

STAC Guidelines for US Restricted Securities

Several provisions of the US Securities laws will be referred to by issuers and holders in connection with transfer or legend removal requests. These provisions are briefly summarized below.

Please note that processing requirements may differ from Agent to Agent or may differ as a result of issuer requirements.

RULE	Overview of Common Exemptions & Restrictions	Standard Requirements
Regulation S	<p>US Reg. S recognizes that securities offerings that are made outside the US generally are not subject to the US securities registration requirements. Securities issued by a Canadian issuer that trade on a Canadian exchange or other non-U.S. exchange, and were not offered in the US, may be resold by shareholders to US investors any time after the issuance of the securities, and the resultant securities certificate after the transfer need not bear the U.S. legend.</p> <p>Securities issued by a Canadian issuer with a class of securities that trade on a US exchange, may contain legends restricting transfers of shares to US investors for the “40 day distribution compliance period.” Legends should not be removed until after 40 days of the distribution, and only upon authorization from the issuer. An issuer may request that legends be removed from all certificates. A transfer does not need be completed at the time the legend is lifted. Legend-to-legend transfers are allowed for non-US persons during the 40 day period. However, during 40 day period no transfers to or for the benefit of a US holder should occur, except in reliance upon another exemption from US law, and with an Opinion Letter of US counsel. (see note page 4)</p> <p>Offerings made by Canadian issuers to US investors must be registered in the US or made in reliance upon an exemption from registration other than Regulation S. Unregistered offerings in the US typically are subject to transfer restrictions and generally are resold under Rule 144.</p>	<p>(1) Reg S non-US person Representation Letter</p> <p>See Form A. It can be modified for sale or no sale</p> <p>(2) Issuer Approval on Corporate Letterhead</p> <p>See Form B. It can be modified for sale or no sale</p> <p>NOTE:</p> <p>Some issuers require Opinion Letters of US Counsel in all cases of legend removal or transfer with legend</p> <p>Some issuers only accept their form of representation letter</p> <p>Only the issuer will know the manner of offering.</p> <p><u>Private placement offerings to US holders would fall under Rule 144</u></p>
No Change of Beneficial Ownership	<p>Regardless of the legend a request for no change of beneficial ownership must be explicit and evident.</p> <p>IE: Addition/Deletion or change of a Custodian.</p> <p>Legend stays on the new certificate</p>	<p>Document which clearly states “no change of beneficial ownership” with medallion guarantee</p> <p>Requests where beneficial ownership is not clearly evident could require additional documentation Issuers approval & or opinion of counsel. (see note page 4)</p>

RULE	Overview of Common Exemptions & Restrictions	Standard Requirements
Rule 144 Non-Affiliates Reporting Issuers	<p>Holders of restricted securities offered by U.S. issuers or non-U.S. issuers listed only on a U.S. exchange are legally able to have the legend lifted from their securities only if the securities are being concurrently sold and at the time of sale under Rule 144, they have held the securities for at least 6 months from their initial issuance. The holder must also be a non-affiliate of the issuer for the past 3 months and the issuer must have been a reporting company for at least 90 days prior to the transfer. A transfer must be completed at the time the legend is lifted. After 6 months, but less than one year, unlimited re-sales except current public information still applies.**</p>	<p>Sale(s) After 6 months</p> <p>(1) Seller’s Representation Letter (2) Opinion Letter of US Counsel</p> <p>No Sale After 1 year</p> <p>(1) Holder’s Representation letter. (2) Opinion Letter of US Counsel*</p>
Rule 144 Non-Affiliates Non-Reporting Issuers	<p>Holders of restricted securities issued by any issuer, no matter where the issuer is incorporated or where they trade, are legally able to have the legend lifted from their securities, under Rule 144, if the securities have been held for 1 year since their initial issuance and are held by a non-affiliate of the issuer. A transfer does not need to happen at the time the legend is lifted.**</p>	<p>Sale After 1 Year</p> <p>(1) Seller’s Representation Letter (2) Opinion Letter of US Counsel*</p> <p>No Sale After 1 Year</p> <p>(1) Representation letter from shareholder (2) Opinion Letter of US Counsel*</p>
Rule 144 Affiliates Reporting Issuer	<p>During 6 month holding period – no re-sales are permitted under Rule 144.</p> <p>After 6 month holding period – may re-sell in accordance with Rule 144 including:</p> <ul style="list-style-type: none"> • Current public information; • Volume limitations; • Manner of sale requirements for equity securities; and, • Filing of Form 144 <p>Legend can only be removed at the time of sale for affiliates</p>	<p>Sale After 6 Months</p> <p>(1) Seller’s Representation letter Affiliate Reporting Issuer Exhibit B STA Guidelines</p> <p>(2) Broker’s Rule 144 Confirmation letter (Affiliates) STA guidelines Exhibit F</p> <p>(3) Opinion Letter of US counsel*</p>

RULE	Overview of Common Exemptions & Restrictions	Standard Requirements
Rule 144 Affiliates Non-Reporting Issuer	<p>During 1 year holding period – no re-sales are permitted under Rule 144.**</p> <p>After 1 year hold period – may re-sell in accordance with Rule 144 including:</p> <ul style="list-style-type: none"> • Current public information; • Volume limitations; • Manner of sale requirements for equity securities; and, • Filing of Form 144 	<p>(1) Seller’s Representation Letter Affiliate Reporting Issuer Exhibit B STA Guidelines</p> <p>(2) Broker’s Rule 144 Confirmation letter (Affiliates) STA guidelines Exhibit F</p> <p>(3) Opinion Letter of US Counsel*</p> <p>Sales only after 1 year has elapsed</p>
Rule 144A	<p>Holders of securities that are offered only to Qualified Institutional Buyers (QIBs) may be transferred among other QIBs. QIBs are beneficial owners who generally are institutions having assets in excess of \$100 million US</p> <p>Legend remains on securities, but there are no holding periods imposed</p>	<p>(1) 144A Buyer’s QIB Representation Letter</p> <p>(2) Issuer Approval on Corporate Letterhead</p>
Registered Offerings	<p>From time-to-time, securities that are initially issued in a private offering or have transfer restrictions may be subsequently registered by the company. Often these securities will be registered along with another issuance of shares by the same company and sold in the offering. Once the registration statement is “declared effective” by the SEC, the shares are no longer restricted</p>	<p>(1) Copy of Effective Registration Statement</p> <p>(2) Opinion Letter of US Counsel* which clearly identifies all the securities covered by the statement.</p>
Rule 145	<p>Rule 145 relates to issuance of securities in connection with business combinations, including mergers and acquisitions. Persons who are party to the transaction are deemed to be Underwriters if they resell their shares of the new company and the transaction involves a “shell company”. Rule 145 allows the resale by these persons if they comply with the provisions of Rule 144 relating to public information, volume limitation, and manner of sale.</p>	<p>(1) Seller’s Representation Letter</p> <p>(2) Broker’s Confirmation Letter</p> <p>(3) Opinion Letter of US Counsel*</p>
Rule 701	<p>Rule 701 provides exempt from registration for shares issued in connection with employee plans. Such shares, however, fall under the definition of “restricted securities” under Rule 144 and are subject to restrictions on resale.</p>	<p>(1) Seller’s Representation Letter</p> <p>(2) Broker’s Representation Letter (for affiliates)</p> <p>(3) Opinion Letter of US Counsel*</p>

NOTES

* Opinion Letters of US counsel must be addressed to the transfer agent and must state that the legends may be removed and the shares can be transferred. If the opinion is supplied by a firm not representing the issuer as US counsel, then a separate direction is required from the issuer.

The documentation required, and whether a legend can be removed, is determined by the Issuer's Legal Counsel, not the Transfer Agent. The Transfer Agent is responsible for ensuring the Transfer is in proper order and that the holder presents the required paperwork (determined by using our guidelines and /or issuer specific instruction) for the issuer's approval (where acceptable) or the issuer's US counsel in order to render an opinion.

Requests which do not fit into any of the categories provided should be referred to Management.

We follow the STA guidelines for restricted securities. Sample Representation letters and opinions are available for Rule 144, (Affiliates & Non-Affiliates) for transfers and legend removal. www.stai.org section 13

** Different requirements may apply under Rule 144 if the issuer has been a "shell company" in the past 12 months.

Distribution Compliance Period:

The 40 day distribution compliance period starts once the offering is complete. The issue date on a certificate may or may not represent the 1st day of the distribution compliance period. Only the issuer knows the type of offering and knows when the distribution compliance period (where applicable) starts and ends.

No change of Beneficial Ownership

There are some issuers who want to approve each transaction regardless of whether there is no change to beneficial ownership. Some issuers provide a blanket approval for addition/removal or change of a custodian. In these cases you may proceed providing that the change is evident and the broker has supplied the statement "No Change of Beneficial Ownership" along with a medallion stamp. Legend remains on the new certificate.