

**British Columbia Securities Commission**

BC Instrument 81-507

The British Columbia Securities Commission, having considered that to do so would not be prejudicial to the public interest, orders that the attached BC Instrument 81-507 entitled "Exemption from prospectus delivery requirement for pre-authorized purchase plans" is made.

September 12, 2003

Douglas M. Hyndman  
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*, section 84(1)

Other (specify):

## **Exemption from prospectus delivery requirement for pre-authorized purchase plans**

### Order under section 84(1) of the *Securities Act*

#### **Defined terms**

1. In this Instrument:

“pre-authorized purchase plan” is a contract or other arrangement for the purchase of securities of a mutual fund by payments in a specified amount on a regularly scheduled basis, but does not include a contractual plan.

“PAP participant” is a security holder in British Columbia who purchases mutual fund securities through a pre-authorized purchase plan.

“renewal prospectus” is a prospectus, filed under the Act after the date on which a PAP participant first purchases mutual fund securities through a pre-authorized purchase plan, that qualifies the continued distribution of those mutual fund securities.

#### **Interpretation**

2. Terms defined in the *Securities Act*, the *Securities Rules* or National Instrument 14-101 *Definitions* have the same meaning in this Instrument.

#### **Exemption from delivery requirements**

3. A dealer is exempt from the requirement in section 83 of the Act to send the latest prospectus and any amendment to that prospectus, filed or required to be filed under the Act, to PAP participants if:
  - (a) the agreement establishing the pre-authorized purchase plan allows the PAP participant to terminate his or her participation in the pre-authorized purchase plan at any time;
  - (b) before relying on this exemption, the dealer sends a notice to the PAP participants to whom the dealer proposes not to deliver a prospectus:
    - (i) informing them they will not receive a renewal prospectus or any prospectus amendments after the date of the notice, unless they request them,
    - (ii) attaching a form that they can use to request the renewal prospectus and amendments and providing information about where to send the request form,
    - (iii) providing information about how to access the prospectus information electronically,

- (iv) explaining that they will not have a right of withdrawal for purchases under the pre-authorized purchase plan but will continue to have rights of action for damages or for rescission if there is a misrepresentation in the prospectus even if they do not receive a copy of the prospectus, and
  - (v) advising that they have the right to terminate their participation in the pre-authorized purchase plan at any time;
- (c) for each person who becomes a PAP participant after the date of the notice in subsection 3(b), the dealer
- (i) delivers a copy of the latest prospectus either before entering into the written confirmation of the agreement of purchase and sale with the PAP participant for his or her initial investment under the pre-authorized purchase plan or not later than midnight on the second business day after entering into that agreement,
  - (ii) informs the PAP participant that he or she will not receive a renewal prospectus or any prospectus amendments unless the PAP participant requests them, and
  - (iii) provides the information required under paragraphs 3(b)(iii) to (v);
- (d) the dealer advises all PAP participants annually in writing of how they can request the prospectus and any amendments and of their rights if there is a misrepresentation in the prospectus; and
- (e) within five business days of the later of
- (i) receiving a receipt for the renewal prospectus, or
  - (ii) receiving a request from a PAP participant,
- the dealer sends the renewal prospectus to each PAP participant who requested it.