

ALBERTA SECURITIES COMMISSION
IN THE MATTER OF THE SECURITIES ACT
AND
IN THE MATTER OF ZERO COUPON STRIP BONDS

ORDER
(*SECTION 185*)

1. UPON the application of certain interested parties to the Alberta Securities Commission (the “Commission”) for an order pursuant to section 185 of the Securities Act (S.A. 1981, c. S-6.1, as amended) (the “Act”);
2. AND UPON it appearing to the Commission that there are being sold in Alberta certain bonds, debentures and other evidences of indebtedness referred to in section 66(a)(i) of the Act, where the purchaser’s sole entitlement is to receive a fixed amount of money at a specific future date and certificates or receipts representing the same (collectively “Strip Bonds”), such Strip Bonds generally being derived from the physical separation of individual interest coupons from the underlying bond residue;
3. AND UPON the Commission having determined that it is in the public interest that the sale of Strip Bonds in Alberta should be effected only where accompanied by adequate disclosure of the investment attributes of such securities;
4. IT IS ORDERED that:
 - 4.1 a trade of Strip Bonds is not subject to section 54 of the Act and a distribution of Strip Bonds is not subject to section 81 of the Act provided that an information document satisfactory to the Director of the Commission describing the investment attributes of Strip Bonds including, without limitation:
 - 4.1.1 the fluctuations in value of Strip Bonds resulting from fluctuations in prevailing interest rates;
 - 4.1.2 the income tax consequences of investing and trading in Strip Bonds;
 - 4.1.3 the anticipated secondary market environment; and
 - 4.1.4 the custodial arrangements relating to such Strip Bonds;
 - is
 - 4.1.5 furnished to and its receipt is acknowledged by, a first time purchaser of a

Strip Bond prior to the trade where the vendor is not registered in the categories of investment dealer or broker under the Act; and

- 4.1.6 furnished concurrently with the delivery of confirmation of the trade to first time purchasers where the vendor is registered in the categories of investment dealer or broker under the Act;

5. THIS ORDER shall be effective as at April 1, 1985.

Dated at the City of CALGARY
in the Province of ALBERTA
this 15th Day of March, 1985

ALBERTA SECURITIES COMMISSION