

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, c. 418, as amended**

AND

**IN THE MATTER OF
THE HALIFAX CLUB**

**RULING
Subsection 79(1)**

UPON the application of the Halifax Club (the "Club") to the Nova Scotia Securities Commission (the "Commission") pursuant to subsection 79(1) of the *Securities Act*, R.S.N.S. 1989, c. 418, as amended (the "Act") for a ruling that the distribution by the Club of certain debentures is not subject to Section 31 or 58 of the Act.

AND UPON reading the application and the recommendation of the staff of the Commission;

AND UPON the Club having represented to the Commission that:

- (A) The Club operates as a Nova Scotia company which was incorporated pursuant to Chapter 79 of the Acts of Nova Scotia 1862 as amended by Chapter 207 of the Acts of Nova Scotia 1912.
- (B) The Club is a non-profit organisation that provides its members and their guests with a facility for social activities located at 1682 Hollis Street, Halifax, Nova Scotia.
- (C) The Constitution of the Club provides that its primary objective is to its members, their families and friends a pleasant atmosphere for dining and socializing in an elegant, serene environment in downtown Halifax.
- (D) The Club intends to issue secured debentures in the maximum aggregate amount of \$750,000 with individual debentures having a value of \$5,000 (the "Debentures") to (i) persons who are members of the Club in accordance with the provisions of the Constitution of the Club, (ii) past members of the Club, and (iii) persons who have made contributions to the Capital Campaign of the Club since January 1, 2007 and such persons who may be spouses of the foregoing categories (i) to (iii) or companies in which the majority of the voting securities are beneficially owned by or directors are persons in the foregoing categories (i) to (iii).

- (E) The Debentures are transferable to members of the Club but not to other investors who are not members of the Club unless such person is a spouse of the holder of such Debenture or is a company of which the majority of the shares are owned by the holder of such Debenture.
- (F) The Debentures will be secured by a first charge over all the real and personal property of the Club subject to a charge from a previous issue of bonds pursuant to two Trust Deeds in the original principal amounts of \$40,000 and \$60,000 respectively, registered at the Registry of Deeds for Halifax County on August 10, 1926 in Book 614 at Pages 87 and 153 and subject to the priority of repayment of any indebtedness of the Club to a Canadian chartered bank whether outstanding at the creation of the Debentures or thereafter created.
- (G) The current financial statements of the Club show an outstanding balance in relation to the previous Trust Deeds of \$2,950.00 and it is this amount presently that would remain in priority to the charge securing the Debentures.
- (H) The Debentures will be issued pursuant to a Deed of Trust in favour of a Nova Scotia Company (the "Company") incorporated and operated solely for the purpose of administering the trust indenture.
- (I) The Trustees of the Company will be selected and appointed from time to time by the Board of Directors of the Club.
- (J) The Club is not a reporting issuer under the Act and has not issued any security listed or posted for trading on any stock exchange.
- (K) The primary purpose for which the Debentures are issued is to provide a vehicle for the holders to invest in the continued operations of and capital improvements for the Club.
- (L) The holders of the Debentures will receive within 120 days of the fiscal year-end of the Club, copies of the financial statements of the Club consistent with the disclosure currently provided to members of the Club pursuant to its Constitution.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 79(1) of the Act, that the distribution by the Club of the Debentures is not subject to sections 31 and 58 of the Act, provided that:

1. Prior to the subscription for the Debentures by a party, the Club will provide that person with the following documentation:
 - (A) a copy of this ruling;
 - (B) a copy of the Deed of Trust;
 - (C) a statement that, as a consequence of this ruling, certain protections, rights, and remedies provided by the Act, including statutory rights of rescission or damages associated with a prospectus, will not be available to the holders of the Debentures; and
 - (D) a copy of the statute of incorporation, as amended and the Constitution of the Club;
2. The Club continues to operate as a not-for-profit organisation and no part of the net proceeds from the sale of the Debentures benefit any security holder of the Club and no Commission or other remuneration is paid in connection with the sale of the Debentures. The proceeds from the sale of the Debentures will be used by the Club to replenish working capital reserves and to undertake capital improvements.
3. There is otherwise compliance with the Act, the regulations, and the rules of the Commission, including those deemed by subsection 150A(9) of the Act to have been made pursuant to section 150 of the Act.

DATED AT Halifax, Nova Scotia, this 13th day of July, 2007.

NOVA SCOTIA SECURITIES COMMISSION


