

PROVINCE OF BRITISH COLUMBIA

RULE OF THE BRITISH COLUMBIA SECURITIES COMMISSION

Securities Act

The British Columbia Securities Commission orders that, effective May 31, 2013,

- (a) National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, B.C. Reg. 226A/2009, is amended as set out in the attached Schedule A,
(b) Schedule C of Form 33-109F6 Firm Registration of National Instrument 33-109 Registration Information, B.C. Reg. 226B/2009, is amended under the heading "Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk])", in paragraph (i) under the sub-heading "(a) Bonds, Debentures, Treasury Bills and Notes", by striking out "Moody's Investors Service, Inc. or Standard & Poor's Corporation" and substituting "Moody's Canada Inc. or its DRO affiliate or Standard & Poor's Rating Services (Canada) or its DRO affiliate",
(c) National Instrument 41-101 General Prospectus Requirements, B.C. Reg. 59/2008, is amended as set out in the attached Schedule B,
(d) National Instrument 44-101 Short Form Prospectus Distributions, B.C. Reg. 370/2005, is amended as set out in the attached Schedule C,
(e) National Instrument 44-102 Shelf Distributions, B.C. Reg. 425/2000, is amended as set out in the attached Schedule D,
(f) National Instrument 45-106 Prospectus and Registration Exemptions, B.C. Reg. 227/2009, is amended as set out in the attached Schedule E,
(g) National Instrument 51-102 Continuous Disclosure Obligations, B.C. Reg. 110/2004, is amended as set out in the attached Schedule F,
(h) National Instrument 81-101 Mutual Fund Prospectus Disclosure, B.C. Reg. 1/2000, is amended in section 2.6 (4) by striking out "an approved rating organization" and substituting "a designated rating organization or its DRO affiliate",
(i) National Instrument 81-102 Mutual Funds, B.C. Reg. 2/2000, is amended as set out in the attached Schedule G,
(j) National Instrument 81-106 Investment Fund Continuous Disclosure, B.C. Reg. 218/2005, is amended in section 3.5 (6) (d) by striking out "approved credit rating" and substituting "designated rating", and
(k) National Instrument 23-101 Trading Rules, B.C. Reg. 252/2001, is amended in section 11.1 (2) by striking out "this Part" and substituting "the requirements in section 11.2".

05/28/13
Date

British Columbia Securities Commission

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Securities Act, R.S.B.C. 1996, c. 418, s. 184

Other:

DEPOSITED
May 30, 2013
B.C. REG. 179/2013

## SCHEDULE A

- 1** *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, B.C. Reg. 226A/2009, is amended as set out in this Schedule.*
- 2** *Section 8.21 is amended*
  - (a)** *in subsection (1)*
    - (i)** *by striking out “approved credit rating” and substituting “designated rating”,*
    - (ii)** *by striking out “approved credit rating organization” and substituting “designated rating organization”,*
    - (iii)** *by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*; , and
  - (b)** *in subsection (2) (b)*
    - (i)** *by striking out “an approved credit rating” and substituting “a designated rating”, and*
    - (ii)** *by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”.*
- 3** *Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital (calculating line 9 [market risk]) is amended in paragraph (a) (i) by striking out “Moody’s Investors Service, Inc. or Standard & Poor’s Corporation” and substituting “Moody’s Canada Inc. or its DRO affiliate or Standard & Poor’s Rating Services (Canada) or its DRO affiliate”.*

## SCHEDULE B

- 1** *National Instrument 41-101 General Prospectus Requirements, B.C. Reg. 59/2008, is amended as set out in this Schedule.*
- 2** *Section 1.1 is amended*
  - (a)** *by striking out “approved rating organization” and substituting “designated rating organization”, and*
  - (b)** *by adding the following definitions:*

“DRO affiliate” has the same meaning as in section 1 of NI 25-101;

“NI 25-101” means National Instrument 25-101 *Designated Rating Organizations*; .
- 3** *Section 7.2 (2) is amended by striking out “approved rating organization” and substituting “designated rating organization or its DRO affiliate”.*
- 4** *Section 10.1 (4) is amended by striking out “an approved rating organization” and substituting “a designated rating organization or its DRO affiliate”.*

## SCHEDULE C

**1** *National Instrument 44-101 Short Form Prospectus Distributions, B.C. Reg. 370/2005, is amended as set out in this Schedule.*

**2** *Section 1.1 is amended*

*(a) by repealing the definition of “approved rating”,*

*(b) by adding the following definition:*

“**designated rating**” means, for a security, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a category that replaces one of the following rating categories:

<b>Designated Rating Organization</b>	<b>Long Term Debt</b>	<b>Short Term Debt</b>	<b>Preferred Shares</b>
DBRS Limited	BBB	R-2	Pfd-3
Fitch, Inc.	BBB	F3	BBB
Moody’s Canada Inc.	Baa	Prime-3	“baaa”
Standard & Poor’s Ratings Services (Canada)	BBB	A-3	P-3

*(c) in the definition of “cash equivalent”*

*(i) by striking out “an approved rating” wherever it appears and substituting “a designated rating”, and*

*(ii) by striking out “approved rating organization” and substituting “designated rating organization or its DRO affiliate”,*

*(d) by adding the following definitions:*

“**designated rating organization**” means

(a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation;

“**DRO affiliate**” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*; , and

*(e) in the definition of “successor issuer” by repealing paragraph (a) (iii) and substituting the following:*

(iii) it participated in a restructuring transaction and its existence continued following the completion of the restructuring transaction; or

**3** *Section 2.3 (1) (e) is amended*

*(a) by striking out “an approved rating” wherever it appears and substituting “a designated rating”, and by striking out “the approved rating” and substituting “the designated rating”,*

- (b) *in subparagraph (ii) by striking out “an approved rating organization” and substituting “a designated rating organization or its DRO affiliate”, and*
  - (c) *in subparagraph (iii) by striking out “approved rating organization” and substituting “designated rating organization or its DRO affiliate”.*
- 4 *Section 2.4 (1) (c) is amended*
  - (a) *by striking out “an approved rating” wherever it appears and substituting “a designated rating”, and by striking out “the approved rating” wherever it appears and substituting “the designated rating”,*
  - (b) *by striking out “an approved rating organization” wherever it appears and substituting “a designated rating organization or its DRO affiliate”, and*
  - (c) *by striking out “any approved rating organization” wherever it appears and substituting “any designated rating organization or its DRO affiliate”.*
- 5 *Section 2.6 (1) (c) is amended*
  - (a) *by striking out “an approved rating” wherever it appears and substituting “a designated rating”, and by striking out “the approved rating” and substituting “the designated rating”,*
  - (b) *in subparagraph (ii) by striking out “an approved rating organization” and substituting “a designated rating organization or its DRO affiliate”, and*
  - (c) *in subparagraph (iii) by striking out “approved rating organization” and substituting “designated rating organization or its DRO affiliate”.*
- 6 *Item 7.9 of Form 44-101F1 is amended by striking out “securities of the issuer that are outstanding, or will be outstanding,” and substituting “the securities being distributed”.*

## SCHEDULE D

- 1 *National Instrument 44-102 Shelf Distributions, B.C. Reg. 425/2000, is amended as set out in this Schedule.*
- 2 *Section 2.3 is repealed and the following substituted:*
  - 2.3 **Shelf Qualification for Distributions Qualified under Section 2.3 of NI 44-101 (Designated Rating Non-Convertible Securities)**
    - (1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus for designated rating non-convertible securities if, at the time of filing, the issuer
      - (a) is qualified under section 2.3 of NI 44-101 to file a prospectus in the form of a short form prospectus; and
      - (b) has reasonable grounds for believing that, if it were to distribute securities under the base shelf prospectus, the securities distributed would receive a designated rating and would not receive a rating lower than a designated rating from any designated rating organization or its DRO affiliate.

- (2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that, if it were to distribute non-convertible securities under the base shelf prospectus, the securities distributed would receive a designated rating and would not receive a rating lower than a designated rating from any designated rating organization or its DRO affiliate.
- (3) A receipt issued for a base shelf prospectus of an issuer filed under subsection (2) is effective until the earliest of
  - (a) the date 25 months from the date of its issue;
  - (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time
    - (i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7 (1) or (2) of NI 44-101,
    - (ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7 (1) or (2) of NI 44-101,
    - (iii) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101, or
    - (iv) the securities to which the agreement relates
      - (A) have not received a final designated rating,
      - (B) are the subject of an announcement by a designated rating organization or its DRO affiliate, of which the issuer is or ought reasonably to be aware, that the designated rating given by the organization or its DRO affiliate may be down-graded to a rating category that would not be a designated rating, or
      - (C) have received a provisional or final rating lower than a designated rating from any designated rating organization or its DRO affiliate; and
  - (c) in Ontario, the lapse date prescribed by securities legislation.

**3 Section 2.4 (3) (b) (v) (C) and (D) are repealed and the following substituted:**

- (C) the credit supporter does not have issued and outstanding non-convertible securities that
  - (I) have received a designated rating,
  - (II) have not been the subject of an announcement by a designated rating organization or its DRO affiliate, of which the issuer is or ought reasonably to be aware, that the designated rating given by the organization or its DRO affiliate may be down-graded to a rating category that would not be a designated rating, and
  - (III) have not received a rating lower than a designated rating from any designated rating organization or its DRO affiliate; or
- (D) the securities to which the agreement relates
  - (I) have not received a final designated rating,
  - (II) have been the subject of an announcement by a designated rating organization or its DRO affiliate, of which the issuer is or ought reasonably to be aware, that the designated rating given by the

organization or its DRO affiliate may be down-graded to a rating category that would not be a designated rating, and

- (III) have received a provisional or final rating lower than a designated rating from any designated rating organization or its DRO affiliate; and

**4 Section 2.6 is amended**

**(a) in subsections (1) and (2) by striking out “an approved” wherever it appears and substituting “a designated”, and by striking out “any approved rating organization” wherever it appears and substituting “any designated rating organization or its DRO affiliate”, and**

**(b) by repealing subsection (3) (b) (iii) and substituting the following:**

(iii) the asset-backed securities to which the agreement relates

(A) have not received a final designated rating,

(B) have been the subject of an announcement by a designated rating organization or its DRO affiliate, of which the issuer is or ought reasonably to be aware, that the designated rating given by the organization or its DRO affiliate may be down-graded to a rating category that would not be a designated rating, or

(C) have received a provisional or final rating lower than designated rating from any designated rating organization or its DRO affiliate; and.

## **SCHEDULE E**

**1 National Instrument 45-106 Prospectus and Registration Exemptions, B.C. Reg. 227/2009, is amended as set out in this Schedule.**

**2 Section 1.1 is amended**

**(a) by striking out “approved credit rating” and substituting “designated rating”,**

**(b) by striking out “approved credit rating organization” and substituting “designated rating organization”, and**

**(c) by adding the following definition:**

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*; .

**3 Section 2.34 (2) (b) is amended**

**(a) by striking out “an approved credit rating” and substituting “a designated rating”, and**

**(b) by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”.**

**4 Section 2.35 (b) is amended**

**(a) by striking out “an approved credit rating” and substituting “a designated rating”, and**

(b) *by striking out* “an approved credit rating organization” *and substituting* “a designated rating organization or its DRO affiliate”.

**5** *Section 3.34 (2) (b) is amended*

(a) *by striking out* “an approved credit rating” *and substituting* “a designated rating”, *and*

(b) *by striking out* “an approved credit rating organization” *and substituting* “a designated rating organization or its DRO affiliate”.

**6** *Section 3.35 (b) is amended*

(a) *by striking out* “an approved credit rating” *and substituting* “a designated rating”, *and*

(b) *by striking out* “an approved credit rating organization” *and substituting* “a designated rating organization or its DRO affiliate”.

## SCHEDULE F

**1** *National Instrument 51-102 Continuous Disclosure Obligations, B.C. Reg. 110/2004, is amended as set out in this Schedule.*

**2** *Section 1.1 is amended*

(a) *by repealing the definition of* “approved rating organization” *and substituting the following:*

“designated rating organization” means

(a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or

(b) any other credit rating organization that has been designated under securities legislation; , *and*

(b) *by adding the following definition:*

“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*; .

## SCHEDULE G

**1** *National Instrument 81-102 Mutual Funds, B.C. Reg. 2/2000, is amended as set out in this Schedule.*

**2** *Section 1.1 is amended*

(a) *by repealing the definition of* “approved credit rating”,

(b) *by adding the following definition:*

“designated rating” means, for a security or instrument, a rating issued by a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories, or that is at or above a category that replaces one of the following rating categories, if

- (a) there has been no announcement by the designated rating organization or its DRO affiliate of which the mutual fund or its manager is or reasonably should be aware that the rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and
- (b) no designated rating organization or any of its DRO affiliates has rated the security or instrument in a rating category that is not a designated rating:

<b>Designated Rating Organization</b>	<b>Commercial Paper/ Short Term Debt</b>	<b>Long Term Debt</b>
DBRS Limited	R-1 (low)	A
Fitch, Inc.	F1	A
Moody's Canada Inc.	P-1	A2
Standard & Poor's Ratings Services (Canada)	A-1 (Low)	A

- (c) *by repealing the definition of “approved credit rating organization”*,
- (d) *by adding the following definition:*  
  - “designated rating organization” means
    - (a) each of DBRS Limited, Fitch, Inc., Moody’s Canada Inc., Standard & Poor’s Ratings Services (Canada), including their DRO affiliates; or
    - (b) any other credit rating organization that has been designated under securities legislation; ,
- (e) *in the definition of “cash cover” by striking out “an approved credit rating” and substituting “a designated rating”*,
- (f) *in the definition of “cash equivalent”*
  - (i) *by striking out “an approved credit rating” wherever it appears and substituting “a designated rating”, and*
  - (ii) *by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”*,
- (g) *by adding the following definition:*  
“DRO affiliate” has the same meaning as in section 1 of National Instrument 25-101 *Designated Rating Organizations*; ,
- (h) *in the definition of “floating rate evidence of indebtedness” by striking out “an approved credit rating” wherever it appears and substituting “a designated rating”, and*
- (i) *in the definition of “qualified security”*
  - (i) *by striking out “an approved credit rating” wherever it appears and substituting “a designated rating”, and*
  - (ii) *by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”*.

**3 Section 2.7 is amended**



- (a) *in subsection (1) by striking out “an approved credit rating” wherever it appears and substituting “a designated rating”, and*
- (b) *in subsection (2) by striking out “approved credit rating” and substituting “designated rating”.*
- 4 *Section 2.12 (1) is amended in paragraph (d) of Item 6*
- (a) *by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”, and*
- (b) *by striking out “an approved credit rating” and substituting “a designated rating”.*
- 5 *Section 2.18 (1) (a) (iii) is amended by striking out “an approved credit rating” and substituting “a designated rating”.*
- 6 *Section 4.1 (4) (b) is amended*
- (a) *by striking out “an approved rating” and substituting “a designated rating”, and*
- (b) *by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”.*
- 7 *Section 4.1 (4.1) is amended by striking out “approved rating” and substituting “designated rating”.*
- 8 *Section 15.3 (5) is amended*
- (a) *in paragraph (a) by striking out “an approved credit rating organization” and substituting “a designated rating organization or its DRO affiliate”, and*
- (b) *in paragraphs (b) and (c) by striking out “approved credit rating organization” and substituting “designated rating organization or any of its DRO affiliates”.*