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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 at 1000, de La Gauchetière Street West, Suite 3700, Montréal, Québec H3B 4Y7;
 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 make use of the Short Form Prospectus Distribution System pursuant to National Instrument 44-101 (the Short Form Prospectus System);
 5. it is offering, under a short form prospectus (the Prospectus), up to 20,000,000 Cumulative Redeemable First Preferred Shares, Series AC (Series AC Preferred Shares) at a price per share to be determined;
 6. the Series AC Preferred Shares will be convertible into Cumulative Redeemable First Preferred Shares, Series AD (Series AD Preferred Shares) and the Series AD Preferred Shares will be convertible into Series AC

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Preferred Shares, in each case at the option of the holders thereof, subject to the following;

- (a) holders of the Series AC Preferred Shares and holders of the Series AD Preferred Shares will have the right, at their option, on certain specified dates (a Series AC Conversion Date or a Series AD Conversion Date), to convert, subject to the terms and conditions attaching to such shares, all or any Series AC Preferred Shares or Series AD Preferred Shares registered in their names into Series AD Preferred Shares or Series AC Preferred Shares, as the case may be, on a one-for-one basis;
 - (b) the conversion of Series AC Preferred Shares or Series AD Preferred Shares may be effected by surrender of the certificate(s) representing the shares not earlier than forty-five (45) days prior to a Series AC Conversion Date or a Series AD Conversion Date, as the case may be, but not later than the close of business on the tenth day preceding a Series AC Conversion Date or a Series AD Conversion Date;
 - (c) holders of Series AC Preferred Shares and Series AD Preferred Shares will not be entitled to convert their shares if, following the close of business on the tenth day preceding a Series AC Conversion Date or a Series AD Conversion Date, BCE Inc. determines that there would remain outstanding on such date less than a specified number of Series AD Preferred Shares, or Series AC Preferred Shares, as the case may be, after having taken into account all Series AC Preferred Shares or Series AD Preferred Shares tendered for conversion (the minimum number of Series AC or Series AD Preferred Shares);
 - (d) if following the close of business on the tenth day preceding a Series AC Conversion Date or a Series AD Conversion Date, BCE Inc. determines that there would remain outstanding less than the minimum number of Series AC or Series AD Preferred Shares, all of the remaining outstanding Series AC Preferred Shares or Series AD Preferred Shares, as the case may be, will automatically be converted into Series AC Preferred Shares or Series AD Preferred Shares, as the case may be, on a one-for-one basis;
7. the conversion of the Series AC Preferred Shares into Series AD Preferred Shares at the option of the holders of the Series AC Preferred Shares and the conversion of the Series AD Preferred Shares into Series AC Preferred Shares at the option of the holders of Series AD Preferred Shares are exempt from the Registration and Prospectus Requirements pursuant to clauses 74(2)(11)(iii)(A) and 45(2)(12)(iii)(A) of the Act, respectively;

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8. no similar exemptions are available under the Act for the automatic conversion of the Series AC Preferred Shares into Series AD Preferred Shares or for the automatic conversion of Series AD Preferred Shares into Series AC Preferred Shares;

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders that:
1. under sections 48 and 76 of the Act, the trades in Series AD Preferred Shares upon the automatic conversion of the Series AC Preferred Shares and the trades in Series AC Preferred Shares upon the automatic conversion of the Series AD Preferred 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
 2. under section 76 of the Act, any trade in Series AC Preferred Shares and Series AD Preferred 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 May 8, 2002

Brenda Leong
Director