

2004 BCSECCOM 499

COR#04/103

Headnote

Exempt from the requirement that a person must not carry on business as an exchange in British Columbia unless it is recognized by the commission, subject to conditions

Exemption Order

Genesis Exchange Corp.

Section 33 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Genesis Exchange Corp. (Genesis) has applied for relief from the requirement under section 25 of the Act that a person must not carry on business as an exchange in British Columbia unless it is recognized by the commission.

Representations

- ¶ 2 Genesis represents that:
1. it is incorporated under the *Canada Business Corporation Act* and its head office is at Suite 1400 – 1055 West Hastings Street, Vancouver, B.C.;
 2. Glenn Ballman is its chief executive officer and owns all its issued shares;
 3. it has developed an exchange using a web-based trading platform to create an organized marketplace intended for trading securities of non-reporting issuers whose securities
 - (a) are not listed or posted for trading on any other marketplace, and
 - (b) are traded in reliance on exemptions from the registration and prospectus requirements of the Act;

2004 BCSECCOM 499

4. the exchange has systems in place that are intended to ensure that all trading of securities on the exchange are exempt from the registration and prospectus requirements of the Act.

Undertaking

¶ 3 Genesis has given the commission a written undertaking that:

1. it will notify the commission
 - (a) as soon as practicable after it becomes aware of any contravention or potential contravention of securities legislation by any person who participates in or trades on the exchange,
 - (b) at least 45 days before the effective date of any change in a director, officer or significant securityholder of Genesis or any important change in the business or operations of Genesis;
2. it will file with the commission
 - (a) simultaneously with the notification referred to in 1(b) a personal information form in respect of the new director, officer or significant securityholder or information about the important change in its business or operations,
 - (b) an amended personal information form in respect of any director, officer or significant securityholder whose personal information has changed within 10 days of the date of the change; and
3. it will submit to the commission or the executive director within 10 days any information requested by the commission or the executive director.

Order

¶ 4 Considering that to do so would not be prejudicial to the public interest, the commission orders under section 33 of the Act that Genesis is exempt from the recognition requirement under section 25 of the Act, if:

- (i) access to the exchange includes a prominently displayed disclaimer stating that the commission does not regulate the exchange; and

2004 BCSECCOM 499

- (ii) a condition of listing on the exchange is that issuers and their shareholders comply with all applicable securities legislation, including restrictions on the resale of securities.

¶ 5 August 17, 2004

Douglas M. Hyndman
Chair