously issued security of that issuer that has been redeemed or purchased by or donated to that issuer;
- (iii) in a previously issued security of an issuer from the holdings of a control person;

- (iv) in a security of an issuer by a promoter of the issuer;
- (v) in a security of an issuer by an incorporator or organizer of the issuer;
- (vi) by an underwriter in a security which was acquired by the underwriter acting as underwriter before, on or after the coming into force of this Order;

and includes any transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution;

"issuer" means a person who or corporation that:

- (i) has outstanding securities;
- (ii) is issuing a security; or
- (iii) proposes to issue a security;

"mutual fund" includes an issuer of a security that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the security;

"person" means any individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

"promoter", where used in relation to an issuer, means:

- (i) a person who or corporation that, acting alone or in conjunction with one or more other persons or corporations or a combination of persons and corporations, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; or
- (ii) a person who or corporation that, in connection with the founding, organizing or substantial reorganizing the business of the issuer, directly or indirectly, receives in consideration of services or property or both services and property 10% or more of:
 - (A) any class of securities of the issuer; or
 - (B) the proceeds from the sale of any class of securities of a particular issue;

but does not include a person who or corporation that does not otherwise take part in founding, organizing or substantially reorganizing the business of the issuer and who is a person who or corporation that receives those securities or proceeds mentioned in this subclause either solely as underwriting commissions or solely in consideration of property;

"province" means a province or territory of Canada;

"underwriter" means a person who or corporation that:

- (i) as principal, agrees to purchase a security with a view to distribution; or
- (ii) as agent, offers for sale or sells securities in connection with a distribution;

and includes a person who or corporation that has direct or indirect participation in any such distribution, but does not include:

- (iii) a person or corporation whose interest in the transaction is limited to receiving the usual and customary distributor's or seller's commission payable by an underwriter or issuer;
- (iv) a mutual fund that, pursuant to the laws of the jurisdiction to which it is subject, accepts its shares or units for surrender and resells them;
- (v) an issuer that, where permitted by the laws of the jurisdiction to which it is subject, purchases its shares or units and resells them; or
- (vi) a bank listed in Schedule I or II to the *Bank Act* (Canada) or the Business Development Bank of Canada continued pursuant to the *Business Development Bank of Canada Act* (Canada) with respect to term securities described in paragraph (3)(aa);

(2) For the purpose of this Order:

- (a) a trust corporation is deemed to be acting as principal when it trades or purchases a security as trustee or as agent for accounts fully managed by it;
- (b) a dealer or adviser is deemed to be acting as principal when the dealer or adviser trades or purchases a security as agent for accounts fully managed by that dealer or adviser;

2. Subject to *National Instrument 45-102 Resale of Securities*, a prospectus or statement of material facts need not be filed with the Registrar in respect of a trade which is not a distribution where

- (a) the trade would be exempted under section 3 or National Instrument 45-106 Prospectus and Registration Exemptions if it was a distribution;
- (b) the issuer is a reporting issuer under the laws of a province and the holders of securities of the issuer resident in the Northwest Territories are provided with such information pertaining to the issuer as is required under the Securities Act of that province or by the securities regulatory authority of that province to be provided to the holders of securities of the issuer resident in that province, and within the same time periods as prescribed by the Securities Act of that province or the securities regulatory authority of that province; or
- (c)
 - (i) residents of the Northwest Territories do not hold more than 2% of the securities of a class of securities and not more than 2% of the holders of that class of securities are resident in the Northwest Territories;
 - (ii) the trade is executed through the facilities of a stock exchange;
 - (iii) the trade is made in accordance with the rules of the stock exchange;
 - (iv) the trade is made in accordance with all laws applicable in the jurisdiction in which the stock exchange is located; and
 - (v) all disclosure material furnished to holders of securities in the jurisdiction where the trade is effected is furnished to security holders resident in the Northwest Territories.

3. A prospectus need not be filed with the Registrar in respect of a trade which is a distribution where:
 - (a) except in respect of a trade in a security of an issuer from the holdings of a control person, the trade is made to a lender, pledgee, mortgagee or other encumbrancer for the purpose of giving collateral for a *bona fide* debt;
 - (b) the trade is in securities issued by a co-operative association pursuant to the *Co-operative Associations Act*; or
 - (c) the trade is made under a distribution commenced before September 14, 2005, in reliance upon an exemption that applied before that date, provided that all terms and condition of the exemption as they applied before that date are complied with.
4. A statement of material facts need not be filed with the Registrar in respect of a trade in any case where a prospectus need not be filed, subject to the same terms and conditions that apply to a trade where a prospectus need not be filed.
5. The exemptions in sections 3 and 4 are not available:
 - (a) with respect to trades by a person or corporation that is in default of any requirement of the *Securities Act*, the regulations made under the *Securities Act* or a decision of the Registrar; or
 - (b) where the Registrar so orders.