

British Columbia Securities Commission

BC Instrument 45-530

The British Columbia Securities Commission, having considered that it would not be prejudicial to the public interest, orders that the attached BC Instrument 45-530 *Exemptions for securities issued by a cooperative association* is made, effective September 28, 2009.

September 25, 2009

Brent W. Aitken
Acting Chair

(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, 76

Other (specify):-

Exemptions for securities issued by a cooperative association

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

1. Definitions and interpretation – (1) In this instrument:

“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 instrument, membership or investment shares acquired as, or by the application of, a dividend, interest, or a patronage return are considered to have no acquisition cost.

(3) Terms used in this Instrument that are defined or interpreted in the *Securities Act* (the Act) or the *Securities Rules* have the meaning set out in the Act or in the Rules.

2. Exemptions for membership shares and investment shares

(1) The dealer registration requirement in section 34(1)(a) of the Act does not apply to an association with respect to 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 subparagraph (a) is not accurate, and
- (c) the acquisition cost to the purchaser of the membership shares, together with the amount declared under subparagraph (a), does not exceed \$5,000.

(2) The dealer registration requirement in section 34(1)(a) of the Act does not apply to an association with respect to 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 subparagraph (a) is not accurate,
- (c) the acquisition cost to the purchaser of the investment shares, together with the amount declared under subparagraph (a), does not exceed \$5,000,
- (d) the number of members of the association whose last address as shown on

the books of the association is in British Columbia does not exceed 150, not including members that are employed by the association in a full time capacity, and

- (e) the purchaser is a member and 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.

(3) The dealer registration requirement in section 34(1)(a) of the Act does not apply to a trade in a security of an association's own issue if

- (a) the security is distributed by it as, or by the application of, a dividend, interest or 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.

(4) The dealer registration requirement in section 34(1)(a) of the Act does not apply to a trade in a security of the association if the purchaser of the security is a member and 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.

(5) The dealer registration requirement in section 34(1)(a) of the Act does not apply to securities issued by a cooperative association, as defined in the *Real Estate Development Marketing Act* (British Columbia), for the purpose of evidencing a right to use or occupy a part of the land owned by the cooperative association where the securities cannot be dealt with apart from the right to use or occupy, so long as a disclosure statement has been filed and accepted under the *Real Estate Development Marketing Act* (British Columbia).

3. The prospectus requirement in section 61 of the Act does not apply to a distribution of a security in the circumstances referred to in section 2.