

2002 BCSECCOM 967

Headnote

Relief from registration and prospectus requirements for trades of preferred shares on the automatic conversion of the shares

Exemption Order

BCE Inc.

Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 BCE Inc. applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the registration and prospectus requirements) for certain intended trades.

Representations

- ¶ 2 BCE Inc. represents that:
1. it was incorporated in 1970 and continued under the *Canada Business Corporations Act* in 1979 and has its principal and registered offices in Montréal, Québec;
 2. its authorized capital consists of an unlimited number of common shares, an unlimited number of Class B Shares, an unlimited number of First Preferred Shares issuable in series, and an unlimited number of Second Preferred Shares issuable in series, all without nominal or par value;
 3. it is a reporting issuer under the Act and is not in default of any requirement of the Act or the *Securities Rules*, B.C. Reg. 194/97;
 4. it is eligible to use the Short Form Prospectus Distribution System under National Instrument 44-101 *Short Form Prospectus Distributions*;
 5. it offered, under a short form prospectus dated December 10, 1997 (the prospectus), 10,000,000 Cumulative Redeemable First Preferred Shares, Series Y (Y Shares) at \$25.00 per Y Share;
 6. at certain times (a conversion date), the Y Shares are convertible into Cumulative Redeemable First Preferred Shares, Series Z (Z Shares) at the option of the holders of the Y Shares on a one-for-one basis, subject to the following:

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- (a) holders of Y Shares may not convert their shares if BCE Inc. determines before a conversion date that there would be less than a specified number of Z Shares outstanding after the conversion date;
 - (b) all Y Shares will be automatically converted into Z Shares if BCE Inc. determines before a conversion date that there would be less than the minimum number of Y Shares outstanding after the conversion date;
- 7. the Z Shares are convertible into Y Shares on the same basis and subject to the same conditions as the Y Shares are convertible into Z Shares;
 - 8. the conversion terms of the Y Shares and the Z Shares were fully disclosed in the prospectus;
 - 9. the conversion of the Y Shares into Z Shares at the option of the holders of the Y Shares, and the conversion of the Z Shares into Y Shares at the option of the holders of Z Shares, are exempt from the registration and prospectus requirements under sections 45(2)(12)(iii)(A) and 74(2)(11)(iii)(A) of the Act, respectively; and
 - 10. there are no exemptions under the Act for the automatic conversion of the Y Shares into Z Shares or for the automatic conversion of Z Shares into Y Shares.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders:
- (a) under sections 48 and 76 of the Act, the trades in Z Shares on the automatic conversion of the Y Shares, and the trades in Y Shares on the automatic conversion of the Z Shares, are exempt from the registration and prospectus requirements, provided that no commission or other remuneration is paid or given to any person in respect of such trades except for administrative or professional services or for services performed by a registered dealer; and
 - (b) under section 76 of the Act, any trade in Y Shares and Z Shares acquired under this order is deemed to be a distribution unless the conditions in section 2.10 or subsections (3), (4) or (5) of section 2.6 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 November 28, 2002

Derek E. Patterson

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Manager