

British Columbia Securities Commission

BC Instrument 45-530

Exemptions for Securities Issued by a Cooperative Association

The British Columbia Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective June 1, 2020, BC Instrument 45-530 *Exemptions for securities issued by a cooperative association* is revoked and replaced, so that the instrument reads as attached.

June 1, 2020

Brenda M. Leong
Chair

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

Authority under which Order is made:

Securities Act, sections 76 and 171

British Columbia Securities Commission

BC Instrument 45-530

Exemptions for Securities Issued by a Cooperative Association

Definitions and Interpretation

1. Terms defined in the *Securities Act* or National Instrument 14-101 *Definitions* have the same meaning in this Instrument.
2. In this Instrument, the terms “association”, “investment share”, “member”, “membership share” and “patronage return” have the same meaning as defined in the *Cooperative Association Act*.
3. 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.

Background

4. Section 61 of the Act requires a person to file a prospectus and to receive a receipt for that prospectus prior to distributing a security.
5. The Commission is satisfied, having considered the financing needs of associations and interests of their members and prospective members, that, subject to the conditions of this Instrument, it is appropriate to provide exemptions from the requirements of section 61 of the Act to allow distributions of membership shares and investment shares by an association to its members and prospective members.

Exemptions from prospectus requirement for membership shares and investment shares

6. The Commission, considering that to do so would not be prejudicial to the public interest, orders under section 76 that the prospectus requirement does not apply to an association with respect to a distribution of membership shares of its own issue if:
 - (a) before the distribution, the association receives from the purchaser a written declaration of the aggregate acquisition cost of all membership and investment shares of that association held by the purchaser;
 - (b) at the time of the distribution, the association has no reasonable grounds to believe that the amount declared under subsection (a) is not accurate; and
 - (c) the acquisition cost to the purchaser of the membership shares, together with the amount declared under subsection (a), does not exceed \$10,000.
7. The Commission, considering that to do so would not be prejudicial to the public interest, orders under section 76 that the prospectus requirement does not apply to an association with respect to a distribution of investment shares of its own issue if:
 - (a) 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 existed for less than 12 months;
- (b) before the distribution, the association receives from the purchaser a written declaration of the aggregate acquisition cost of all membership and investment shares of that association held by the purchaser;
- (c) at the time of the distribution, the association has no reasonable grounds to believe that the amount declared under subsection (b) is not accurate;
- (d) the acquisition cost to the purchaser of the investment shares, together with the amount declared under subsection (b), does not exceed \$10,000; and
- (e) the number of members of the association whose last address as shown on the register 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.
8. The Commission, considering that to do so would not be prejudicial to the public interest, orders under section 76 that the prospectus requirement does not apply to an association with respect to a distribution of a security of its 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 distribution except for administrative or professional services or for services performed by a registered dealer.
9. The Commission, considering that to do so would not be prejudicial to the public interest, orders under section 76 that the prospectus requirement does not apply to an association with respect to a distribution of a cooperative interest, 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 association where the cooperative interest 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).