

45-504 Trades To Trust Companies, Insurers And Portfolio Managers Outside British Columbia [BCI - Rescinded]

Published December 22, 2000

Effective January 1, 2001

Rescinded/Lapsed November 30, 2001

The British Columbia Securities Commission, having considered that to do so would not be prejudicial to the public interest, orders, effective January 1, 2001, that:

1. the attached BC Instrument 45-504 entitled "Trades to Trust Companies, Insurers and Portfolio Managers outside British Columbia" is made; and

2. BOR#97/4 is revoked.

DATED at Vancouver, British Columbia, on December 20, 2000.

Douglas M. Hyndman
Chair

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

Authority under which Order is made:

Act and sections:- *Securities Act*, sections 48 and 76

Other (specify):-

BC INSTRUMENT 45-504

TRADES TO TRUST COMPANIES, INSURERS AND PORTFOLIO MANAGERS OUTSIDE BRITISH COLUMBIA

Order Under Sections 48 and 76 of the *Securities Act*

Exemption for Trust Companies, Insurers and Portfolio Managers in other Provinces

1. (1) The registration and prospectus requirements of sections 34 and 61 of the *Securities Act* do not apply to a trade or distribution in a security to

(a) a trust company or an insurer, authorized to carry on business under the laws of a province other than British Columbia, that purchases the security as an agent or trustee for accounts that are fully managed by it, or

(b) a portfolio manager, registered or exempted from registration as a portfolio manager under the laws of a province other than British Columbia, that purchases the security as an agent for accounts that are fully managed by the portfolio manager,

provided that

(c) the aggregate acquisition cost to the purchaser is not less than \$97,000,

(d) the trade meets the conditions set out in sections 89(a)(i), (ii), (iii), (v) and (vi), and 128(a)(i),

(ii), (iii), (v) and (vi) of the *Securities Rules*, or

(e) the trade meets the conditions set out in sections 89(b)(ii), (iii) and (iv), and 128(b)(ii), (iii) and (iv) of the *Securities Rules*.

(2) The exemption in subsection 1(1) is available only if the issuer of the security files a Form 20 on or before the 10th day after the distribution.

2. (1) The registration and prospectus requirements of sections 34 and 61 of the *Securities Act* do not apply to a trade or distribution in a security of a mutual fund to a purchaser, other than the initial trade in a security of the mutual fund to that purchaser, if

(a) the initial trade in a security of the mutual fund to that purchaser was made under subsection 1(1)(c) of this Instrument, and

(b) either the net asset value or the aggregate acquisition cost, whichever is applicable, of the securities of the mutual fund held by the purchaser as at the date of the trade is not less than \$100,000.

(2) The exemption in subsection 2(1) is available only if the issuer files a Form 20 not later than 10 days after the end of the calendar year in which the distribution took place.

Exemption for Foreign Portfolio Managers

3. (1) The registration and prospectus requirements of sections 34 and 61 of the *Securities Act* do not apply to a trade or distribution in a security to a person that carries on business as a portfolio manager in a jurisdiction other than Canada and purchases the security as an agent for accounts that are fully managed by the person, provided that

(a) the aggregate acquisition cost to the purchaser is not less than \$97,000,

(b) the trade meets the conditions set out in sections 89(a)(i), (ii), (iii), (v) and (vi), and 128(a)(i), (ii), (iii), (v) and (vi) of the *Securities Rules*, or

(c) the trade meets the conditions set out in sections 89(b)(ii), (iii) and (iv), and 128(b)(ii), (iii) and (iv) of the *Securities Rules*.

(2) The exemption in subsection 3(1) is available only if

(a) the total asset value of the investment portfolios the person manages on behalf of clients is not less than \$20,000,000,

(b) the person files the Form attached to this Order as Schedule "A" or the Canadian Venture Exchange form entitled "Form 4D2 Portfolio Manager: Additional Undertaking and Certification" on or before the 10th day after the distribution, and

(c) the issuer of the security files a Form 20 on or before the 10th day after the distribution.

4. (1) The registration and prospectus requirements of sections 34 and 61 of the *Securities Act* do not apply to a trade or distribution in a security of a mutual fund to a purchaser, other than the initial trade in a security of the mutual fund to that purchaser, if

(a) the initial trade in a security of the mutual fund to that purchaser was made under subsection

3(1)(a) of this Instrument, and

(b) either the net asset value or the aggregate acquisition cost, whichever is applicable, of the securities of the mutual fund held by the purchaser as at the date of the trade is not less than \$100,000.

(2) The exemption in subsection 4(1) is available only if the issuer files a Form 20 not later than 10 days after the end of the calendar year in which the distribution took place.

Deemed Distribution

5. A trade in a security acquired under this Order is deemed to be a distribution unless the holder complies with the resale requirements in sections 140, 142 and 143 of the *Securities Rules* that would have been applicable had the security been acquired under sections 74(2)(4) or 74(2)(19) of the *Securities Act*, or sections 128(a) or 128(b) of the *Securities Rules*.

Schedule "A"

Certification by Foreign Portfolio Manager

The undersigned is purchasing securities of _____ (the "Issuer").

The undersigned hereby certifies that:

(a) it is purchasing securities of the Issuer on behalf of managed accounts for which it is making the investment decision to purchase these securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

(b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

(c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

(d) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and

(e) the Issuer has provided it with a list of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer (which list is attached as a schedule to this Form), and it does not believe, and has no reasonable grounds to believe, that any of those persons has a beneficial interest in any of the managed accounts for which it is purchasing, except as follows:

(name of insider(s) or person(s) carrying on investor relations activities for the Issuer that have a beneficial interest in an account)

The undersigned acknowledges that it is bound by the provisions of the British Columbia *Securities Act* including, without limitation, sections 87 and 111 concerning the filing of insider reports and reports of acquisitions.

Dated at _____

this _____ day of _____ 20____

(Name of Purchaser - please print)

(Authorized Signature)

(Official Capacity - please print)

(please print name of individual whose signature appears above, if different from name of purchaser printed above)