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Headnote

Issuer deemed to cease to be a reporting issuer – The issuer's securities are traded only on a market or exchange outside of Canada - Canadian residents own less than 10% of the issuer's securities and represent less than 10% of the issuer's total number of security holders; the issuer does not intend to do a public offering of its securities to Canadian residents; the issuer will not be a reporting issuer in a Canadian jurisdiction; the issuer is subject to the reporting requirements of US securities laws and has undertaken that it will provide all disclosure materials required by US securities laws to be delivered to the issuer's shareholders resident in the US to its shareholders resident in Canada in the manner and at the time required by US securities law and US market requirements

Exemption Order

Nicholas Financial, Inc.

Section 88 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Nicholas Financial, Inc. (Nicholas) applied for an order under section 88 of the Act to be deemed to have ceased to be a reporting issuer.

Representations

- ¶ 2 Nicholas represents that:
1. it was incorporated under the laws of British Columbia on July 28, 1986;
 2. its head office is located in Clearwater, Florida;
 3. it is a reporting issuer under the Legislation and is not in default of any requirement of the Legislation;
 4. it is not a reporting issuer in any other province or territory of Canada;
 5. it is subject to the reporting requirements of the Securities Exchange Act of 1934 of the United States of America as a reporting issuer in the United States, and is not in default of any requirements of the applicable legislation in the United States of America;

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6. its authorized capital consists of 50,000,000 common shares without par value of which 9,919,352 common shares are issued and outstanding; and 5,000,000 preference shares without par value of which none are issued;
7. its common shares were voluntarily de-listed from the predecessor to the TSX Venture Exchange on March 11, 1998, and are not currently traded on, or listed or quoted on, any other exchange or market in Canada;
8. its common shares are listed or quoted for trading on the National Market of NASDAQ, and its common shares have been continuously listed on NASDAQ since December 29, 1997;
9. as of August 31, 2006, 439,587 common shares, representing approximately 4.43% of its total issued shares, or less than 4.13% of its total issued and outstanding shares on a fully diluted basis, were held by Canadian registered shareholders, of which five (5) are residents of Canada;
10. it has no other securities, including debt securities, held by residents of Canada;
11. its management, business and assets are located in the United States of America;
12. there is no market in Canada for its common shares or any other of its securities;
13. it does not intend to seek public financing by way of an offering of its securities in Canada or to list its securities on any stock exchange or market in Canada; and
14. it has undertaken to continue to provide all disclosure materials required by US securities law to be delivered to its shareholders resident in the US to its shareholders resident in Canada in the manner and at the time required by US securities law and US market requirements.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Commission orders, under section 88 of the Act, that Nicholas is deemed to cease to be a reporting issuer.
- ¶ 4 November 6, 2006.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission