

March 7, 2005

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland & Labrador
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Legal Registries Division, Department of Justice, Government of
Nunavut
Ontario Securities Commission
Prince Edward Island Securities Office
Autorité des marchés financiers
Saskatchewan Financial Services Commission
Registrar of Securities, Government of Yukon

Mr. Blaine Young
Alberta Securities Commission
#400 - 300 - 5th Avenue S.W.
Calgary, AB T2P 3C4

Ms. Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800 square Victoria
C.P. 246, 22^e étage
Montreal, PQ H4Z 1G3

Dear Sir/Madam:

RE: National Instrument 45-106 Prospectus and Registration Exemptions

On behalf of the credit union system in British Columbia, Credit Union Central of British Columbia ("Central") welcomes the opportunity to comment on proposed National Instrument 45-106 Prospectus and Registration Exemptions ("Proposed NI 45-106"). Central is the trade association of British Columbia's 54 credit unions. Combined, the credit unions in British Columbia operate 347 branches in 137 communities, including 40 where they are the only financial institution. They provide essential financial services for approximately 1.5 million members or one-third of the provincial population. British Columbia credit unions are regulated



by the Financial Institutions Commission pursuant to the *Credit Union Incorporation Act* (British Columbia) and the *Financial Institutions Act* (British Columbia).

Central is a central credit union incorporated under British Columbia credit union legislation and is a central cooperative credit society for which an order has been made under section 473(1) of the *Cooperative Credit Associations Act* (Canada). Central is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Central supports the stated purpose of Proposed NI 45-106 of harmonizing both the majority of prospectus and registration exemptions currently available across Canada, and the disclosure and filing requirements associated with those exemptions. However, in reviewing Proposed NI 45-106, Central has identified certain issues on which it wishes to provide the following comments:

1. Section 2.35 -- Guaranteed Debt.

Central supports the broadening of this exemption to include debt securities issued by "Canadian financial institutions". However, subsection 2.35(3) requires that if the trade in such a security occurs in British Columbia, then the debt security must be rated by a rating agency designated by the securities regulatory authority in British Columbia. As a result, the exemption is not harmonized in British Columbia. In our view, this exemption should be harmonized and British Columbia should not impose different requirements than the other jurisdictions.

2. Section 2.42 -- Schedule III Banks and Cooperative Associations -- Evidence of Deposit.

Section 2.42 provides an exemption from the registration and prospectus requirements for a trade in an evidence of deposit issued by a Schedule III bank or an association governed by the *Cooperative Credit Associations Act* (Canada). We have concerns with the proposed exemption, from our own perspective and from the perspective of the credit union system. The exemption is limited to an association governed by the *Cooperative Credit Associations Act* (Canada). It does not extend to a central cooperative credit society, such as Central, for which an order has been made under section 473(1) of the *Cooperative Credit Associations Act* (Canada). In our view, there is no rationale for providing the exemption to an association governed by the *Cooperative Credit Association Act* (Canada) and not extending it to a cooperative credit society for which an order has been made under section 473(1) of that Act. We believe Section 2.42(1) should incorporate the language in paragraph (b) of the definition "Canadian financial institution". We are also of the view that section 2.42 should provide the same exemptions for provincially regulated financial institutions as it provides to Schedule III banks. Specifically, this exemption should be available for evidences of deposits issued by credit unions. We appreciate that in many Canadian jurisdictions the securities legislation excludes from the definition of "security" an evidence of deposit issued by a credit union incorporated in the particular jurisdiction. However, we believe the exemption should be available to Canadian credit unions, regardless of their jurisdiction of incorporation. In our view, section 2.42 should exempt from the registration and

Mr. Young/Ms. Beaudoin

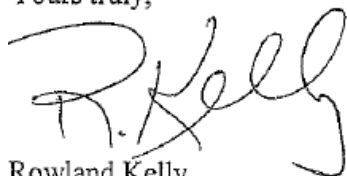
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prospectus requirements an evidence of deposit issued by a credit union, caisse populaire or league that is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

We thank you for this opportunity to provide comments on proposed NI 45-106.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Kelly". The signature is written in a cursive style with a large, sweeping initial "R" and a long, trailing flourish.

Rowland Kelly

Vice-President, Finance and Chief Financial Officer