



Citation: 2023 BCSECCOM 550

**Headnote**

1996 Securities Act s.76 Prospectus – Distributions in securities of an organization that promotes the interests of a particular industry or cause - The securities are issued by a trade association to its members; the purpose of the issuance of the securities is to facilitate a commercial/administrative relationship between the trade association and its members; the acquisition of the securities by the member does not represent an investment decision on the part of the member; there is no market for the securities and none is expected to develop.

1996 Securities Act s.171 -Revoke or vary decision - An issuer wants to vary or repeal and replace a previous decision it received to revise the representations or conditions to the relief granted - The applicant previously obtained relief from certain requirements in securities legislation; the policy reasons for granting that relief have not changed, but certain of the representations or conditions to the relief are no longer appropriate because of a change in the issuer's circumstances; alternative conditions can be structured that address the issuer's new circumstances.

**Applicable British Columbia Provisions**

*Securities Act*, R.S.B.C. 1996, c.418, ss. 61, 76 and 171

November 14, 2023

**Exemption Order**

**Associated Veterinary Purchasing Co. Ltd.  
and  
Associated Veterinary Properties Co. Ltd.**

**Sections 76 and 171 of the *Securities Act*, R.S.B.C. 1996, c.418**

**Background**

¶ 1 Associated Veterinary Purchasing Co. Ltd. (the Filer) has applied for a decision under section 76(1) of the *Securities Act* (British Columbia) (the Act) that the following distributions be exempt from the prospectus requirements of the Act (collectively, the Requested Relief), subject to certain terms and conditions:

- distributions by the Subsidiary (as defined below) pursuant to a Reorganization (as described below);
- future distributions by the Filer to Filer Eligible Subscribers (as defined below);

- future distributions by the Subsidiary to Subsidiary Eligible Subscribers (as defined below); and
- trades between Filer Eligible Subscribers and Subsidiary Eligible Subscribers of Filer Shares (as defined below) and Subsidiary Shares (as defined below);

and for a decision under section 171 of the Act revoking the previous order granted by the Commission to the Filer on October 6, 2014 (the 2014 Order).

## **Representations**

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

1. the Filer is a company incorporated under the laws of British Columbia; the head office of the Filer is located in Langley, British Columbia;
2. the authorized share capital of the Filer consists of 50,000 Class “A” common voting shares without par value (each, a Filer Share), of which 455 Filer Shares are issued and outstanding as of February 3, 2023;
3. the Filer’s business is to operate as a centralized buying group (the Buying Group) on behalf of its shareholders to improve access to and facilitate the distribution of medications and other clinic supplies used in the practice of veterinary medicine (collectively, clinic supplies) at competitive pricing; the Filer purchases, and resells to its shareholders, clinic supplies at volume discounts; the Filer pays surplus revenues to its shareholders as rebates;
4. the Filer owns industrial real estate in Langley, British Columbia (the Distribution Warehouse), which provides a secure and stable location from which the Filer operates the Buying Group;
5. the 2014 Order provides relief for distributions of securities from time to time by the Filer to its shareholders, and trades among shareholders of the Filer, to allow veterinarians and veterinarian clinics in British Columbia to participate in the Buying Group;
6. the Filer has received shareholder approval to complete a reorganization (the Reorganization) to separate the Distribution Warehouse from the Buying Group, in order to:
  - (a) provide current shareholders of the Filer, including retired veterinarians no longer participating in the Buying Group, liquidity in the Distribution Warehouse by giving them the option to sell their Filer Shares; and
  - (b) allow existing and new veterinarians and veterinarian clinics (who are purchasing commercial quantities of clinic supplies) to participate in the Buying Group through ownership of a share of the Subsidiary (defined below) with the option of selling, buying or retaining shares of the Filer;
7. pursuant to the Reorganization, the Filer will:

- (a) incorporate a new subsidiary (the Subsidiary) with an authorized capital of an unlimited number of voting common shares (each, a Subsidiary Share) and an unlimited number of non-voting Preferred shares (each, a Preferred Share);
- (b) transfer ownership of all assets of the Buying Group, including clinic supplies, to the Subsidiary in exchange for Preferred Shares with a redemption value equal to the value of such transferred assets;
- (c) change its name to Associated Veterinary Properties Co. Ltd., and change the name of the Subsidiary to Associated Veterinary Purchasing Co.;
- (d) amend its Articles to provide that Filer Shares may only be issued or transferred to a person that is one of the following classes of persons (each, a Filer Eligible Subscriber) who owns a Subsidiary Share or, in the case of (i), is employed by a person who owns a Subsidiary Share:
  - (i) an individual who holds full, provisional or limited registration in a class of active registration pursuant to the Bylaws of the College of Veterinarians of British Columbia (C.V.B.C.) as amended from time to time (an Active D.V.M.);
  - (ii) a partnership whose main function is the practice of veterinary medicine in British Columbia that is owned and operated by a partnership of veterinarians where at least one partner is an Active D.V.M.;
  - (iii) a company whose main function is the practice of veterinary medicine in which at least 50% of the voting shares are owned, directly or indirectly, by one or more Active D.V.M.s; and
  - (iv) a person listed in (i) through (iii) above who qualified to acquire a share of the Filer at the time the share was acquired, but who subsequently ceased to qualify because the Active D.V.M. or Active DVMs that gave them qualifying status has been granted non-practising or retired status, or who has failed to renew their registration pursuant to the Bylaws of the C.V.B.C.;
- (e) cause the Articles of the Subsidiary to provide that Subsidiary Shares may only be issued or transferred to a person that is one of the following classes of persons that is purchasing from the Subsidiary commercial quantities of product (as determined by the Subsidiary's board of directors) (each, a Subsidiary Eligible Subscriber):
  - (i) a person who is a Filer Eligible Subscriber described in subparagraph 7(d)(i), (ii) or (iii);
  - (ii) a person whose main function is the practice of veterinary medicine in British Columbia that is not controlled by one or more Active D.V.M.s but which at all material times employs one or more Active D.V.M.s; and
  - (iii) a not-for-profit corporation whose purposes advance either the practice of veterinary medicine in British Columbia or the health and welfare of

animals in British Columbia and which at all material times employs one or more Active D.V.M.s;

- (f) cause the Subsidiary to issue one Subsidiary Share to each shareholder of the Filer that is a Subsidiary Eligible Subscriber; and
  - (g) effect a subdivision pursuant to which each Filer Share will be subdivided into 100 Filer Shares;
8. following the Reorganization, the Subsidiary will carry on the Buying Group, and the Filer will restrict its business to real estate investments where at least 80% of such real estate is leased by the Subsidiary (the Permitted Business);
  9. the Filer and the Subsidiary will enter into a long term lease for the Distribution Warehouse at fair market rent and other arm's length terms, to be used to pay expenses and mortgage debt, with operating profits available to redeem Filer Shares or pay dividends or other distributions to the shareholders of the Filer;
  10. each of the Filer and the Subsidiary will maintain a website on which it will post certain information, including information regarding acquiring Filer Shares or Subsidiary Shares, as applicable;
  11. each of the Filer and the Subsidiary will send to its shareholders audited annual financial statements and notices of meetings and materials for annual general meetings of its shareholders;
  12. no securities of the Filer, including debt securities, are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported; and
  13. the Filer is not and has no current intention of becoming a reporting issuer in any jurisdiction of Canada.

#### **Order**

¶ 3 Considering that it is not be prejudicial to the public interest, the Executive Director orders that:

1. the Requested Relief is granted, provided that:
  - (a) the Filer restricts the issuance and transfer of Filer Shares to Filer Eligible Subscribers, and does not amend its Articles to change that restriction;
  - (b) the Filer does not amend its Articles to permit the Filer to carry on a business other than the Permitted Business;
  - (c) the Subsidiary restricts the issuance and transfer of Subsidiary Shares to Subsidiary Eligible Subscribers, and does not amend its Articles to change that restriction;

- (d) any certificate for shares issued or transferred by the Filer or the Subsidiary under this order contains a legend stating all applicable resale and transfer restrictions; and
  - (e) the first trade in shares other than to a Filer Eligible Subscriber, a Subsidiary Eligible Subscriber, the Filer or the Subsidiary is deemed to be a distribution; and
2. the 2014 Order is revoked.

John Hinze  
Director, Corporate Finance  
British Columbia Securities Commission