



PLEASE NOTE

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For more information concerning the history of these regulations, please see the [Table of Regulations](#).

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CHAPTER H-5

HIGHWAY TRAFFIC ACT

DEALER'S TRADE LICENSE REGULATIONS

Pursuant to section 51 of the *Highway Traffic Act* R.S.P.E.I. 1988, Cap. H-5, Council made the following regulations:

1. In these regulations

Definitions

- (a) "established place of business" means a place owned, rented or leased by a dealer at which place he conducts the business of dealing in vehicles; established place of business
- (b) "license" means a dealer's trade license issued pursuant to section 35 of the Act; license
- (c) "off-highway vehicle" means an off-highway vehicle as defined in section 1 of the *Off-Highway Vehicle Act*. (EC317/92; 526/02) off-highway vehicle

2. There shall be five classes of dealer's trade licenses distinguished as follows:

Classes of license

- (a) Class A license is a license issued to a person who deals in new and used vehicles, and who is operating under a franchise from a manufacturer or distributor and who maintains an established place of business within this province in connection therewith;
- (b) Class B license is a license issued to a person who deals in new and used vehicles and who is operating under an arrangement with a person to whom a Class A license has been issued and who maintains an established place of business within this province in connection therewith;
- (c) Class C license issued to a person who deals in used vehicles only and who maintains an established place of business within this province in connection therewith;
- (d) Class D license is a license issued to a person who
 - (i) subject to subclause (ii), deals only in new and used motor homes, trailers or motorcycles,
 - (ii) on an occasional basis, accepts a motor vehicle as a trade-in and resells such a motor vehicle, and
 - (iii) maintains an established place of business within this province in connection therewith;
- (e) Class E license is a license issued to a person who
 - (i) subject to subclause (ii), deals only in new and used off-highway vehicles,

- (ii) on an occasional basis, accepts a motor vehicle as a trade-in and resells such a motor vehicle, and
- (iii) maintains an established place of business within this province in connection therewith. (EC317/92; 526/02)

Dealer plates	3. Dealers shall be entitled, upon receiving a license, to purchase dealer plates. (EC317/92)
Requirements	<p>4. (1) An applicant for a license or a renewal thereof shall satisfy the Registrar that, upon the effective date of the license, he satisfies or will satisfy the following requirements:</p> <ul style="list-style-type: none"> (a) have an established place of business within the province; (b) display a sign sufficient to advertise and identify the vehicle dealership; (c) advertise and conduct all transactions through the dealership; (d) obtain approval from the Revenue Division of the Department of the Provincial Treasury and receive a dealer's tax receipt book; (e) be able to conduct properly the business of a dealer; (f) be or employ or contract for the services of a qualified mechanic; (g) have or enter into an agreement to have proper equipment to repair vehicles; (h) supply and maintain a security bond in accordance with subsection 36(6) of the Act; (i) provide such additional information and materials as the Registrar may from time to time require.
Established place of business	(2) On issuing or renewing a license, the Registrar shall note on the license, and keep a record of the location of, the dealer's established place of business.
Amending license	(3) Where the established place of business of a dealer changes during the term of a license, the Registrar shall, on application by the dealer, issue the dealer with an amended license that reflects the change.
Refusal to renew license	<p>(4) On an application to renew a license, the Registrar may refuse to renew the license where the Registrar is satisfied that, during the previous 12 months, the applicant</p> <ul style="list-style-type: none"> (a) displayed a vehicle for sale at a place which at the time of the display was not the established place of business noted on the licence then held by the applicant; or (b) failed, for any period of time that the Registrar considers significant, to maintain the established place of business noted on the licence then held by the applicant. (EC317/92; 639/93; 526/02)
Compliance with provincial laws	5. Every holder of a dealer's trade license shall comply with the provisions of the <i>Revenue Tax Act</i> R.S.P.E.I. 1988, Cap. R-14, and all

other provincial legislation which is applicable to the carrying on of business. (EC317/92)

6. (1) The security bond required by subsection 36(6) of the Act shall be in an amount of not less than \$15,000 and shall be submitted to the Registrar in accordance with Form 1 of these regulations. Amount of bond

(2) Every holder of a dealer's trade license shall maintain the security bond in effect. (EC317/92;526/02) Security bond

SCHEDULE

FORM 1

Bond No. Amount \$15,000

KNOW ALL PERSONS BY THESE PRESENTS that we
of(hereinafter called the Principal), as Principal,
and(hereinafter called the Surety), as Surety, are
held and firmly bound unto the Government of Prince Edward Island, as represented by the
Provincial Treasurer (hereinafter called the Obligee), in the sum of FIFTEEN THOUSAND
DOLLARS (\$15,000) of lawful money of Canada, to be paid unto the Obligee, its
successors, and assigns, for which payment well and truly to be made, Ibind
myself, my heirs, executors, administrators, and assigns, and we
bind ourselves, our successors, and assigns jointly and firmly by these presents.

WHEREAS the principal is applying to the Government of Prince Edward Island for a
dealer's trade license under the *Highway Traffic Act* R.S.P.E.I. 1988, Cap. H-5, by which
when issued said Principal will be authorized to act as a dealer, as defined in the *Highway
Traffic Act* from the day of, 20.....

AND WHEREAS it is a requirement of the said Act and the regulations thereto that the
application for a license must be accompanied by a security bond conditioned to guarantee
the provisions of section 36 of the said Act.

NOW THEREFORE THE CONDITION OF THIS OBLIGATION is such that if the said
obligation does not by reason of any act, matter, or thing at any time hereafter become or be
forfeited under the *Highway Traffic Act* or regulations thereunder, or the *Sale of Goods Act*
R.S.P.E.I. 1988, Cap. S-1, then the obligation shall be null and void, but otherwise shall be
and remain in full force and effect and shall be subject to forfeiture as provided by said
Acts.

THAT the total liability imposed upon the principal or surety by this bond, and any and all
renewals thereof shall be concurrent and not cumulative and shall in no event exceed the
penal sum written above or the amount substituted for such penal sum by any subsequent
endorsement or renewal certificate;

THAT the Surety shall have the right to cancel this bond at any time by giving sixty (60)
days notice in writing to the Registrar of Motor Vehicles, Department of Transportation and
Public Works, Charlottetown, Prince Edward Island, it is being understood that for the
purpose of any act or omission of the Principal occurring from the date of this bond to the
date of termination of liability of the Surety as hereinbefore provided, this bond shall
continue in force and the collateral security, if any, shall remain on deposit for a period of
two (2) years after the end of the security term of this bond but the Obligee may upon notice
in writing to the Surety before the expiration of the period during which the bond continues
in force, extend the period for a further period of not longer than one year.

IN WITNESS WHEREOF the Principal has hereunto set hand the seal and the Surety has
caused these presents to be sealed with its corporate seal, attested to by the signature of its
duly authorized officer or officers this day of, 20.....

SIGNED, SEALED AND DELIVERED
in the presence of

.....
(Principal)
.....
(Surety)

(EC317/92; 526/02)