

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the proxy solicitation requirements, insider reporting requirements and insider profile, issuer profile and issuer event filing requirements in NI 55-102 for a central credit union whose shares can only be held by limited classes of persons, are not freely transferable, and cannot be voted by proxy – Previous decision revoked in BC

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 87, 91, 117 and 119(2)(b)

National Instrument 55-102 *System for Electronic Disclosure by Insiders*, ss. 2.1, 2.3, 2.4 and 6.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA
AND ONTARIO**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CREDIT UNION CENTRAL OF BRITISH COLUMBIA**

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the “Jurisdictions”) has received an application from Credit Union Central of British Columbia (“CUCBC”) for a decision under the securities legislation of the Jurisdictions and National Instrument 55-102 *System for Electronic Disclosure by Insiders* (together, the “Legislation”) that the requirements contained in the Legislation for CUCBC to solicit proxies and to file issuer profile supplements and issuer event reports, and for insiders of CUCBC to file insider profiles and insider reports, shall not apply to CUCBC or its insiders;

- ¶ 2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;
- ¶ 3 AND WHEREAS in 1996, the British Columbia Securities Commission issued an order (the “Previous Order”) exempting CUCBC from, among other things, the proxy solicitation requirements of the *Securities Act* (British Columbia) (the “Act”) and exempting its insiders from the insider reporting requirements with respect to insider reporting under the Act;
- ¶ 4 AND WHEREAS CUCBC has represented to the Decision Makers that:
1. CUCBC is a central credit union incorporated under the former *Credit Unions Act* (British Columbia) and is currently governed by the *Credit Union Incorporation Act*, R.S.B.C. 1996, c.82 (the “CUIA”) having its principal and head office in Vancouver, British Columbia;
 2. CUCBC became a reporting issuer in each of the Jurisdictions by filing a prospectus in each of the Jurisdictions and is not in default of any requirement of the Legislation;
 3. the share capital of CUCBC is comprised of Class A, B and C shares (“Shares”), all of which are equity shares for the purposes of the CUIA;
 4. Class A shares may only be issued to credit unions, other than central credit unions, incorporated under the CUIA or a former *Credit Unions Act*;
 5. Class B shares may only be issued to co-operative associations incorporated under the *Cooperative Association Act*, R.S.B.C. 1996, c.71 (as amended or replaced) or corporations incorporated under the legislation of British Columbia or any other province which, in the opinion of CUCBC’s directors, conduct their operations on a co-operative basis and are designated as co-operative associations by the directors for the purposes of membership in CUCBC;
 6. Class C shares may only be issued to incorporated organizations other than Class A or B members whose membership have been approved in accordance with CUCBC’s rules and practices; the group of Class C shareholders consist of:
 - (a) organizations that have some relationship with the credit union system, namely as providers and recipients of services to and from CUCBC, its

member credit unions or their subsidiaries, which services are supportive to the operation of the credit union system, and

- (b) organizations with which CUCBC is familiar but which in order for CUCBC to have dealings with, must become members pursuant to CUCBC's governing legislation;
- 7. the Shares are only transferable among members holding the same class and with the consent of CUCBC's directors (the "Transfer Restrictions");
- 8. the Class B and C shares contain limited voting rights;
- 9. a holder of Shares retains membership in CUCBC so long as the membership of that holder is not terminated in accordance with the rules of CUCBC;
- 10. if a person ceases to be a member of CUCBC, that person may still continue to hold its Shares, but under CUCBC's rules and the provisions of the CUIA that person becomes an auxiliary member of CUCBC (an "Auxiliary Member"); currently, CUCBC does not have any Auxiliary Members;
- 11. section 70(2) of the CUIA provides that a member of a credit union, as defined under the CUIA (which definition does not include auxiliary members), may vote by proxy only if:
 - (a) the member is voting as a holder of shares in a class of equity shares that are not membership shares,
 - (b) the rules of the credit union allow auxiliary members to vote by proxy as holders of shares in the class referred to in paragraph (a), and
 - (c) the vote is on a matter on which, under the rules referred to in paragraph (b), members holding shares in the class referred to in paragraph (a) are permitted to vote by proxy;
- 12. as an Auxiliary Member is not entitled to vote and members are not entitled to vote by proxy under CUCBC's rules, members of CUCBC are not entitled to vote by proxy under section 70(2) of the CUIA;
- 13. CUCBC will deliver to its shareholders copies of material change reports filed under the Legislation; and
- 14. the Annual Filing of Reporting Issuer, filed with the Decision Maker of each Jurisdiction, will include all of that information prescribed by B.C. Form 54-

901F and Ontario Form 40, except for Item IX Report on Executive Compensation and Item X Performance Graph;

- ¶ 5 AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);
- ¶ 6 AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;
- ¶ 7 The Decision of the Decision Makers is that:
1. the insider reporting requirements of the Legislation shall not apply to insiders of CUCBC so long as the Shares are subject to the Transfer Restrictions;
 2. the requirements to file an issuer profile supplement and issuer event reports under the Legislation shall not apply to CUCBC so long as the Shares are subject to the Transfer Restrictions; and
 3. the proxy solicitation requirements under the Legislation shall not apply to CUCBC so long as the rules of CUCBC are not amended so as to permit Auxiliary Members and members to vote by proxy.
- ¶ 8 The further Decision of the Decision Maker in British Columbia is that the Previous Order is revoked.
- ¶ 9 August 14, 2002
- “Brenda Leong”*
- Brenda Leong
Director