Citation: Exemption from the Registration Requirement in National Instrument 31-103

Registration Requirements and Exemptions for Trades in Short-term Debt

Instruments, 2010 ABASC 130 Date: 20100326

### ALBERTA SECURITIES COMMISSION

### **BLANKET ORDER 31-512**

# March 26, 2010

#### **Definitions**

- 1. Terms defined in the *Securities Act*, R.S.A. 2000, c. S-4 (the **Act**) or in National Instrument 14-101 *Definitions* have the same meaning in this Blanket Order.
- 2. "Approved credit rating" has the same meaning ascribed to it in National Instrument 81-102 *Mutual Funds* (**NI 81-102**) with the exception of paragraph (b) of such definition.

# **Background**

- 3. A person or company in Alberta is exempt from the registration requirement for trades in short-term debt under section 3.35 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).
- 4. Subsection 3.35(b) of NI 45-106 provides that the dealer registration requirement for short-term debt is available only where, among other things, the negotiable promissory note or commercial paper "has an approved credit rating from an approved credit rating organization."
- 5. NI 45-106 incorporates by reference the definitions for "approved credit rating" and "approved credit rating organization" in NI 81-102. The definition of "approved credit rating" in NI 81-102 requires, among other things, that (a) the rating assigned to such debt must be "at or above" certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating."
- 6. Certain Canadian financial institutions currently rely on section 3.35 of NI 45-106.
- 7. Section 3.35 of NI 45-106 will cease to be in force on March 27, 2010 pursuant to section 8.5 of NI 45-106, and the exemption will no longer be available to persons or companies currently relying upon it.

## Order

- 8. The Commission orders under section 213 of the Act that the dealer registration requirement does not apply to:
  - (i) a bank listed in Schedule I, II or III to the *Bank Act* (Canada);
  - (ii) an association to which the *Cooperative Credit Association Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;
  - (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or of a jurisdiction in Canada to carry on business in Canada or in any jurisdiction, as the case may be; and
  - (iv) the Business Development Bank of Canada;

in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue, if the note or commercial paper traded:

- (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in this order; and
- (b) has an approved credit rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating that replaces a category listed below:

| <b>Rating Organization</b>      | Rating    |
|---------------------------------|-----------|
| DBRS Limited                    | R-1 (low) |
| Fitch Ratings Ltd.              | F2        |
| Moody's Investors Service, Inc. | P-2       |
| Standard & Poor's Corporation   | A-2.      |

This order will take effect on March 27, 2010 and cease to have effect after September 28, 2011.

| "original signed by"               | "original signed by"           |  |
|------------------------------------|--------------------------------|--|
| Glenda A. Campbell, QC, Vice-Chair | Stephen R. Murison, Vice-Chair |  |
| Alberta Securities Commission      | Alberta Securities Commission  |  |