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**FINANCIAL AND CONSUMER SERVICES COMMISSION
LOCAL RULE 72-501
DISTRIBUTION OF SECURITIES TO PERSONS OUTSIDE NEW BRUNSWICK**

**PART 1
DEFINITIONS AND INTERPRETATION**

Definitions

1. In this Instrument

“genuine market” includes:

- (a) the Eurobond market, as regulated by the International Capital Market Association, and
- (b) any foreign securities exchange or non-exchange market that the Executive Director of the Financial and Consumer Services Commission has designated.

“qualified market” includes

- (a) The Toronto Stock Exchange Inc.,
- (b) Tier 1 or Tier 2 of the TSX Venture Exchange Inc.,
- (b.1) Aequitas NEO Exchange Inc.,
- (c) Bourse de Montréal Inc.,
- (d) NYSE MKT LLC,
- (e) Nasdaq Global Market,
- (f) Nasdaq Global Select Market,
- (g) Nasdaq Capital Market,

- (h) the New York Stock Exchange,
- (i) the London Stock Exchange Limited, and
- (j) any predecessor or successor to any of the entities referred to in paragraphs (a) through (i).

PART 2 EXEMPTIONS

Division 1 – Distributions to Purchasers outside New Brunswick

- 2.1 This Instrument provides relief for an issuer that has equity securities listed on a qualified market and that sells securities to purchasers outside New Brunswick, subject to certain conditions.
- 2.2 Section 45 and section 71 of the *Securities Act*, S.N.B. 2004, c. S-5.5 do not apply to a distribution of securities by an issuer provided that:
 - (a) the distribution is not made to a purchaser resident in New Brunswick,
 - (b) the purchaser certifies in the subscription agreement that the purchaser is not resident in New Brunswick 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 Canadian securities 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 registered to sell securities under the *Securities Act* (New Brunswick) and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (New Brunswick) including statutory rights of rescission or damages, will not be available to the purchaser,

- (d) the issuer has equity securities listed or quoted on a qualified market, and
- (e) the issuer files a Form 45-106F1 *Report of Exempt Distribution* within 10 days from the date of the distribution.

2.3 A trade in a security acquired by the seller under section 2.2 of the Instrument or under any predecessor Instrument is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*.

Division 2 – Eurobond Offerings

2.4 This Instrument provides relief for Eurobond offerings.

2.5 Section 45 and section 71 of the *Securities Act* (New Brunswick) do not apply to the distribution of a non-convertible debt security provided that:

- (a) the distribution is not made to a person in Canada,
- (b) the debt has been accepted for listing on a genuine market outside Canada,
- (c) the issuer files a Form 45-106F1 *Report of Exempt Distribution* within 10 days from the date of the distribution,
- (d) the offering circular contains a legend stating that the securities are not qualified for sale in New Brunswick and may not be offered or sold directly or indirectly in New Brunswick,
- (e) the underwriters contractually agree that they will observe this restriction regarding the prohibition of offering in New Brunswick,
- (f) the securities to be distributed are initially issued in temporary form exchangeable for definitive securities 40 days after completion of the distribution on certification by the holder that the definitive securities are not beneficially owned by New Brunswick residents, and
- (g) the Executive Director of the Financial and Consumer Services Commission has not advised the issuer in writing that its securities are not eligible to use the exemption set out in this Instrument.

2.6 A trade in a non-convertible debt security issued under section 2.5 of this Instrument is a distribution unless:

- (a) the issuer is a reporting issuer in a jurisdiction listed in Appendix B to National Instrument 45-102 *Resale of Securities* and is an electronic filer under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*,
- (b) a 40 day period has elapsed from the date of issue of the non-convertible debt security,
- (c) the trade is not a control distribution,
- (d) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade,
- (e) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and
- (f) if the selling securityholder is an insider or officer of the issuer, the selling securityholder has no reasonable grounds to believe that the issuer is in default of the *Securities Act* (New Brunswick).

**PART 3
COMING INTO FORCE**

3. This Instrument comes into force on 6 January 2014.