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Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief from the prospectus requirement to permit re-sales of securities without a seasoning period

Applicable British Columbia Provisions

Securities Act, ss. 61 and 76

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF CARMAX EXPLORATIONS LTD.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta and Ontario (the “Jurisdictions”) has received an application from Carmax Explorations Ltd. (the “Filer”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the prospectus requirement shall not apply to certain first trades of common shares (“Common Shares”) of the Filer;
- ¶ 2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;
- ¶ 3 AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;
- ¶ 4 AND WHEREAS the Filer has represented to the Decision Makers that:
1. the Filer was incorporated on June 16, 2000 under the *Canada Business Corporations Act* and its head office is in Vancouver, British Columbia;

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2. the Filer is a reporting issuer in British Columbia and Alberta, and became a reporting issuer by filing and obtaining receipts for its final prospectus dated October 24, 2003 (the “Prospectus”);
 3. the Filer is not in default of any requirement under the Legislation;
 4. the Filer’s authorized capital consists of an unlimited number of Common Shares of which 10,075,000 Common Shares were outstanding as at February 6, 2004;
 5. prior to filing the Prospectus, the Filer sold 2,000,000 Common Shares (the “Seed Shares”) to purchasers resident in each of the Jurisdictions (the “Seed Shareholders”) under the exemptions in Part 3 of Multilateral Instrument 45-103 *Capital Raising Exemptions* in British Columbia and Alberta and sections 2.1 and 2.3 of Ontario Securities Commission Rule 45-501 in Ontario;
 6. the Seed Shareholders are not directors or officers of the Filer;
 7. the Seed Shares are subject to a seasoning period expiring October 25, 2004;
 8. if the proposed amendments to Multilateral Instrument 45-102 *Resale of Securities* were in effect, the Seed Shares would not be subject to a seasoning period following the receipt of the Prospectus; and
 9. most of the Seed Shareholders subscribed for their securities more than twelve months ago;
- ¶ 5 AND WHEREAS under the System, this MRRS decision document evidences the decision of each Decision Maker (collectively, the “Decision”);
- ¶ 6 AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;
- ¶ 7 THE DECISION of the Decision Makers under the Legislation is that the prospectus requirement will not apply to the first trade of the Seed Shares by the Seed Shareholders, provided that:
- (a) the Filer is a reporting issuer in a jurisdiction listed in Appendix B of Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”);
 - (b) at least 12 months have elapsed from the distribution date, as defined in MI 45-102, of the Seed Shares;

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- (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 security holder is an insider or officer of the Filer, the selling security holder has no reasonable grounds to believe that the Filer is in default of securities legislation.

¶ 8 DATED February 18, 2004.

Brenda Leong
Director