

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Filer granted exemption from the prospectus requirement in connection with trades of commercial paper/short term debt instruments that do not meet the rating threshold condition requirement of the short-term debt exemption in section 2.35 of National Instrument 45-106 Prospectus Exemptions - Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c.418, ss. 61 and 76

August 8, 2025

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Vancouver City Savings Credit Union
(the Filer)

Decision

Background

- ¶ 1 The securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation), in respect of certain short-term bearer deposit notes maturing not more than one year from the date of issue (Notes), that distributions of Notes issued by the Filer and offered for sale in Canada are exempt from the prospectus requirement under the Legislation (the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba,

Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and

- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions* or MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

- ¶ 3 This decision is based on the following facts represented by the Filer:

1. the Filer is a credit union governed by the Credit Union Incorporation Act, RSBC 1996, c 82 and carries on business as a financial institution in British Columbia;
2. the Filer is not a reporting issuer in any jurisdiction and is not in default of any requirement of the securities legislation in any jurisdiction;
3. the Filer has implemented a short-term bearer deposit note program that involves the sale, from time to time, of Notes issued by the Filer to purchasers located in one or more provinces of Canada;
4. the offering and sale of Notes issued by the Filer were previously exempt from the prospectus requirements under the Legislation;
5. paragraphs 2.35(1)(b) and (c) of National Instrument 45-106 Prospectus Exemptions (NI 45-106) provides that an exemption from the prospectus requirement of the Legislation for short-term debt (the CP Exemption) is only available where such short-term debt: (a) has a credit rating from a designated rating organization... that is at or above prescribed short-term ratings; and (b) has no credit rating from a designated rating organization... that is below the prescribed short-term ratings;
6. prior to June 24, 2025, the Notes had a designated rating of R-1 (low) from DBRS Limited (DBRS), which satisfied the rating categories prescribed in the CP Exemption under paragraphs 2.35(1)(b) and (c) of NI 45-106;
7. accordingly, prior to June 24, 2025, the Notes were offered and sold in Canada pursuant to, and in accordance with the CP Exemption;
8. on June 24, 2025, DBRS downgraded the rating of the Filer's Notes to R-2(high), with a stable trend (the Downgrade), which remains DBRS's rating of the Filer's Notes on the date of this Application;
9. as a result of the Downgrade, the Filer no longer satisfies the rating requirements prescribed in the CP Exemption;
10. to avoid potential disruptions in the Filer's ability to issue Notes and resulting challenges to the Filer's liquidity and working capital, the Filer seeks the Exemption Sought;

11. all Notes will have a maturity not exceeding 365 days from the date of issuance, and will be sold in denominations of not less than \$100,000;
12. the Notes will be offered and sold in Canada only through investment dealers registered, or exempt from the requirement to register, under applicable securities legislation in Canada (Canadian Dealers). The Filer will instruct the Canadian Dealers to offer and sell the Notes only to persons or companies that are accredited investors (as defined in NI 45-106), other than those that are any of the following:
 - (a) an individual referred to in any of paragraphs (e.1), (j), (j.1), (k), (l) and (v) of that definition;
 - (b) a person or company referred to in paragraph (t) of that definition in respect of which any owner of an interest, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, is an individual referred to in any of paragraphs (e.1), (j), (j.1), (k), (l) and (v) of that definition; and a trust referred to in paragraph (w) of that definition.
(collectively, Canadian Qualified Purchasers)
13. the Filer will instruct each Canadian Dealer to apply reasonable procedures to ensure that sales of Notes by such Canadian Dealer are made only to Canadian Qualified Purchasers. The Filer will also instruct each Canadian Dealer to ensure that any subsequent resales of previously issued Notes by such Canadian Dealer are made only to Canadian Qualified Purchasers.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision concerning the Exemption Sought meets the test set out in the Legislation to make the decision.
1. The decision of the Decision Makers is that the Exemption Sought is granted in respect of the distribution of Notes, provided that:
 - (a) each Note:
 - (i) is not convertible or exchangeable into, or accompanied by a right to purchase, another security other than a Note;
 - (ii) is not a “securitized product” (as defined in NI 45-106);
 - (iii) is of a class of notes that has a rating issued by a designated rating organization (as defined in NI 45-106), a DRO affiliate (as defined in NI 45-106) of an organization listed below, a designated rating organization that is a successor credit rating organization of an organization listed below or a DRO affiliate of such successor credit rating organization (as defined in NI 45-106) at or above one of the following rating categories:

Designated Rating Organization	Rating
DBRS Limited	R-2 (high)
Fitch Ratings, Inc.	F1
Moody's Canada Inc.	P-1
S&P Global Ratings Canada	A-1 (Low) (Canada national scale)

and has no rating below:

Designated Rating Organization	Rating
DBRS Limited	R-2 (high)
Fitch Ratings, Inc.	F2
Moody's Canada Inc.	P-2
S&P Global Ratings Canada	A-1 (Low) (Canada national scale) or A-2 (global scale)

(b) each distribution of Notes is made:

(i) to a purchaser that is purchasing as a principal and is a Canadian Qualified Purchaser; and

(ii) through a Canadian Dealer; and

(c) each Canadian Dealer will be instructed to apply the reasonable procedures referred to in paragraph 13 of this decision.

2. The decision in respect of the Exemption Sought expires three years after the date of this order.

John Hinze
Director, Corporate Finance
British Columbia Securities Commission