

45-502 (BC) Cooperative Associations [Rule Proposed - Lapsed]

COMMISSION RULE 45-502 (BC)

COOPERATIVE ASSOCIATIONS

Definitions and interpretation

1. (1) In this rule:

"investment share" means an investment share as defined in the *Cooperative Association Act*;

"membership share" means a membership share as defined in the *Cooperative Association Act*;

"patronage return" means a patronage return as defined in the *Cooperative Association Act*.

(2) For the purposes of this rule, membership or investment shares acquired as a dividend, as interest, or as a patronage return are considered to have no acquisition cost.

Conditions prescribed under section 46 (h) of the Act

2. The following conditions are prescribed under section 46 (h) of the *Securities Act*:

Membership shares

1. An association may rely on section 46 (h) of the *Securities Act* for a trade in membership shares of its own issue if,

(a) before the trade, the association receives from the purchaser a statement in writing declaring the aggregate acquisition cost of all membership and investment shares of that association currently held by the purchaser,

(b) at the time of the trade, the association has no reasonable grounds to believe that the amount declared under paragraph (a) is not accurate, and

(c) the acquisition cost to the purchaser of the membership shares, together with the amount declared under paragraph (a), does not exceed \$5,000.

Investment shares

2. An association may rely on section 46 (h) of the *Securities Act* for a trade in investment shares of its own issue if,

(a) before the trade, the association receives from the purchaser a statement in writing declaring the aggregate acquisition cost of all membership and investment shares of that association currently held by the purchaser,

(b) at the time of the trade, the association has no reasonable grounds to believe that the amount declared under paragraph (a) is not accurate,

(c) the acquisition cost to the purchaser of the investment shares, together with the amount declared under paragraph (a), does not exceed \$5,000,

(d) the number of members of the association does not exceed 50, not including members that are employed in a full time capacity by the association, and

(e) the purchaser has been a member of the association

(i) for at least 12 months, or

(ii) since the inception of the association, if the association has been in existence for less than 12 months.

Dividends, interest and patronage returns

3. An association may rely on section 46 (h) of the *Securities Act* for a trade in a security of its own issue if

(a) the security is distributed by it as a dividend, as interest or as a patronage return, and

(b) no commission or other remuneration is paid or given to others in respect of the trade except for administrative or professional services or for services performed by a registered dealer.

Resale by members

4. A member of an association may rely on section 46 (h) of the *Securities Act* for a trade in a security of the association if the purchaser of the security has been a member of that association

(a) for at least 12 months, or

(b) since the inception of the association, if the association has been in existence for less than 12 months.

Effective date

3. This rule comes into effect on **, 2000.