



Broadcasting Decision CRTC 2015-289

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Reference: 2015-136

Ottawa, 30 June 2015

BCE Inc., on behalf of its licensed subsidiaries

Various communities

Applications 2014-1274-1, 2014-1357-5, 2014-1358-3, 2014-1359-1, 2014-1360-9, 2014-1361-6, 2014-1362-4 and 2014-1363-2, received on 5 December 2014

Public hearing in the National Capital Region

12 June 2014

Various broadcasting distribution, video-on-demand and pay-per-view undertakings – Acquisition of assets (corporate reorganization)

1. The Commission **approves** the applications by BCE Inc. (BCE), on behalf of its licensed subsidiaries, for authority to effect a multi-step corporate reorganization to change the ownership of some of its broadcasting distribution undertakings (BDUs) serving various communities in the Atlantic, Ontario and Quebec regions, two regional video-on-demand (VOD) undertakings and one national terrestrial pay-per-view (PPV) undertaking.¹ The Commission did not receive any interventions regarding these applications.
2. The proposed reorganization will require the issuance of new broadcasting licences, the surrender of certain licences and the amendment of certain existing licences.
3. Following this reorganization, BCE will continue to exercise effective control of the above-mentioned broadcasting undertakings.
4. The proposed reorganization will be completed through a series of transactions, as set out below.
5. The applicant has already completed certain steps of the proposed reorganization (steps 1 to 4). Those transactions did not at any time change the effective control of the undertakings, which continued to be exercised by BCE.

¹ The PPV service, the broadcasting licence for which was granted in Broadcasting Decision 2014-569 to Bell Aliant Regional Communications Inc. (the general partner) and 6583458 Canada Inc. (the limited partner), carrying on business as Bell Aliant Regional Communications, Limited Partnership, has not yet begun operating.

Steps completed

Step 1 – Acquisition of Bell Aliant Inc.’s common shares

6. Between 24 September and 31 October 2014, BCE carried out a series of transactions to acquire all of the common shares of Bell Aliant Inc. (Bell Aliant) directly (62.8%) and indirectly (37.2%), through Bell Canada.
7. During that period, BCE also incorporated a new subsidiary, 9034749 Canada Inc. (Newco 1), and purchased all of the common shares of Newco 1 for a nominal price.

Step 2 – Incorporation of New Prefco

8. On 1 November 2014, BCE completed three transactions:
 - Newco 1 and a subsidiary of Bell Aliant Regional Communications Inc. (BARC Inc.), Bell Aliant Preferred Equity Inc. (Prefco), amalgamated to form New Prefco. Following that amalgamation, BCE acquired 99.9% of the common shares of New Prefco. For its part, BARC Inc. obtained one common share of New Prefco;
 - Through a rollover, BCE transferred all of the common shares it held in Bell Aliant and New Prefco to Bell Canada in exchange for all of the common shares of Bell Canada;
 - Through a rollover, Bell Canada transferred all of the common shares it held in New Prefco to BARC Inc. in exchange for 8% of the common shares of BARC Inc.

Step 3 – Successive changes in ownership of Bell Aliant Regional Communications, Limited Partnership

9. On and around 17 November 2014, a series of transactions took place affecting Bell Aliant Regional Communications Inc. (the general partner) and 6583458 Canada Inc. (the limited partner), carrying on business as Bell Aliant Regional Communications, Limited Partnership (BARC LP).
10. Before 17 November 2014, Bell Canada incorporated a new subsidiary, 9034650 Canada Inc. (Newco 2), and purchased all of the common shares of Newco 2 for a nominal price.
11. Around 17 November 2014, three transactions took place in the following order:
 - Newco 2 acquired an ownership interest in BARC LP and thereby became a partner with 6583458 Canada Inc. and Bell Aliant Regional Communications in BARC LP;

- The stated capital of Newco 2 was reduced to \$1 without being distributed and Newco 2 was wound up into Bell Canada. Thus, Bell Canada acquired Newco 2's ownership interest in BARC LP and replaced it as partner with 6583458 Canada Inc. and Bell Aliant Regional Communications in BARC LP; and
- Bell Canada transferred its ownership interest in BARC LP to BARC Inc. in exchange for 21.31% of the common shares of BARC Inc. Thus, Bell Canada's common shares held in BARC Inc. increased from 8% to 29.31%. As a result of this transaction, BARC LP's partners became Bell Aliant Regional Communications Inc. (the general partner) and 6583458 Canada Inc. (the limited partner).

12. These transactions did not at any time affect the effective control of BARC LP, which continued to be exercised by BCE.

13. Upon surrender of the current licences, the Commission will issue new broadcasting licences to the new licensees. The licences will be subject to the terms and **conditions** in effect under the current licences.

Step 4 – Wind up of Bell Aliant Inc. into Bell Canada

14. In late December 2014, the stated capital of Bell Aliant was reduced to \$1 without being distributed and Bell Aliant was wound up into Bell Canada. Thus, Bell Canada acquired all of the common shares of BARC Inc.

Steps to be completed

Step 5 – Change in ownership of Câblevision du Nord de Québec inc.

15. BARC Inc. will transfer its ownership interest in Télébec, Limited Partnership (Télébec LP) to BARC LP, as a general partner, in exchange for shares of BARC LP.
16. At the same time, 6583458 Canada Inc. (Wireline Subco) will transfer its ownership interest in Télébec LP to New Wireline Subco, as a limited partner, in exchange for all of the common shares of New Wireline Subco.²
17. Following these simultaneous transactions, all of Télébec LP's ownership interest will be held by BARC LP (the general partner) and New Wireline Subco (the limited partner). Since Câblevision du Nord de Québec inc. (Câblevision), licensee of a regional VOD licence, is owned entirely by Télébec LP, this step requires the Commission's prior approval without, however, requiring the issuance of a new licence or the amendment of the existing licence.

² Before July 2015, Wireline Subco incorporated a new subsidiary, New Wireline Subco, and purchased all of the common shares of this subsidiary for a nominal price.

Step 6 – Wind up of BARC LP into BARC Inc. and New Wireline Subco

18. BARC LP will be wound up, and its assets, with the exception of the licences it holds, will be distributed to BARC Inc. and New Wireline Subco, prorated to their respective ownership interests in BARC LP. The applicant has agreed to surrender the licences held by BARC LP and that new licences be issued to BARC Inc. under the same terms and conditions as those in effect under the current licences.
19. This transaction will require an application for new broadcasting licences for BARC Inc. for the undertakings currently owned by BARC LP's partners. Thus, upon surrender of the current licences, the Commission will issue new broadcasting licences to BARC Inc. The licences will be subject to the terms and **conditions** in effect under the current licences.

Step 7 – Amalgamation of BARC Inc., New Wireline Subco and New Prefco

20. BARC Inc., New Wireline Subco and New Prefco will amalgamate and carry on business as New BARC.

Step 8 – Wind up of New BARC into Bell Canada, amendment of existing licences and surrender of licences

21. New BARC will be wound up into Bell Canada. This eighth and last step requires three separate applications:
 - the issuance of a new regional broadcasting licence to Bell Canada for the existing distribution undertaking serving the Atlantic region under the same terms and conditions as those in effect under the current licence;
 - the amendment of Bell Canada's existing regional broadcasting licences to include the distribution undertakings serving communities in Ontario (Greater Sudbury and Sault Ste. Marie) and Quebec (Chicoutimi and Jonquière); and
 - the revocation of the regional broadcasting licence of the VOD undertaking and the regional broadcasting licences of the BDUs serving the communities in Quebec and Ontario.
22. This step will not affect the regional broadcasting licence of the VOD undertaking held by Câblevision, which will continue to be operated under the same terms and conditions.
23. Further, the terrestrial PPV service licensed by the Commission in *Terrestrial pay-per-view service*, Broadcasting Decision CRTC 2014-569, 4 November 2014, was never launched. Consequently, no licence has been issued, and authority to operate that service is henceforth null and void.

Other matters

24. The Commission also **directs** the applicant to file, within 30 days of this decision, executed copies of all corporate documents (including but not limited to partnership agreements, partnership registrations, certificate and articles of incorporation, bylaws, certificate and articles of dissolution, and certificate and articles of amalgamation).

Secretary General

** This decision is to be appended to each licence.*