



**IN THE MATTER OF THE *SECURITIES ACT*
(SY 2007, c. 16 as amended)**

-and-

IN THE MATTER OF

**Exemption to allow Exempt Market Dealer Participation in Selling Groups in Offerings of Securities
under a Prospectus
(CSA Coordinated Blanket Order 31-930)**

**SUPERINTENDENT ORDER 2024/03 Y.S.A.
(under section 16 of the *Securities Act*)**

WHEREAS under section 16 of the *Securities Act* (the *Act*), if the Superintendent considers that it would not be prejudicial to the public interest to do so, the Superintendent may, on application by an interested person or company or on its own initiative, make an order exempting a person, security, trade, distribution or transaction from all or any requirements of Yukon securities laws on such terms or conditions as may be set out in the order;

AND WHEREAS the Canadian Securities Administrators (CSA) staff are in agreement that it would be appropriate to grant a blanket exemption order with respect to allowing Exempt Market Dealer Participation in Selling Groups in Offerings of Securities under a Prospectus.

IT IS ORDERED THAT:

INTERPRETATION

1. Terms defined in the *Securities Act* (the *Act*), National Instrument 14-101 *Definitions*, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and National Instrument 41-101 *General Prospectus Requirements* have the same meanings in this Order, unless otherwise defined in this Order or the context otherwise requires.

2. In this Order:

“selling group” means a group of investment dealers and exempt market dealers

- (a) that was formed in connection with an offering of securities under a prospectus;
- (b) in which all of the members of the group have entered into an agreement with either the issuer or an investment dealer acting as the lead underwriter in connection with the offering to distribute the securities being offered under the prospectus through the members of such selling group; and
- (c) in which at least one member of the group
 - (i) is registered in the category of investment dealer,
 - (ii) acts as an underwriter in connection with the distribution of the securities being offered under the prospectus, and
 - (iii) with respect to the distribution of the securities under the prospectus, signs a certificate of the underwriter in accordance with the requirements of Yukon securities law.

BACKGROUND

3. Exempt market dealers play an important role in assisting start-ups and small- and medium- sized issuers raise capital. Exempt market dealers help these issuers by acting as dealers or underwriters for the issuers' securities and distributing the issuers' securities under an exemption from the prospectus requirement (such as the accredited investor exemption or the offering memorandum exemption).
4. Exempt market dealers are not permitted to participate in a distribution of securities if the distribution is made under a prospectus. In particular, exempt market dealers are not able to participate as members of selling groups in prospectus offerings.
5. Allowing exempt market dealers to participate as members of selling groups in prospectus offerings may make available additional channels of potential sources of capital to issuers.
6. The Canadian Securities Administrators (CSA) intends to collect data on the impact of allowing exempt market dealers to participate, on an interim basis, in prospectus offerings as members of selling groups.

ORDER

7. The Superintendent, considering that to do so would not be prejudicial to the public interest, orders under section 16 of the Act that paragraph 7.1(2)(d) of NI 31-103 is varied to permit an exempt market dealer to act as a dealer in a distribution of securities made under a prospectus provided that all of the following apply:
 - (a) the exempt market dealer acts as a dealer only in accordance with the terms of a selling group agreement with the issuer or an investment dealer acting as the lead underwriter in the distribution of the securities made under the prospectus;
 - (b) the exempt market dealer acts as a dealer only to a person or company in respect of whom an exemption from the prospectus requirement would have been available if the distribution of securities had been made under an exemption from the prospectus requirement;
 - (c) the exempt market dealer does not act as an underwriter in connection with the distribution of the securities under the prospectus and limits its interest in the transaction such that it comes within the exemption for selling group members in clause (d) of the definition of "underwriter" in the Act; and
 - (d) the total compensation paid or payable to the exempt market dealer does not exceed 50% of the lowest total amount of compensation paid or payable in connection with the distribution of the securities under the prospectus to any selling group member that is an investment dealer.

EFFECTIVE DATE AND TERM

8. This Order comes into effect on June 20, 2024.
9. This Order will expire on December 20, 2025.

DATED at the City of Whitehorse in the Yukon, this 20th day of June 2024.

Fred Pretorius (original signature on file)

Frederik Pretorius
Superintendent of Securities