

**BULLETIN TYPE: Policy Amendment**  
**BULLETIN DATE: February 28, 2000**

**Re: Adoption of Former VSE Resale Restrictions during Transitional Period  
Policy Amendment, CDNX Escrow Imposed on Initial Public Offerings**

The Canadian Venture Exchange Inc. (the 'Exchange') has adopted, **for an interim period only**, the former resale restrictions of the Vancouver Stock Exchange ('VSE') that previously applied to seed securities of VSE issuers (the 'Resale Matrix').

As a result of the Exchange's decision to adopt the Resale Matrix, the British Columbia Securities Commission, ('BCSC') pursuant to NIN #2000/09, has, for an interim period, recognized the Exchange for the purposes of section 127 of the *Securities Rules* as an exchange with 'recognized resale requirements'. The Resale Matrix is set out in section 9 of Policy 6.2, *Transitional Provisions for Issuers Previously Listed on the ASE and VSE* in the amendments to the CDNX Corporate Finance Manual being published by the Exchange concurrently with this Bulletin. The amendments are available on the CDNX website at [www.cdnx.ca](http://www.cdnx.ca).

### **Interim Period**

The Exchange has adopted the Resale Matrix **for an interim period only**. The hold periods prescribed by the Resale Matrix therefore will apply to seed securities distributed in British Columbia only in so far as the issuer meets the terms of the Resale Matrix.

### **The Resale Matrix does not apply to Venture Capital Pool or Capital Pool Companies.**

Seed shares of VCPs and CPCs are subject to the 12 month hold period dating from the date the issuer becomes a reporting issuer.

Pursuant to NIN #2000/09, the Resale Matrix applies to holders in British Columbia of seed securities of an issuer that meets the following conditions:

- (1) the issuer's final prospectus for its initial public offering ('IPO') is receipted on or before June 30, 2000;
- (2) the issuer's securities are listed on CDNX on or before Sept. 30, 2000;\* and
- (3) if the issuer completed its IPO distribution between November 26, 1999 and February 22, 2000, the issuer confirms to CDNX that it has notified the affected holders of seed securities of the change in the resale requirements and has corrected any disclosure record relating to the applicable resale restrictions by filing a material change report and press release.

\* Please note that the issuer's securities must receive final listing acceptance as evidenced by an Exchange Bulletin announcing such acceptance.

### **Background**

At the time of the merger of the VSE and Alberta Stock Exchange, the exchanges decided that CDNX would not adopt the Resale Matrix as part of its resale requirements in British Columbia. The exchanges did request that the BCSC provide transitional relief for IPOs completed on the VSE prior to the merger and the BCSC implemented that transitional relief in Part 4 of Blanket Order #51-501 (BC) - Transitional Orders Relating to Former Alberta and Vancouver Stock Exchange Issuers.

Following the merger, the Exchange and the BCSC received submissions from legal counsel in British Columbia that issuers were unaware that the Exchange had not adopted the Resale

Matrix. In order to facilitate the transactions that were undertaken during this interim period in reliance on the Resale Matrix, the Exchange has decided to re-adopt the Resale Matrix to allow issuers to complete IPOs under the terms that previously applied to IPOs on the VSE for an interim period.

### **Applicable Resale Rules after Interim Period**

Seed securities distributed in British Columbia are subject to the resale restrictions in sections 140 to 143 of the *Securities Rules*.

During the interim period, seed securities of an issuer that completes its IPO on CDNX, which are subject to either sections 140(2)(a), 141(c) or 143(f) of the *Securities Rules*, will have hold periods determined by the Resale Matrix.

After the interim period, seed securities of an issuer that completes its IPO on CDNX, which are subject to either sections 140(2)(a), 141(c) or 143(f) of the *Securities Rules*, will have an effective 12 month hold starting from the date the issuer becomes a reporting issuer.

**The availability of the CDNX Resale Matrix is made possible only by the interaction of CDNX policy, the NIN issued by the BCSC and the provisions contained in the BC Rules. The CDNX Resale Matrix will not generally be applicable to distributions governed by the laws of other jurisdictions.**

Issuers and their seed securityholders should seek legal advice on the availability of the CDNX Resale Matrix.

Please see the BC Securities Commission website at: [www.bcsc.bc.ca](http://www.bcsc.bc.ca) for NIN #2000/09.

Should you have any questions regarding the **content** of the Manual, please contact either:

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