

## Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*

*Securities Act*, s. 76 - Prospectus Requirements - Distributions of securities in connection with a proposed investment in the energy sector by certain Indigenous communities in British Columbia - Filers were granted relief from the prospectus requirement to issue securities in connection with a series of distributions to form several general and limited partnerships to be owned by certain Indigenous communities in British Columbia; the Indigenous communities will acquire an indirect interest in energy assets; the Filers cannot rely on existing prospectus exemptions; relief granted subject to conditions.

*Securities Act*, ss.11 and 169 – Confidentiality - An applicant wants to keep an application and order confidential for a limited amount of time after the order is granted - The record provides intimate financial, personal or other information; the disclosure of the information before a specific transaction would be detrimental to the person affected; the information will be made available after a specific date.

## Applicable Legislative Provisions

*Securities Act* R.S.B.C. 1996, c.418, s. 76 *Prospectus Requirements*

*Securities Act* R.S.B.C. 1996, c.418, ss. 11 and 169 *Confidentiality*

February 28, 2025

In the Matter of  
the Securities Legislation of  
British Columbia  
(the Jurisdiction)

and

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

and

In the Matter of  
Westcoast Energy Inc, Stonlasec8 Indigenous Alliance Limited Partnership (Stonlasec8 Alliance LP), Stonlasec8 Indigenous Alliance GP Ltd. (Stonlasec8 Alliance GP), Stonlasec8 Indigenous Holdings Limited Partnership (Stonlasec8 Holdings LP), Stonlasec8 Indigenous Holdings GP Ltd. (Stonlasec8 Holdings GP), Stonlasec8 Indigenous Investments Limited Partnership (Stonlasec8 Investments LP) and Stonlasec8 Indigenous Investments GP Ltd. (Stonlasec8 Investments GP)  
(collectively, the Filers)

Decision

## **Background**

- ¶ 1 The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the following distributions be exempt from the prospectus requirements of the Act (the Exemption Sought), subject to certain conditions:
- (a) the distribution of securities of Stonlasec8 Alliance LP and Stonlasec8 Alliance GP to the Participating Indigenous Communities (as defined below) or their Structured Holders (as defined below);
  - (b) the distribution of securities of Stonlasec8 Holdings LP and Stonlasec8 Holdings GP to Stonlasec8 Alliance LP and Stonlasec8 Alliance GP, respectively; and
  - (c) the distribution by Westcoast Energy Inc. (WEI) of securities of Stonlasec8 Investments LP and Stonlasec8 Investments GP to Stonlasec8 Holdings LP and Stonlasec8 Holdings GP, respectively;

Furthermore, the Decision Maker has received a request from the Filer for a decision that the application and this decision be kept confidential and not made public until the earlier of:

- (a) the date on which the Filers issue a news release announcing the proposed transactions; and
- (b) the date that is 90 days after the date of the decision document (the Confidentiality Sought).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) the Filers have 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.

## **Interpretation**

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

## **Representations**

- ¶ 3 This decision is based on the following facts represented by the Filers:
1. WEI is a corporation existing under the *Canada Business Corporations Act*. The head office of WEI is located in the Province of Alberta; in addition to other assets, WEI is the owner and operator of a federally regulated natural gas transmission system that delivers natural gas from northeast British Columbia and Alberta to various delivery points within British Columbia (the Westcoast System);
  2. Stonlasec8 Alliance GP, which will be the general partner of Stonlasec8 Alliance LP, will be incorporated under the *Business Corporations Act* (British Columbia) immediately prior to the formation of Stonlasec8 Alliance LP. Its head office will be located in the Province of

British Columbia; the shareholders of Stonlasec8 Alliance GP will be the Participating Indigenous Communities, through their respective Structured Holders;

3. Stonlasec8 Alliance LP will be a limited partnership formed under the laws of the Province of British Columbia through the filing of a certificate under the *Partnership Act* (British Columbia); its head office will be located in the Province of British Columbia; Stonlasec8 Alliance LP will be formed by Stonlasec8 Alliance GP, as general partner, and each of the Participating Indigenous Communities, through their respective Structured Holders, as limited partners;
4. Stonlasec8 Holdings GP, which will be the general partner of Stonlasec8 Holdings LP, will be incorporated under the *Business Corporations Act* (British Columbia) immediately prior to the formation of Stonlasec8 Holdings LP; its head office will be located in the Province of British Columbia; the sole shareholder of Stonlasec8 Holdings GP will be Stonlasec8 Alliance GP;
5. Stonlasec8 Holdings LP will be a limited partnership formed under the laws of the Province of British Columbia through the filing of a certificate under the *Partnership Act* (British Columbia); its head office will be located in the Province of British Columbia; Stonlasec8 Holdings LP will be formed by Stonlasec8 Holdings GP, as general partner, and Stonlasec8 Alliance LP as the limited partner;
6. Stonlasec8 Investments GP is the general partner of Stonlasec8 Investments LP incorporated under the *Business Corporations Act* (British Columbia); its head office is located in the Province of British Columbia; the sole shareholder of Stonlasec8 Investments GP is WEI; on the closing of the Proposed Transactions (defined below), Stonlasec8 Investments GP will be owned by Stonlasec8 Holdings GP;
7. Stonlasec8 Investments LP will be a limited partnership formed under the laws of the Province of British Columbia through the filing of a certificate under the *Partnership Act* (British Columbia); its head office will be located in the Province of British Columbia. Stonlasec8 Investments LP will be formed by Stonlasec8 Investments GP, as general partner, and WEI as the limited partner; on the closing of the Proposed Transactions, Stonlasec8 Investments LP will be owned by Stonlasec8 Investments GP, as general partner, and Stonlasec8 Holdings LP, as limited partner;
8. Westcoast Energy Limited Partnership (Westcoast LP) was formed on February 5, 2024 under the *Partnership Act* (British Columbia); the head office of Westcoast LP is located in the Province of British Columbia; on the closing of the Proposed Transactions, Westcoast LP will be owned by Westcoast Energy GP Inc., an affiliate of WEI, as general partner, and each of WEI and Stonlasec8 Investments LP, as limited partners;
9. Stonlasec8 Alliance GP, Stonlasec8 Alliance LP, Stonlasec8 Holdings GP, Stonlasec8 Holdings LP, Stonlasec8 Investments GP and Stonlasec8 Investments LP (collectively, the Investment Entities) are or will be formed as, collectively, a special purpose investment vehicle to permit a consortium of up to 46 Indigenous communities located in the Province of British Columbia (each a Participating Indigenous Community and, collectively, the Participating Indigenous Communities) to participate in the Proposed Investment through their Structured Holders; the Participating Indigenous Communities have appointed an

eight-person committee (the Transaction Committee) to represent them in connection with the Proposed Investment;

10. Stonlasec8 Alliance LP will acquire an indirect interest in certain property and assets currently owned and used by WEI in connection with its ownership and operation of the Westcoast System (the Proposed Investment) for the benefit of the Participating Indigenous Communities in British Columbia;
11. in connection with the organization of the Investment Entities for the Proposed Investment, the following distributions have or will occur; the Exemption Sought is with respect to the distributions described in sections (a), (b), (c), (d) and (g) below and the distributions described in sections (e), (f) and (h) below have or will rely on exemptions from the prospectus requirements of the Act set forth in National Instrument 45-106 *Prospectus Exemptions* (NI 45-106):
  - (a) Stonlasec8 Alliance GP will issue common voting shares (the Stonlasec8 Alliance GP Shares) to the Structured Holder of each of the Participating Indigenous Communities for nominal consideration, such that each Participating Indigenous Community (through its Structured Holder) will have an equal ownership interest in Stonlasec8 Alliance GP;
  - (b) Stonlasec8 Alliance GP, in its capacity as general partner of Stonlasec8 Alliance LP, will issue limited partnership units in Stonlasec8 Alliance LP (the Stonlasec8 Alliance LP Units) to each of the Structured Holders of the Participating Indigenous Communities for nominal consideration, such that each Participating Indigenous Community (through its Structured Holder) will have an equal ownership interest in Stonlasec8 Alliance LP;
  - (c) Stonlasec8 Holdings GP will issue common voting shares (the Stonlasec8 Holdings GP Shares) to Stonlasec8 Alliance GP in connection with the formation of Stonlasec8 Holdings GP;
  - (d) Stonlasec8 Holdings GP, in its capacity as general partner of Stonlasec8 Holdings LP will issue limited partnership units in Stonlasec8 Holdings LP (the Stonlasec8 Holdings LP Units) to Stonlasec8 Alliance LP in connection with the formation of Stonlasec8 Holdings LP;
  - (e) Stonlasec8 Investments GP has issued common voting shares (the Stonlasec8 Investments GP Shares) to WEI in connection with the formation of Stonlasec8 Investments GP;
  - (f) Stonlasec8 Investments GP, in its capacity as general partner of Stonlasec8 Investments LP, will issue limited partnership units in Stonlasec8 Investments LP (the Stonlasec8 Investments LP Units) to WEI in connection with the formation of Stonlasec8 Investments LP;
  - (g) WEI will subsequently transfer its Stonlasec8 Investments LP and Stonlasec8 Investments GP securities to Stonlasec8 Holdings LP and Stonlasec8 Holdings GP, respectively, to facilitate the Proposed Investment; and

- (h) Stonlasec8 Investments LP will then subscribe for Class A limited partnership units of Westcoast LP (the Westcoast Units) representing an approximately 12.5% ownership interest in Westcoast LP;

(collectively, the Proposed Securities Distributions);

12. in order to facilitate the Proposed Investment, a series of transactions will be completed subsequent to the formation of the Investment Entities such that:

(a) prior to the closing date of the Proposed Investment (the Closing Date):

- (i) Stonlasec8 Alliance LP will issue the Stonlasec8 Alliance LP Units to the Participating Indigenous Communities;
- (ii) Stonlasec8 Alliance GP will issue the Stonlasec8 Alliance GP Shares to the Participating Indigenous Communities;
- (iii) Stonlasec8 Holdings LP will issue the Stonlasec8 Holdings LP Units to Stonlasec8 Alliance LP;
- (iv) Stonlasec8 Holdings GP will issue the Stonlasec8 Holdings GP Shares to Stonlasec8 Alliance GP; and
- (v) Stonlasec8 Investments LP and Stonlasec8 Investments GP will have issued units and shares, respectively, to WEI;

(b) on or prior to the closing Date of the Proposed Investment:

- (j) WEI will contribute, transfer and assign certain pipeline assets to Westcoast LP in consideration for the assumption of debt, Class B limited partnership units of Westcoast LP and Class C limited partnership units representing, in aggregate, the value of the assets transferred;
- (ii) Stonlasec8 Holdings LP will raise capital in an aggregate principal amount of not more than \$400 million (the Stonlasec8 Holdings Debt Offering Proceeds) by way of either (A) non-recourse syndicated lender financing (by way of a syndicated credit agreement among life insurance companies) or (B) a bond offering to accredited investors comprised of pension funds and/or life insurance companies (the Stonlasec8 Holdings Debt Offering); and
- (iii) Stonlasec8 Investments LP will complete a bond offering (the Stonlasec8 Investments Bond Offering) to accredited investors in the amount of approximately \$315 million (the Stonlasec8 Investments Bond Offering Proceeds);

(c) on the Closing Date:

- (i) WEI will transfer all Stonlasec8 Investments LP Units to Stonlasec8 Holdings LP;

- (ii) WEI will transfer all Stonlasec8 Investments GP Shares to Stonlasec8 Holdings GP;
- (iii) Stonlasec8 Holdings LP will contribute the Stonlasec8 Holdings Debt Offering Proceeds to Stonlasec8 Investments LP;
- (iv) Stonlasec8 Investments LP will use the Stonlasec8 Holdings Debt Offering Proceeds and the Stonlasec8 Investments Bond Offering Proceeds and certain other funds contributed by Stonlasec8 Investments GP (utilizing subscription proceeds from WEI) to subscribe for Westcoast Units representing an approximately 12.5% ownership interest in Westcoast LP; and
- (v) Stonlasec8 Investments LP, WEI and Westcoast GP will enter into an amended and restated limited partnership agreement governing the business and affairs of Westcoast LP (the Westcoast LPA);

(collectively, the Proposed Transactions);

13. both the Stonlasec8 Holdings Debt Offering and the Stonlasec8 Investments Bond Offering will be limited recourse, in that no person will have any recourse to the Participating Indigenous Communities (or their Structured Holders, as the case may be) for any indebtedness. In addition, the Stonlasec8 Holdings Debt Offering will be guaranteed by the Federal Government;
14. participation in the Proposed Investment by the Participating Indigenous Communities is entirely voluntary. Depending on each Participating Indigenous Community's circumstances, Stonlasec8 Alliance LP Units or Stonlasec8 Alliance GP Shares (or both) may be held by limited partnerships, trusts, corporations or other entities created and organized in the Province of British Columbia for such purpose in respect of which each applicable Participating Indigenous Community holds or will hold an equity or beneficial interest (collectively, the Structured Holders);
15. each Participating Indigenous Community will invest a total of \$100 for 100 units of Stonlasec8 Alliance LP and a total of \$100 for 100 shares of Stonlasec8 Alliance GP; an aggregate investment of \$200 will be at risk by each Participating Indigenous Community with an expectation of a material amount of profit over the 30-year term of the investment; the securities of the Investment Entities are subject to restrictions on transfer under the constating documents of the Investment Entities;
16. the Transaction Committee on behalf of the Participating Indigenous Communities has received and is receiving relevant information and advice to assess the Proposed Investment and related structuring considerations and facilitate their decision to participate in the Proposed Investment; in its assessment and negotiation of the Proposed Investment, the Transaction Committee on behalf of the Participating Indigenous Communities has received and continues to receive ongoing professional advice, including legal advice from a law firm in British Columbia and financial advice from an investment dealer and adviser registered under applicable securities legislation; such legal and financial advisors have conducted and continue to conduct due diligence on WEI and the business, assets, operations and prospects of WEI;

17. since June 2023, there have been monthly meetings between Participating Indigenous Communities and (i) the Transaction Committee, (ii) the legal, financial and tax advisors and (iii) WEI to keep them informed about the business of Westcoast LP and the Proposed Investment; the Participating Indigenous Communities have been provided regular updates on the Proposed Investment; however, no offering memorandum or similar disclosure document has been or will be delivered to the Participating Indigenous Communities with respect to the distributions of interests in Stonlasec8 Alliance LP to Participating Indigenous Communities for purposes of the Proposed Investment; prior to completion of the Proposed Investment and execution of any agreements in connection with the Proposed Investment, the Transaction Committee will receive key documentation relating to the Proposed Investment (including the subscription agreement pursuant to which Stonlasec8 Investments LP will subscribe for Westcoast Units, the Westcoast LPA and other related definitive agreements) and the Participating Indigenous Communities will be apprised of key deal terms regarding the Proposed Investment, including the Proposed Transactions and Proposed Securities Distributions, with a view to obtaining the necessary approvals from Participating Indigenous Communities;
18. the Participating Indigenous Communities perform governmental functions analogous to municipalities and public boards in relation to their communities and community members served, similar in function to municipalities or agencies of government, as contemplated in paragraphs (f) and (g) of the definition of "accredited investor" in section 1.1 of NI 45-106;
19. WEI is a reporting issuer under applicable securities laws in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan, with continuous disclosure obligations and obligations with respect to the timely disclosure of material changes or changes in material facts pertaining to its business, capital and operations in accordance with such laws; the public record for WEI has, historically, included disclosure regarding the business, capital and operations of WEI, including the transmission system that will be transferred to Westcoast LP; such public record information of WEI will have ongoing importance to the Investment Entities and the Participating Indigenous Communities in their stewardship of their investment;
20. the Filers cannot rely on any available prospectus exemption in NI 45-106 for the distributions contemplated in the Exemption Sought; accordingly, the Filers require the Exemption Sought to complete the Proposed Investment, including the Proposed Transactions;
21. it is in the public interest to permit the Participating Indigenous Communities the opportunity to utilize non-recourse debt financings to acquire a 12.5% indirect equity ownership interest in Westcoast LP and, consequently, the business, assets, operations and prospects of Westcoast LP;
22. the Filers will not be able to complete the Proposed Securities Distributions or Proposed Transactions unless the Exemptions Sought are granted;
23. none of the Filers is in default of securities legislation in any jurisdiction in Canada; and

24. none of the Investment Entities is a reporting issuer in any jurisdiction in Canada.

**Decision**

¶ 4 The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that:

- (a) the securities of the Investment Entities and Westcoast LP are subject to transfer restrictions in their constating documents; and
- (b) the first trade in securities distributed in reliance on this order will be deemed to be a distribution that is subject to section 2.5 of National Instrument 45-102 Resale of Securities.

Furthermore, the decision of the principal regulator is that the Confidentiality Sought is granted.

John Hinze  
Director, Corporate Finance  
British Columbia Securities Commission