

British Columbia Securities Commission

BC Instrument 32-515

**Exemption from the registration requirement for trades
in short-term debt instruments**

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective March 26, 2010, BC Instrument 32-515 entitled “Exemption from the registration requirement for trades in short-term debt instruments” is made.

March 26, 2010

Brenda M. Leong
Chair and Chief Executive Officer

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

Authority under which Order is made:

Act and sections:- *Securities Act*, sections 48(1), 187

**Exemption from the registration requirement for trades
in short term debt instruments**

Order under sections 48(1) and 187 of the Securities Act

Definitions

1. Terms defined in the *Securities Act*, R.S.B.C. 1996, c. 418, as amended (the **Act**) or in National Instrument 14-101 - *Definitions* have the same meaning in this order.
2. “Approved credit rating” has the same meaning ascribed to it in National Instrument 81-102 *Mutual Funds* (NI 81-102) with the exception of paragraph (b) of such definition.

Background

3. A person or company in British Columbia is exempt from the dealer registration requirement for trades in short-term debt instruments under section 3.35 of National Instrument 45-106 - *Prospectus and Registration Exemptions* (NI 45-106).
4. Subsection 3.35(b) of NI 45-106 provides that the dealer registration requirement for short-term debt is available only where, among other things, the negotiable promissory note or commercial paper “has an approved credit rating from an approved credit rating organization.”
5. NI 45-106 incorporates by reference the definitions for “approved credit rating” and “approved credit rating organization” in NI 81-102. The definition of “approved credit rating” in NI 81-102 requires, among other things, that (a) the rating assigned to such debt must be “at or above” certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any “approved credit rating organization” that is not an “approved credit rating.”
6. Certain Canadian financial institutions currently rely on section 3.35 of NI 45-106.
7. Section 3.35 of NI 45-106 will cease to be in force on March 27, 2010 pursuant to section 8.5 of NI 45-106, and the exemption will no longer be available to persons or companies currently relying upon it.

Order

8. The dealer registration requirement does not apply to
- (i) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
 - (ii) an association to which the *Cooperative Credit Associations Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;
 - (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or any jurisdiction in Canada, as the case may be; or
 - (iv) the Business Development Bank of Canada.

in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded

- (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this order; and
- (b) has an approved credit rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating that replaces a category listed below:

Rating Organization	Rating
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service, Inc.	P-2
Standard & Poor's Corporation	A-2.

9. This order will take effect on March 27, 2010 and cease to have effect after September 28, 2011.