

ALBERTA SECURITIES COMMISSION

IN THE MATTER OF the *Securities Act*  
(S.A. 1981, c. S-6.1 as amended) (the "Act")

- and -

IN THE MATTER OF Trades from an Individual  
to His or Her RRSP of Securities Subject to Resale Restrictions

ORDER  
(Subsection 116(1))

1. WHEREAS the Executive Director of the Alberta Securities Commission has made an application to the Alberta Securities Commission (the "Commission") for an order pursuant to subsection 116(1) of the Act that certain trades of securities from an individual to that individual's registered retirement savings plan ("RRSP") are not subject to sections 54 and 81 of the Act;
2. AND WHEREAS it was represented by the Executive Director to the Commission that:
  - 2.1 subsection 1(1) of the Act stipulates that a "trade" includes, Inter alia, "any sale or disposition of a security for valuable consideration whether the terms of payment are on margin, instalment or otherwise...";
  - 2.2 the Commission has previously recognized that a transfer of securities from an individual to that individual's RRSP involves a receipt of valuable consideration by the transferor and therefore constitutes a trade under the Act;
  - 2.3 a trade of securities from an individual to that individual's RRSP which involves securities previously issued or transferred in reliance on an exemption from section 81 of the Act will in many circumstances be subject to certain resale restrictions under the Act or the regulation adopted under the Act (the "Regulation");
  - 2.4 where an individual who holds securities subject to resale restrictions referred to in paragraph 2.3 hereof wishes to transfer such securities to his or her RRSP and is unable to do so in reliance on a further exemption from section 81 of the Act; such individual is required to comply with section 81 of the Act or obtain a discretionary order under subsection 116(1) of the Act in order to complete the transaction;
  - 2.5 staff of the Commission is of the view that a transfer of securities from an individual to that individual's RRSP that involves no change in the beneficial ownership of the securities is a trade that does not give rise to any policy concerns;
  - 2.6 staff of the Commission is also of the view that it is in the public interest to facilitate RRSP contributions by individuals;

- 3. AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;
- 4. IT IS HEREBY ORDERED pursuant to subsection 116(1) of the Act that a trade of securities from an individual to that individual's RRSP which involves securities previously acquired under an exemption from section 81 of the Act and that is subject to resale restrictions under the Act or the Regulation is not subject to sections 54 and 81 of the Act provided that:
  - 4.1 the transferor is the beneficial owner of the RRSP;
  - 4.2 the next trade of the securities shall be a distribution unless it is made in compliance with the Act and Regulation as if the securities had been acquired by the RRSP in the date and in reliance on the exemption pursuant to which the individual acquired the securities immediately prior to the transfer of the securities from the individual to his or her RRSP.

Dated at the City of Edmonton )  
 in the Province of Alberta, )  
 this 8<sup>th</sup> day of June, 1995 ) (original signed by)  
 ) W.L. Hess, Q.C., Chair  
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