

ALBERTA SECURITIES COMMISSION

RULE 91-504

STRIP BONDS

PART 1 DEFINITION

1.1 Definition - In this Rule

- (1) “strip bond” means
 - (a) the actual individual interest coupons and residues arising from the physical separation of bonds, debentures or other evidence of indebtedness issued or guaranteed by the Government of Canada, the Government of Alberta, a government of another province or territory of Canada or by any foreign country or any political division of them, and
 - (b) deposit receipts or other certificates representing an interest in certain specific instruments of the type referred to in clause (a) or an undivided interest in a pool of these instruments,

if the purchaser’s sole entitlement is to receive a fixed amount of money at a specific future date.
- (2) A purchaser of a strip bond for a defined contribution pension plan includes the beneficiary of the defined contribution pension plan if the beneficiary made the investment decision to purchase the strip bond.

PART 2 REGISTRATION AND PROSPECTUS EXEMPTION

2.1 Registration and prospectus exemption

A person or company who distributes or trades in a strip bond is exempt from section 75 and section 110 of the Act if that person or company distributes or trades in a strip bond in accordance with this Rule.

PART 3 DELIVERY OBLIGATION

3.1 Delivery obligation

- (1) If a person or company that distributes or trades in strip bonds is not registered under the Act, the person or company must provide the first-time purchaser with an information statement, before entering into the distribution or trade and the first-time purchaser must acknowledge the receipt of the information statement before the distribution or trade.

- (2) If a person or company that distributes or trades in strip bonds is registered under the Act, the person or company must provide the first-time purchaser with an information statement not later than with the confirmation of the trade.
- (3) The information statement must be a form approved by the Executive Director.

PART 4 EXEMPTIVE RELIEF

4.1 Exemption by Commission or Executive Director

The Commission or the Executive Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 5 MISCELLANEOUS

5.1 Repeal

- (1) ASC Blanket Order 85/03/15 - Zero Coupon Strip Bonds is repealed.
- (2) ASC Policy 5.4 - Strip Bonds is repealed.

5.2 Effective date

- (1) This Rule comes into force on June 30, 2003.