

British Columbia Securities Commission

BC Instrument 57-502

Partial variation of certain cease trade orders issued under section 164 to permit sales to investment dealers

Definitions

1. Terms defined in the Securities Act, R.S.B.C. 1996, c. 418, as amended (the Act) and National Instrument 14-101 *Definitions* have the same meaning in this Instrument.

Background

2. Under section 164 of the Act, the Commission or the Executive Director, without providing an opportunity to be heard, may order that all persons cease trading in a specified security or in a class of security if the issuer of the security:
 - (a) fails to file a record required to be filed under the Act; or
 - (b) files a record required to be filed under the Act which record has not been completed in accordance with the Act or the regulations.
3. Under section 171 of the Act, if the Commission or the Executive Director considers that to do so would not be prejudicial to the public interest, the Commission or the Executive Director, as the case may be, may make an order varying a decision the Commission or the Executive Director, as the case may be, has made under the Act.
4. When a client of an investment dealer holds cease-traded securities, the client may not be able to dispose of the cease-traded securities and obtain a tax benefit. It can also place a burden on the investment dealer if cease-traded securities are the only securities in the client's account because the investment dealer must maintain the account.
5. To provide clients holding cease-traded securities with an opportunity to sell the securities and claim a tax benefit, and to remove the burden of maintaining inactive accounts from investment dealers, the Commission and the Executive Director consider that varying cease trade orders issued under section 164 of the Act to permit sales of securities to investment dealers in limited circumstances would not be prejudicial to the public interest.

Variation of cease trade orders

6. Under section 171 of the Act, the Commission and the Executive Director order that a cease trade order issued under section 164 of the Act by the Commission or the Executive Director, as the case may be, is varied to permit a client of an investment dealer in British Columbia to sell securities subject to the cease trade order to the investment dealer, provided that:
 - (a) the cease trade order was issued at least two years before the date of the sale; and

(b) the sale is for nominal consideration.

7. Except as set out in section 8, an investment dealer must not trade any securities purchased under this Instrument.
8. An investment dealer may return for cancellation any securities purchased under this Instrument to the issuer.

Effective date

9. This order comes into effect on February 9, 2017.

February 9, 2017

Brenda M. Leong
Chair

Peter J. Brady
Executive Director

(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 171