

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 SELF-DIRECTED
REGISTERED EDUCATION SAVINGS PLANS

ORDER

(SECTION 186)

1. WHEREAS certain interested parties have made application to the Alberta Securities Commission Board (the "Commission Board") for an order pursuant to section 186 of the Act to vary the terms of a blanket order, issued by the Commission Board on November 28, 1990, as O.R.#90/12/404, (the "Previous Blanket Order") that the establishment of self-directed educational savings plans under specified conditions are not subject to section 81 of the Act, by providing for an exemption from the requirements of section 54 of the Act with respect to the offer and sale of such plans;
2. AND WHEREAS the Commission Board is satisfied that to vary the terms of the Previous Blanket Order would not be prejudicial to the public interest;
3. IT IS HEREBY ORDERED pursuant to subsection 186 of the Act that the Previous Blanket Order be revoked and the following substituted therefor:
 1. WHEREAS certain interested parties have made application to the Alberta Securities Commission Board (the "Commission Board") for an order pursuant to subsection 116(l) of the Act with respect to the establishment of self-directed education savings plans which have been approved by Revenue Canada Taxation pursuant to the provisions of the Income Tax Act (Canada) (the "ITA") (the "Applicable Tax Legislation") and which subsequently become registered as registered education savings plans under Applicable Tax Legislation upon the requisite number of subscribers (the "Subscribers") having been obtained (individually, a "Plan", collectively the "Plans");
 2. AND WHEREAS it appears to the Commission Board that:
 - 2.1 subparagraph 1(v) of the Act defines the term security to include "any document constituting evidence of an interest in a scholarship or educational plan or trust ..";
 - 2.2 a document is issued in respect of a Plan evidencing an interest in such Plan to a Subscriber;
 - 2.3 the Plans are structured such that contributions by Subscribers to a Plan are not

pooled with the funds contributed by other Subscribers but, rather, are deposited directly into an account in the name of the Subscriber and may be used, at the direction of the Subscriber, to purchase other investments as may be permitted under applicable law (the "Investments");

- 2.4 the Subscriber maintains control and direction over the Plan which enables the Subscriber to direct how the assets of the Plan are to be held, invested or reinvested in a manner similar to the self-directed retirement savings plans ("RRSP's") which RRSP's are not subject to the registration and prospectus requirements under the Act;
 - 2.5 in order to qualify for registration as an educational savings plan under Applicable Tax Legislation prior to February 20, 1990, a prospectus was required to be filed with a securities commission in Canada; and
 - 2.6 it has been proposed in the federal budget of February 20, 1990 that, effective that date, a promoter not be required to file a prospectus with a securities commission in Canada in order to obtain registration of an educational savings plan under the ITA where the promoter is otherwise exempt from the requirement to do so under applicable securities law;
3. AND WHEREAS the Commission Board is satisfied that to grant this order would not be prejudicial to the public interest;
 4. IT IS HEREBY ORDERED pursuant to subsection 116(l) of the Act that the offer and sale of a Plan is not subject to sections 54 and 81 of the Act, provided that:
 - 4.1 the application form provided to a subscriber for purposes of establishing a Plan includes, or is accompanied by, a copy of the terms and conditions of the Plan and any additional documentation which may be necessary to provide disclosure of the income tax consequences of investing in a Plan, the responsibilities of the Trustee under the Plan, the refund provisions, the types of Investments in which the Assets of the Plan may be invested, or re-invested, the designation of a beneficiary under the Plan, the nature of any payments which may be made by the Plan to the beneficiary or otherwise and any fees and charges associated with investment in the Plan; and
 - 4.2 the contributions by a Subscriber to the Plan are not pooled with the funds subscribed by other Subscribers but, rather, are deposited into an account in the name of the particular Subscriber and may be used, at the direction of the Subscriber, to purchase Investments.

Dated at the City of CALGARY
in the Province of ALBERTA
this 10th day of October, 1991

ALBERTA SECURITIES COMMISSION BOARD