

Quota Policy Review – Decision

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1. Matter

The BC Broiler Hatching Egg Commission (“Commission”) is considering the proposed updates and changes to its quota management rules and policies.

2. Background

On February 2, 2018, the BC Farm Industry Review Board (“BCFIRB”) issued its Quota Assessment Tools Supervisory Review decision (the “Decision”), updating the parameters of quota management rules to be permitted to be put in place by marketing boards/commissions; this served as an update to the 2005 Specialty Review.

As part of the work leading up to the Decision, the BC Broiler Hatching Egg Commission (“Commission”) made a submission to BCFIRB noting that it found itself neither overutilizing quota nor in a position to issue growth quota. Following a brief period in 2018 and 2019, the sector is now experiencing strong and sustained growth requiring overutilization of quota. At present, the Commission has approved quota utilization at 120% for placements beginning on or after July 1, 2026.

On December 19, 2025, the BC Broiler Hatching Egg Commission issued its comprehensive, preliminary review of its quota rules and policies – a Strategic Plan key initiative. Included in that document was a drafted revision to the New Producer Program and the creation of the Regional Diversification Incentivization Program. Coupling these two policy objectives with the context of continued and significant hatching egg sector growth, the Commission believed it was strategic and effective to review its quota management rules following the Decision.

The Decision requires any commodity board identifying a sound marketing policy rationale for changes to the quota management directions encompassed thereon to provide “substantive, objective information with a supporting SAFETI analysis that includes considerations such as industry competitiveness and public policy objectives.” To that effect, the Commission is providing this letter comparing on a line-by-line basis the Decision and the Commission’s proposed decision along with a SAFETI-based rationale on a requested departure from the Decision.

3. Considerations / Deliberations

In its December 19, 2025 Quota Policy Review, the Commission reviewed its current quota management rules and policies that arose from the BCFIRB’s 2005 Specialty Review. The rules dictated the manner in which funding of the New Entrant Program, or New Producer Program (NPP) to the Commission, was to occur; this then resulted in two classes of Placement Quota: quota that was issued prior to April 1, 2026 (“legacy”) and special allotments pursuant to the NPP.

The funding, then and still the case, is dependent on transfers or deemed transfers of quota held by a producer, on a Last In-First Out (LIFO) basis, and whether the quota was legacy or a special allotment. In these ensuing years, breed performance and other factors have resulted in the Commission achieving an increasing domestic hatching egg allocation by way of increasing the utilization of quota rather than through growth quota issuances. As the current rate of utilization is 120%, effective July 1, 2026, the question of allotting growth through utilization of quota versus issuance of quota rose to the forefront.

Therefore, within that Quota Policy Review the Commission outlined how it currently assesses quota transfers, when it is to assess and the current difficulties encountered. A review of quota transfers and funding of the Quota Pool and alternative methods to do so was conducted.

It was concluded that of the two alternative methods identified, allocating a percentage of the growth in the BC hatching egg allocation was preferable to indirect assessments on total transfers, which did not alleviate the principal issues surrounding assessments on transfers (e.g., self-reporting issues; complexities; fairness; additional regulation).

Five key observations were made of the current rules for transfer assessments:

1. Once funding of policy objectives, particularly the NPP, was mandated to be done through assessments of transfers, how you held the quota now mattered.
2. All quota requires tracking (e.g., a portfolio), but transfer assessments have the added burden of tracking business structures and transactions in perpetuity.
3. Not all parts of the sector participate in funding policy objective(s).
4. Participation in funding policy objectives through assessments varies and may result from reasons outside of the control of either the Commission or producer.
5. Regulation begets regulation. If the current approach of transfer assessments in an increasingly complex business environment continues, new rules addressing each potential deemed transfer would be required.

The review then proffered how this new mechanism would fund the policy programs identified, the NPP and the Regional Diversification Incentivization Program (RDIP).

Consultations with stakeholders following the draft Quota Policy Review's distribution (alongside the NPP and RDIP documents) included separate Roundtables, a Producer meeting presentation, consideration and deliberation of written submissions, and an extended, secondary consultation period following delivery of the Follow-Up Report.

The following table contains a line-by-line comparison between BCFIRB's decision and the Commission's proposal after its aforementioned consultations and deliberations. For readability, it is noted that the proposed funding mechanism is underlined, and any departure from the Decision is double underlined.

Element	BCFIRB's Decision (including reference)	Commission's Proposed Decision
2005 Specialty Review Directions – Last In-First Out	Rescinds Last In-First Out on all quota held by a producer (p. 171(a)).	Rescind Last In-First Out on all quota held by a producer.
2005 Specialty Review Directions – Transfer Assessment	Rescinds 5% transfer assessment on quota issued by boards prior to 2005-2007 (p. 171(c)).	Rescind 5% transfer assessment on all quota issued by boards prior to 2005-2007.
All Quotas – Transferability	All quota distributed by a board... and any associated growth, are to remain transferable in some form (p. 173).	All quota and anticipated growth allotments will be transferable in some form.
All Quotas – Administration	Policies and rules for administering quota received from a commodity board should be similar for all classes of quota with exceptions only when demonstrably necessary (p. 174).	Quota administration will be similar for all classes of quota, excepting those issued under the New Producer and Regional Diversification programs.
New Entrant Quota & Programs	If boards cease to use LIFO (on all quota held by a producer) and 10/10/10 (on new entrant quota) 10/10 is to be applied to the first transfer of new entrant quota issued to date and going forward (p. 175).	Rescind LIFO (on all quota held by a producer) but retain 10/10/10 on new entrant quota. New entrant quota must be held personally.
New Entrant Quota & Programs	After 10 years new entrant quota is to be managed under the same rules as other quota issued by a board and held by an established producer for more than 10 years (p. 176).	Retention of 10/10/10 on new entrant quota.
New Entrant Quota & Programs	BCFIRB's direction that no transfer assessment exemptions are to be applied to the first transfer of new entrant quota remains (p. 177).	Retention that no transfer assessment exemptions are to be applied to the first transfer of new entrant quota.
New Entrant Quota & Programs	BCFIRB expects commodity boards to: a) Bring in new entrants through new entrant programs on an annual or regular basis;	The Commission expects to: a) Bring in new entrants through its New Producer Program on a regular basis;

	<p>b) To regularly review and update new entrant programs to ensure the programs remain effective and strategic; and,</p> <p>c) Continue to support regional and specialty/niche development opportunities through new entrant programs. (p. 178)</p>	<p>b) Regularly review the New Producer Program following implementation of the revised program; and</p> <p>c) Continue to evaluate specialty/niche development opportunities through the NPP or Small-Lot Innovative Self-Marketer Program.</p>
Growth Quota	If boards cease to use LIFO (on all quota held by a producer) and 10/10/10 (on growth quota), these quota management rules are to be replaced with the following:	Rescind LIFO (on all quota held by a producer) and 10/10/10 (on growth quota).
Growth Quota	10/10/0 is to be applied to the first transfer of all growth quota issued to date and going forward (p. 179(a)).	<p><u>100% assessment applied to transfers for two years following growth quota issuance (up to the amount then issued). Transfers, or portion thereof, in excess of growth quota issued in the two years prior to the effective date of said transfers are non-assessable (0%).</u></p> <p><u>No leases permitted for two years following growth quota issuance.</u></p> <p><u>No assessment for transfers after two years following growth quota issuance.</u></p> <p><u>Restrictions will not be applicable to quota holders that have refused growth quota.</u></p>
Growth Quota	Quota holders are to have the option to refuse or accept growth quota (p. 179(b)).	Quota holders will have the option to refuse or accept growth quota.

Growth Quota	Quota holders are not eligible to receive growth quota for 12 months following a transfer of any quota, with one exception as follows (p. 179(c)): If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g. within a corporation), quota holders within that business unit remain eligible to receive growth (p. 179(c)(i)).	Quota holders will not be eligible to receive growth quota for 12 months following a transfer of any quota, with one exception as follows: If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g. within a corporation), quota holders within that business unit remain eligible to receive growth.
Growth Quota	Receipt of growth quota cannot be deferred. Offer and acceptance of growth quota is a onetime opportunity (p. 179(d)).	Receipt of growth quota cannot be deferred. Offer and acceptance of growth quota will be a onetime opportunity. Conditions of offer and acceptance/refusal of growth quota to be developed as part of the Preparing for Growth strategic initiative.
Growth Quota	At this time, BCFIRB's directions regarding transfer assessment exemptions remain (see Appendix A, Table 3) (p. 180).	No requested changes to the transfer assessment exemptions.
Quota Available to the Boards	Boards are to have some form of mechanism in place to ensure quota is available to the commodity board for new entrants and other policy program needs (market demands/public interest) on an on-going basis (p. 181).	<p><u>Fund policy objectives through allocation of a portion of growth in BHE allocation, on an annual basis, prepared and reported through its Utilization Report, Annual Report and PARP submission.</u></p> <p><u>The Commission understands it is permitted to make available quota to support policy objectives outside of the funding mechanism outlined above.</u></p>
Quota Value	Boards are not to directly set quota price. In managing quota exchanges boards may be informed by and reflect quota prices established on the basis of producer quota markets (p. 183(a)).	The Commission does not set quota price for sales or leases. The Commission maintains a Quota Billboard without prices and advises interested parties to inquire with producers directly for price.

Quota Value	Boards are not to directly charge levies in return for distributing quota to producers (p. 183(b)).	The Commission does not charge a levy in return for distributing quota to producers.
Next Steps	Having set out the foregoing conditions, it is now open to the commodity boards to implement quota rule management changes related to this decision once they have developed and publicly communicated an implementation plan (p. 184).	The Commission provided its draft Quota Policy Review documents to stakeholders on December 19, 2025, held roundtables inclusive of an anticipated decision timeline, and has had open stakeholder submission periods. An implementation plan is to be developed following BCFIRB approval of these rules, per paragraph 193 of the Decision.

In this line-by-line format, it is demonstrated that the proposed decision of the Commission closely follows the 2018 Decision but for one requirement: if LIFO and 10/10/10 are rescinded, 10/10/0 is to be applied to the first transfer of all growth quota issued to date and going forward.

The Commission proposes an adaptation to the growth quota requirement in that it be permitted to issue growth quota not subject to 10/10 but instead subject to a two-year sale and lease restriction following issuance; this restriction following issuance would be required without LIFO in place. If quota did have to be transferred, it would be permissible at 100% assessment in the first two years (up to the amount of growth quota issued within the previous two years). Quota issued under RDIP would be subject to these same conditions.

In contrast to the current approach, as written in the Consolidated Order, and the approach prescribed within the Decision, the Commission proposes that growth quota issued no longer be assessed through transfers, subject to the noted restrictions. The Commission intends on keeping quota issued through the New Producer Program at 10/10/10 and continuing to issue this in the individual's name, avoiding the corporate complexity issue.

The Commission has proposed additional, time-based requirements for the acceptance of growth quota that it believes best balance off the competing 2005 Specialty Review principles that quota is intended to be produced, that quota is transferable, and that producers are actively engaged and committed to the industry. These should, effectively, cause producers to think long-term through the one-year quota transfer limitation prior to receipt of growth quota and the two-year quota transfer limitation thereafter. This long-term approach is in keeping with a sector that receives an allocation not every eight weeks but annually, and that utilizes a two-year Quota Period.

The Commission understands that in instances where it is strategic and effective to do so, it is permitted to make quota available to support policy objectives outside of the proposed funding mechanism. As is currently the case, when and where market conditions or timelines do not support issuance of growth quota, attainment of the allocation may still be done through adjustments to the utilization of all issued quota.

It is through this proposal that the Commission commits to supporting the principles of the 2005 Specialty Review, the directions of the 2018 Decision, and producers' long-term commitments to the sector as it grows through newly refined quota management rules that consider and address the complexities of today. The proposal, in sum, rights the fairness issue, strategically ameliorates the complexities and sustainability of the rules, and effectively and transparently funds identified policy objectives of the Commission.

4. Decision

The Commission looks forward to continuing 'Preparing for Growth' – one of three key initiatives in its strategic plan where the outcome of this proposed decision will be furthered through an implementation plan of the revised rules and other work, such as determining the definition of 'room to accept' growth. The Commission anticipates its other two initiatives, the updated New Producer Program and the Regional Diversification Incentivization Program to be finalized and shared under separate cover in the coming months.

To this end, the Commission has decided to approve the proposed changes to its quota management rules and policies as written in the Commission's Quota Policy Review, subject to BCFIRB's approval. Specifically, the Commission:

2005 Specialty Review Directions

- a) Rescinds Last In-First Out (LIFO) on all quota held by a producer.
- b) Rescinds 5% transfer assessment on quota issued prior to April 1, 2006.

New Entrant Quota & Programs

- c) Retains 10/10/10 on new entrant quota, and requires it to be held personally (i.e., not held in a corporation).
- d) Retains that no transfer assessment exemptions are to be applied to the first transfer of new entrant quota.

Growth Quota

- e) Rescinds 10/10/10 on all growth quota.
- f) Orders that 100% transfer assessment is applicable to all growth quota issued to a producer in the two years immediately preceding the effective date of a quota transfer.

- g) Orders that the definition of Permissible Lease include that “the Transferee has not been allotted growth quota in the immediately preceding two Quota Years” so as to not permit transfers by way of Permissible Lease in the two years following growth quota issuance.
- h) Orders that quota holders have the option to refuse or accept growth quota.
- i) Orders that quota holders are not eligible to receive growth quota for 12 months following a transfer of any quota, with one exception as follows:
 - i. If a quota transfer does not result in an overall change in total quota holdings within a business unit (e.g., within a corporation), quota holders within that business unit remain eligible to receive growth.
- j) Orders that growth quota cannot be deferred; offer and acceptance of growth quota is a onetime opportunity.
- k) Retains the current transfer assessment exemptions per paragraph 19(5) in the Consolidated Order.

5. SAFETI Analysis

Principle	Description
Strategic	<p>Addresses the challenges of the current quota transfer rules and opportunities to simplify the overall framework to funding policy objectives of the Commission.</p> <p>Ameliorates the complexities and sustainability of the rules.</p> <p>Sets the conditions possible to allow the Commission to continue ‘Preparing for Growth’ – one of three key initiatives in its strategic plan where the outcome of this proposed decision will be furthered through an implementation plan of the revised rules and other work.</p>
Accountable	<p>Preparation and reporting on quota available to the Commission to fund policy objectives through an allocation of a portion of growth in BHE allocation, on an annual basis, would be provided through its Utilization Report, Annual Report and PARP submission.</p> <p>The mechanism to funding policy objectives is accountable as all producers with quota would participate through the allotment of quota into the Quota Pool with launches from that Pool, where and when market conditions permit.</p>

	<p>All producers would accept a lower (or a reduction in an otherwise increasing) utilization rate applied to their level of investment (quota holdings) in the sector.</p> <p>The decision process is accountable to all stakeholders on the basis of fulsome communication by email and on the Commission website of the draft rules and policies, consultation and Roundtables, and follow-up reports and letters.</p>
Fair	<p>Participation in the funding of policy objectives under this approach would become a sector-wide obligation, appropriately addressing the fairness principle with all producers accepting a lower (or a reduction in an otherwise increasing) utilization rate applied to their level of investment (quota holdings) in the sector.</p> <p>All stakeholders were provided opportunities to engage with the Commission throughout the identification of these strategic initiatives, and comment upon the draft rules and policies within the comprehensive package through letter, email, Roundtables and other sessions.</p>
Effective	<p>The outcome of the decision leads to an effective annual process: Funding of policy objectives under this approach would use the annual utilization-rate mechanism that is administratively simpler to execute, remove the compliance burden of corporate structure tracking, and create a predictable cycle.</p>
Transparent	<p>The mechanism to funding policy objectives is transparent, following the decision, as it will be reviewed annually through the Utilization Report with documentation provided:</p> <ul style="list-style-type: none"> ● to PPAC for advice ● to the Board for decisions ● to producers in updates on the sector ● to BCFIRB and the public through Annual Reports and PARP submissions <p>The decision process was transparent with the establishment of the 2025 Strategic Initiatives with a stakeholder input period, the sector-wide distribution of the comprehensive package on December 19, 2025, stakeholder-specific Roundtables, key dates provided in timeline, updates to all on what we heard at those Roundtables, a separate</p>

	<p>communiqué to BCFIRB (this letter) fully addressing key developments in the sector which are deemed to require a departure from previous decisions.</p>
<p>Inclusive</p>	<p>All stakeholders were provided opportunities to engage with the Commission through written submission and Roundtable discussions. Four sessions were held specifically with individual stakeholder groups, an information session at a Board-to-Board meeting with BC Chicken Marketing Board, as well as an in-depth presentation at the Producers Meeting of February 2026. The consultation period was extended to ensure all feedback could be received.</p> <p>Feedback, both in support of the conclusions of the Review and contrary (e.g., BCBHEPA's comments on the use of growth quota versus utilization, concerns on the two-year lease restriction within the proposal, and contrariness to the use of the Quota Pool to fund other policy objectives such as the Regional Diversification Incentivization Program) was considered and addressed, where pertinent.</p> <p>All interests, including the public interest, were considered throughout the process from Strategic Initiative identification to the decision.</p>

STRATEGIC PRIORITY 1 – REGULATORY ENHANCEMENTS

1.2 Quota Policy Review

Background

The Commission has identified its quota management rules as an area it wishes to review and revise where necessary. Generally, its current orders are based upon BCFIRB's 2005 Specialty Review which sought "to develop policies and principles to support and promote specialty production and entry opportunities in the supply management system, consistent with the Ministry of Agriculture's Regulated Marketing Economic Policy (2004). This policy focused on areas such as new entrants, specialty production and regional economic development in the regulated sector."¹ These were again reviewed as part of a supervisory process by initiated by BCFIRB in 2016 under the Quota Assessment Tools Evaluation Project.

For that project, the Commission made a submission dated June 30, 2017 and advised that it was not over-utilizing quota, or in a position to issue growth quota (rebase), at that time. Currently, the Commission finds the hatching egg industry in a position where issuing growth quota in near future is a distinct possibility.

As noted in paragraph 172 of BCFIRB's Quota Assessment Tools Supervisory Review decision (the Decision), the Commission was not bound at the time to change its quota management policies; however, it now believes it is strategic and effective to review these in light of current circumstances and other policy objectives. This document is not intended to review the Decision, point by point, but rather to use it and other marketing board submissions on the subject as a starting point. Stakeholders are encouraged to read the Decision and related submissions.

Appendix A contains relevant excerpts from the Consolidated Order most relevant to quota management and referenced terms.

Current Rules

The Commission has an extensive section in the Consolidated Order for the management of quota. A significant amount of the rules resulted from BCFIRB's previous directions to ensure that the new entrant policy objective was funded by marketing boards and commissions. These rules are cumbersome, with added complexities upon the issuance of growth quota weighing against BCFIRB's Specialty Review (2025) objective that "quota is transferable."

Core to the rules is that new entrant programs (NEP), or New Producer Program (NPP) to the Commission, are to be funded by way of quota transfer assessments. These assessments are pooled, into a "quota pool," and are available to fund the NPP and other policy objectives.

At this time, the Commission has two classes of Placement Quota: quota that was issued prior to April 1, 2006 ("legacy") and special allotments pursuant to the NPP. It also has one class of Regularized Producer Chick Quota for specialty producers.

¹ February 2, 2018. British Columbia Farm Industry Review Board. [Quota Assessment Tools Supervisory Review](#) (para. 7).

Legacy, general and special allotments of quota are subject to the following assessments:

- Quota issued prior to April 1, 2006 (legacy) is subject to 0/0/5
 - This 5% assessment is made every transfer, unless it is exempt per para. 19(5).
- Special allotment means:
 - A general allotment of Placement Quota by the Commission
 - This includes Growth Quota and is subject to 10/10/10²
 - A special allotment of Placement Quota in the New Producer Program
 - This is subject to 10/10/10
 - A special allotment of Placement Quota in the Small-Lot Innovative Self-Marketer Program
 - This is subject to 10/10/10
 - An allotment of Regularized Producer Chick Quota
 - Not subject to assessment per para. 12(2).
- Last-in first-out (LIFO) applies to all classes of quota – the quota last purchased or allotted is the first permitted to be sold or retracted.

How to Assess

With the LIFO requirement placed on quota transfers, having only two classes of Placement Quota has limited the complexities. For example, producers who were allotted NPP quota would be allotted that first before purchasing legacy quota; therefore, upon selling quota, legacy quota would be sold first as it was purchased last.

This cannot be said should growth quota be issued in that this type of quota could be issued in between the time in which NPP quota was allotted and legacy quota was purchased, if any. Quota portfolios would need to be created and maintained, increasing administrative burden.

Calculating the assessment would be done by applying the rate applicable to the classes of quota in question. A hypothetical quota portfolio on July 1, 2030:

Quota Class	Purchase/Allotment Date	Amount (quota hens)	Assessment Rate (today)	Assessment (today)	LIFO Order
NPP	January 1, 2014	5,000	10% (at 10/10/10)	500	4
Legacy	June 30, 2016	10,000	5%	500	3
Legacy	May 1, 2027	5,000	5%	250	2
Growth	July 1, 2028	2,000	80% (if 10/10/10)	1,600	1
Total		22,000		2,850	

Table 1 - Hypothetical Quota Portfolio - Entries

A quota portfolio would have to note the quota classes have purchases and sales listed in chronological order to effect LIFO. To effect a going concern sale (full farm) or a deemed transfer, all classes of quota would be assessed at once. To effect a transfer of quota (some of the held quota), the LIFO Order in *Table*

² Over 10 years the quota holder increases their ownership of such quota by 10% for each completed year of production, with a minimum assessment of 10% required on the first transfer of such quota after 10 years of ownership.

1 would be applied. Using this hypothetical portfolio as an example, if the producer wished to sell quota so that the purchaser would receive 2,000 placement hens on July 30, 2030, a total of 3,684 amount of quota would be deducted, as follows:

LIFO Order	Quota Class	Purchase/Allotment Date	Transfer Date	Gross	Assessment	Net
1	Growth	July 1, 2028	July 30, 2030	2,000	1,600	400
2	Legacy	May 1, 2027	July 30, 2030	1,684	84	1,600
Total				3,684	1,684	2,000

Table 2 - Hypothetical Quota Portfolio - Quota Transfer Assessment Calculation

Once the first sale and assessment on growth or NPP quota is made, the quota reverts to “legacy” to the purchaser and is assessable at 5% going forward. The portfolio may also require additional columns (e.g., region per the regional diversification policy objective).

When to Assess

Quota can be held personally, in a partnership, or in a corporation. Transfers of quota require an application to the Commission, followed by staff review with production planning, and then Board review and approval. Since assessments are made on transfers of quota, a determination of what constitutes a transfer of quota must be made.

When quota is held personally (not in a corporation), it is simple to identify when a transfer of quota is to occur – when the person makes an application to sell it so that it is not in his/her name. This becomes more difficult when a partnership or corporation holds quota, apart from sales to an arms-length party.

Any system that relies on quota transfer assessments as a means to fund programs like the NPP will necessarily require the Commission to carefully track all changes to the direct or indirect, legal or beneficial interest of each individual in a partnership or a corporation. In the absence of such elaborate measures, individuals could easily evade the quota assessment simply by transferring an interest in a partnership or corporation, rather than by transferring an interest in quota.

For a partnership, it is possible for partnership interest to be transferred, either in full or in part. For corporations, it is possible for share capital to be changed (shares issued, retracted) or interest in the shares (shareholders) to be transferred in full or in part. It is also possible to change share capital or shareholders in a parent company when a subsidiary owns the quota. These are all considered deemed transfers of quota and have been documented as occurring in the past without Commission knowledge. Deemed transfers require disclosure (self-reporting) by producers; consequently, the Commission may be unaware of other deemed transfers at this time. It appears beneficial, at this time, to implement amendments that reflect the legally correct view that partnerships are merely arrangements between producers (individuals or corporations) each of which must have their own producer licence and allocation of quota; transition policies may be required to achieve this result.

Share reorganizations (common in intergenerational farm transfers) and more complex corporate structures are now the norm and not the exception; this has resulted in deemed transfers which may or may not be communicated in a timely fashion, or at all. The self-reporting nature appears to fall short on ensuring

assessments are applied fairly. This impacts the assessment funding model and timeline on achieving key policy objectives.

To mitigate this as best possible, the Commission notes the partnership percentages of partners in any partnership and requests central securities registers for corporations. If a common shareholder of the company that holds quota is also corporation, that shareholder's central securities register is requested as well. However, this amounts to a large amount of administrative time for a small staff team and relies upon the integrity and knowledge to do so by the parties to the transfer. For example, the application of a 25% share of interest change in a parent company who has a one-third interest in a subsidiary that owns quota is cumbersome.

It is also noted that no distinction in share interest is made in the current rules as to common versus preferred shares. Technicalities arise where a share exchange of common shares to preferred occurs, say, for the parents, and new common shares are issued to the child(ren) to effect the intergenerational transfer – is it the number of shares in total that is to be used to calculate share interest percentages? Do share attributes such as retractability or redeemability and/or voting rights of the preferred shares, matter?

Section 15 of the Consolidated Order attempts to address this by requiring registration of the quota (per the license) “in the partnership name and individual names of all the partners”. In case of a corporation, quota is registered “in the corporate name and the name of the president or majority shareholder,” and “is deemed to have been allotted to each shareholder, whether holding voting shares or not, in proportion to their share holdings of issued shares in the corporation.” That said, some of today's complexities do not appear to have been fully contemplated at the time the quota management rules were created.

Upon origination of the quota assessment tools over twenty years ago, commodity boards were directed to fund the New Producer Program through quota transfer assessments; for reasons outlined above, this has become more difficult with the increasingly complex corporate structures used by producers.

For example, consider the hypothetical quota portfolio outlined in Table 1. If there were three common shareholders each owning 33%, one of which was a family trust, how does a beneficiary change within the trust to include a non-exempt party impact the overall holdings? How is the deemed disposition best recorded? How does this change if the shareholders are one level removed through the use of a parent company?

These intricacies in tracking and managing self-reported, complex transactions can be avoided if the New Producer Program and other policy objectives are permitted to be funded, in whole or in part, by growth in allocation – the current and alternative assessment models are reviewed next.

Quota Pool Funding

Current Assessment Model

Notwithstanding the issues of self-reporting and effecting complex deemed transfers, times of instability or change (e.g., chicken consumption, economic, taxation, family, etc.) result in fewer quota transactions to fund policy objectives. A reliance on transfer assessments alone to fund policy objectives may be neither palatable nor required given the Specialty Review (2005) stated that “quota is available to commodity

boards...” This is further confirmed in BCFIRB’s Quota Assessment Tools Supervisory Review decision, paragraph 181, where “Boards are to have some form of mechanism in place to ensure quota is available to the commodity board for new entrants and other policy program needs (market demands/public interest) on an on-going basis.”

The current assessment model, broken out between mainstream and specialty:

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued	Regularized Producer Chick Quota
Mainstream	Direct assessment	5% direct assessments on quota transfers, LIFO applicable	10/10/10 → on first transfer after which converts to Placement Quota, LIFO applicable	10/10/10 → on first transfer after which converts to Placement Quota, LIFO applicable	n/a
Specialty	n/a	n/a	n/a	n/a	Exempt per C.O. 12(2)

Table 3 - Current Assessment Model

Transfer assessments applied to any applicable class of quota are “pooled” into a quota pool. The current assessment model has yielded the following quota assessments to and allotments from the quota pool since 2011:

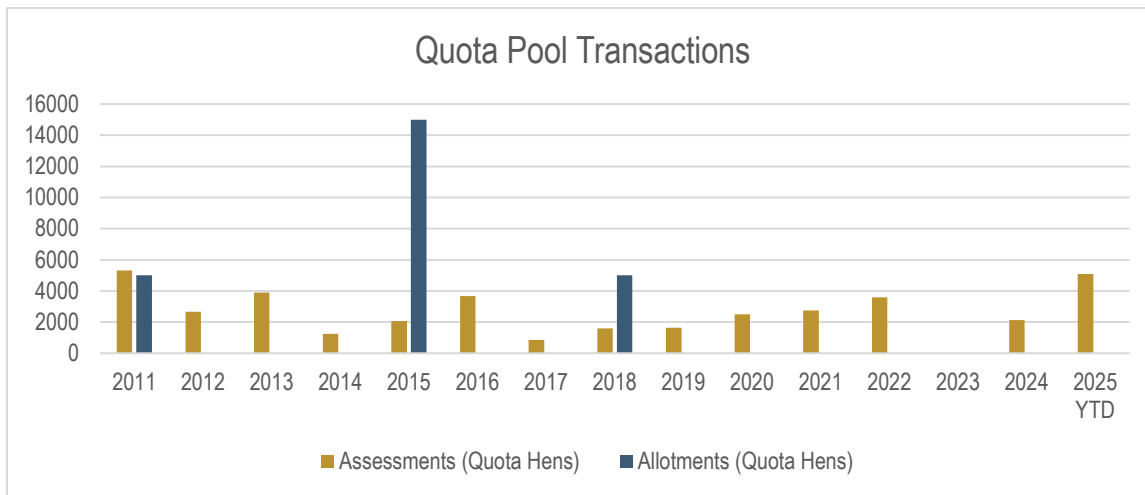


Figure 1 - Quota Pool Transactions 2011 to 2025 YTD

The quota pool increased an average of 2,600 quota hens annually, or 5,200 per quota period; this is slightly higher than the current NPP allotment amount of 5,000. This suggests that an average of one NPP launch per period under the existing NPP rules is a realistic target. During this period, allotments made from the quota pool were made in support of the NPP policy objective alone.

The year-end balance of the quota pool varied between 4,600 and its current level of 23,406 quota hens. The current balance is reflective of a pause for a review of the NPP which is provided for in a separate document.

Alternative Funding Models

Per paragraph 178, BCFIRB expects commodity boards to:

- a) Bring in new entrants through new entrant programs on an annual or regular basis;
- b) To regularly review and update new entrant programs to ensure the programs remain effective and strategic; and
- c) Continue to support regional and specialty/niche development opportunities through new entrant programs.

Further, the fourth policy objective of the 2005 Specialty Review is that “quota is available to commodity boards to support policy objectives, including development of specialty markets and providing for new entrants in the supply management system.” Thus, regardless of the specific quota pool funding methodology chosen, the Commission has further quota available to support its objectives.

Beyond the required direct assessments presently used (*Table 3*), the Commission has identified two other options available to fill the quota pool (*Table 4*): indirect assessments or allotting a percentage of growth in allocation.

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued
Mainstream Option 1	Indirect (deemed) assessment	5% indirect assessments on quota transfers, LIFO not applicable	10/10/0 → on first transfer or after 10 years converts to Placement Quota, LIFO applicable (2 years)	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable
Mainstream Option 2	No assessment	X% of growth in allocation, LIFO not applicable	100% if sold in first 2 years (quota period); no lease permitted, LIFO applicable (2 years) → after 2 years converts to Placement Quota	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable

Table 4 - Identified Assessment Options

Transfers of Regularized Producer Chick Quota are exempt from assessment at this time; a funding model for a specialty component within the NPP and Regional Diversification policy objectives are to be made when both indicators of sector growth and launch success are present.

Indirect Assessments on Total Transfers

The first identified option to allotting quota into the quota pool is by way of assessing a percentage of total transfers in the year. No individual producer would experience an assessment, but the industry would contribute quota hens into the pool. In practice, the Commission would continue to record quota transfers without deducting from the transferor any assessment amount. Instead, the quota pool would be increased annually on paper by what those assessments would have been. The annual average of 2,600 quota hens per year would be identical.

This approach would necessitate the continuance of tracking partnership and corporate share structures, relying on producers to have their lawyers submit central securities registers, and significant work on addressing the added complexities of share structures and corporate shareholders, resulting from deemed transfers, to be codified into the Consolidated Order.

With all that having to be completed, the approach of 10/10/0 for growth quota and NPP quota could be maintained; however, its usefulness is in question as it is almost assured that a producer with legacy quota would elect to sell that quota first with no direct assessment. The administrative effort would generally only be of use when a full farm sale (quota-only or going concern) is made, on what may amount to no more than 20% of quota in the industry at any one point.

While identified as an option merely by not having a direct assessment component, it does not improve upon or eliminate the issues identified under the current rules employed; therefore, another alternative is required.

Percentage of Growth in Allocation

The second identified option is to place a portion of growth in allocation into it. In determining whether this approach is viable, it is important to understand the factors that go into the broiler hatching egg allocation as set by CHEP.

The allocation calculations start with the total kilograms of eviscerated chicken that is estimated to be produced in the given year. A recommended amount is provided by CHEP's Advisory Committee and subsequently debated and voted on by the CHEP Board of Directors. This amount is then split based on chicken market share provincially.

CHEP then converts this figure into broiler hatching eggs for the province by way of a meat-to-egg ratio which utilizes the past 52 weeks of chicken production and net egg sets. BC's market share of eviscerated kilograms of chicken is divided by the meat-to-egg ratio and yields total broiler hatching eggs required in BC. CHEP then deducts an amount for imports per trade agreements and arrives at BC's total domestic broiler hatching egg production requirement.

Should the Commission wish to use a percentage of growth in allocation, using the final allocation for BC as the marker may be too volatile as it is impacted by changing chicken market share, production changes or challenges (loss of eggs or loss of kilograms), trade agreements, and ultimately the estimated overall eviscerated chicken production for Canada at each CHEP meeting. However, this marker is most connected to the product produced by hatching egg producers.

The final allocation for the past decade:

Year	Est. Canadian Chicken Production (kgs)	Change (kgs)	Final Allocation (BHE)	Change (BHE)
2014	1,065,000,000	-	104,765,686	-
2015	1,102,000,000	37,000,000 (3.5%)	108,255,014	3,489,328 (3.3%)
2016	1,149,900,000	47,900,000 (4.4%)	112,647,036	4,392,022 (4.1%)
2017	1,207,000,000	57,100,000 (5.0%)	115,701,275	3,054,239 (2.7%)
2018	1,265,000,000	58,000,000 (4.8%)	123,816,208	8,114,933 (7.0%)
2019	1,296,000,000	31,000,000 (2.5%)	122,453,465	(1,362,743) (-1.1%)
2020*	1,268,000,000	(28,000,000) (-2.2%)	121,171,051	(1,282,414) (-1.0%)
2021	1,325,000,000	57,000,000 (4.5%)	120,938,093	(232,958) (-0.2%)
2022	1,366,000,000	41,000,000 (3.0%)	123,999,730	3,061,637 (2.5%)
2023	1,418,000,000	52,000,000 (3.8%)	127,446,667	3,446,937 (2.8%)
2024†	1,412,000,000	(6,000,000) (-0.4%)	126,295,019	(1,151,648) (-0.9%)
2025	1,446,000,000	34,000,000 (2.4%)	130,561,150	4,266,131 (3.4%)
Total Annual Avg.	-	381,000,000 (35.8%) 34,636,364 (2.8%)	-	25,795,464 (24.6%) 2,345,042 (2.0%)

Table 5 - *COVID-19 impacts †HPAI impacts

Excepting major interruptions in chicken production that generally occur nationwide, chicken growth estimation grows consistently from 2.4% to 5.0% annually. This is not the case with BHE allocation to BC due to the aforementioned factors; in the past 11 years of allocation, four had negative growth. With a similar meat-to-egg ratio between the 2014 year (1.2678) and 2025 year (1.2624), the reduced growth in BHE allocation can be attributed to the loss in market share (from 15.1% to 13.8%) and increased imports required under negotiated trade deals. It is proposed that a translation of the average annual increase of 2.3 million BHE into quota hens would yield 16,750 (at 140 BHE/hen). This equates to 33,500 quota hens over a quota period.

As noted above under the current assessment model, the graph of quota pool transactions since 2011 suggests that a launch of one new producer through the NPP is afforded solely from such assessments. In keeping with this average, as an example, and with the understanding of proposed changes to the program that may result in allotments of 12,000 hens, this would result in approximately one-third (35.8%) of the average industry growth to be allocated to new entrants³. Any growth in the hatching egg allocation that is more or less than about 0.72% year-over-year would be achieved through adjustments in utilization on all Placement Quota⁴.

Important to note is that policy objectives of the Commission will change over time and will require refinement of quota amounts needed to be made available for any such objectives (and placed into the quota pool, accordingly).

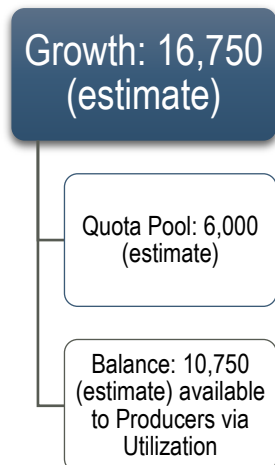


Figure 2 - Example of Distribution of Growth, per Quota Year

³ 12,000 quota hens / 33,500 quota hens

⁴ 35.8% x 2.0% BHE annual growth

As for the current quota pool balance of 23,406 quota hens, it is proposed that this be allotted to the both the NPP and Regional Diversification policy objectives. With the Regional Diversification policy review under separate cover, it is important to note that the quota pool is intended to act as a ‘launch’ for this policy with 12,000 quota hens being made available for allotment to producers initially launched into the Interior, in consideration, in part, of the regional restriction that will be placed upon other Placement Quota purchased and ‘moved’ into the BC Interior. The Commission acknowledges that this figure may be supplemented by additional Placement Quota.

The remaining balance of approximately 12,000 quota hens in the quota pool will be made available to the NPP following its review; the increase from 5,000 quota hens is in part due to the regional restriction anticipated to be placed on said quota.

On an ongoing basis, the Commission will make available to the quota pool 6,000 quota hens per year (12,000 per quota period) for the purposes of the NPP, should market conditions warrant new entrants into the BC Interior. In any event, the Commission will continue to review growth in allocation against contributions of quota to the quota pool in its annual utilization report.

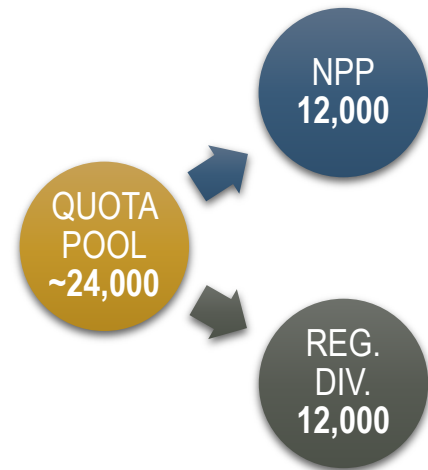


Figure 3 - Proposed one-time distribution of quota pool in support of two policy objectives

Reduced Use of LIFO

In its decision, BCFIRB gave supply managed commodities the option to remove the LIFO requirement on the sales of quota (para. 171) subject to provisions that the ‘windfall’ nature of growth quota allotment be addressed, according to a specific set of rules outlined by BCFIRB. At a minimum, any producer that accepts growth quota cannot have sold quota in the year immediately preceding the growth quota allotment.

Even when this is coupled with the removal of LIFO, the administrative burden of tracking partnership and corporate arrangements remains if growth quota (and NPP quota) is still subject to 10/10/0.

To alleviate this, and in keeping with preventing a windfall, real or perceived, the Commission proposes requiring producers who receive growth quota have a ‘freeze’ on the sale or lease of any held quota for one quota period (two years). Essentially, any producer who moves to sell quota would be subject to a 100% assessment on the amount of the transfer up to the total growth quota recently allotted (Option 2). A producer could not choose to sell legacy quota first. In other words, LIFO would not be completely removed and instead used in a limited circumstance of two years upon the issuance of growth quota. This also balances the competing objective that quota is transferable by not barring quota sales outright.

These proposed rules should incentivize building capacity for the industry as a whole, as well as set policies and rules for administering quota received from a commodity board on a similar basis for all

classes of quota with exceptions only when demonstrably needed.⁵

Permitted Exceptions

Paragraph 19(5) permits exceptions to the assessment on quota transfers under four conditions:

- (1) Quota is Transferred or deemed to have been Transferred, to the Transferor's spouse, child, or child and the child's spouse;
- (2) All Quota is Transferred to the Transferor's sibling together with the associated Production Unit;
- (3) Two or more Producers enter into an agreement of partnership and the partnership interest of each such Producer is proportionate to the Quota registered in that Producer's name;
- (4) The amount of Quota deemed to have been allotted to a Producer having an interest in a partnership remains registered in that Producer's name upon dissolution of the partnership.

Should the alternative method to funding the quota pool for policy objectives be based on indirect assessments, these exemptions would continue to be appropriate. If instead it is based on an allotment out of industry growth, none of these exceptions appear to be required. However, there may be a case for continued use of the exemptions for family-related transfers should there be any period of restricted quota transactions.

For example, if growth quota were to be issued with the aforementioned restriction on sales for one quota period after issuance, an exemption to transfer the quota intergenerationally would support family farming while recognizing that this process often takes years to plan and implement with other professionals. It also is important that the development of specific rules administering growth quota occur at the time it is contemplated; only at that point would the Commission understand future market conditions, and industry opportunities and challenges to lay out appropriate rules.

In retaining these, exceptions for family-related transfer rules would be the default and should be amended to recognize that there may be circumstances in which they are not permitted.

⁵ February 2, 2018. British Columbia Farm Industry Review Board. [Quota Assessment Tools Supervisory Review](#) (para. 174).

Recommendation

Option 2 is recommended with the limited use of LIFO for the specific circumstance of growth quota issuance, reduction of administrative challenges where possible, and an amended retention of exceptions for family-related transfers:

Type	Assessment Method	Placement Quota (e.g., Legacy)	Growth Placement Quota issued	NPP Placement Quota issued	Regularized Producer Chick Quota
Mainstream	No assessment	X% of growth in allocation, LIFO not applicable	100% if sold in first 2 years (quota period); no lease permitted, LIFO applicable (2 years) → after 2 years converts to Placement Quota	10/10/10 → on first transfer converts to Placement Quota, LIFO not applicable	n/a
Specialty	n/a	n/a	n/a	n/a	Exempt per C.O. 12(2)

Table 6 - Recommended Assessment Options

A red-lined draft of the Consolidated Order changes will be provided at Appendix B following consultation. The finalization of these rules will permit the Commission to continue with more certainty how to best move forward with the two other policy objectives of NPP and regional diversification, along with increasing production capacity in the industry through barn builds.

Consultation

September 16, 2025 – High-level presentation to producers at the Producers' Meeting

December 19, 2025 – Initial consultation period opened; documents distributed

January 30, 2026 – Memorandum sent clarifying the consultation timeline

February 5, 2026 – Roundtable held with PPAC

February 6, 2026 – Initial consultation period closed

February 13, 2026 – Roundtables held with BCEHA and BCCGA

February 17, 2026 – Roundtable held with BCBHEPA

February 17, 2026 – Roundtable held with producers at the Producers' Meeting

February 18, 2026 – Roundtable held with BCCMB at the Board-to-Board Meeting

March 30, 2026 – Roundtable held with PPAC

April 2, 2026 – Follow-up report provided; secondary consultation period opened

April 17, 2026 – Secondary consultation period closed

April 23, 2026 – Board meeting held where all stakeholder consultation was considered; draft letter and decision document reviewed and deliberated

May 1, 2026 – Decision made (see the *2026-05-01 Quota Policy Review Decision document*);

May 1, 2026 – Correspondence sent to BCFIRB

Appendix A Consolidated Order Excerpts

Consolidated Order

PART I – INTRODUCTORY

Interpretation

2. In this and all Orders of the Commission, unless the context requires otherwise, the definitions contained in the Natural Products Marketing (BC) Act, R.S.B.C. 1996, c. 330 and the British Columbia Broiler Hatching Egg Scheme (B.C. Reg. 432/88) shall have effect together with the following additional definitions:

...

“Broiler Hatching Egg” includes a Breaker Quality Egg, a Cull Egg, a Cull Underweight Broiler Hatching Egg, an Underweight Broiler Hatching Egg, and an Unmarketable Egg.

...

“Permissible Lease” means a Transfer of Quota by way of lease or license for a term of not more than two years, where:

- (a) the Transferor is a Registered Producer who has been actively engaged in Broiler Hatching Egg production for at least the immediately preceding Quota Period; and
- (b) the Quota so leased or licensed does not exceed 10% of the Transferor’s total allotment of Quota.

...

“Placement Quota” means the maximum quantity, as determined by the Commission, of broiler breeder pullets that may be received by a Producer in a Quota Period for the purpose of producing Broiler Hatching Eggs, excluding any allowances for mortality in shipment.

...

“Producer” means a Person who uses a Farm for the purpose of producing Broiler Hatching Eggs.

...

“Quota” means Placement Quota or Regularized Producer Chick Quota, as the case may be.

“Quota Period” means a twenty-four (24) month period commencing July 1st for Placement Quota and a twelve (12) month period commencing January 1st for Regularized Producer Chick Quota.

“Registered Producer” means a Producer registered by the Commission and recorded in the Register of Producers kept at the Commission’s head office.

“Regularized Producer” means a Registered Producer who has been allotted Regularized Producer Chick Quota.

“Regularized Producer Chick Quota” means the maximum quantity, as determined by the Commission, of Chicks that may be hatched in a Quota Period from Broiler Hatching Eggs produced by Regularized Producer.

...

“Special Allotment” means:

- (a) a general allotment of Placement Quota by the Commission;
- (b) a special allotment of Placement Quota in accordance with the New Producer Program Rules set out in Schedule 1;
- (c) a special allotment of Placement Quota in accordance with the Small-Lot Innovative Self-Marketer Program Rules set out in Schedule 7;
- (d) an allotment of Regularized Producer Chick Quota.

...

“Transfer” means a direct or indirect, legal or equitable, permissible or impermissible transfer of an interest of Quota, or the grant of an option to transfer an interest in Quota, and in the case Quota allotted to a corporation includes a transfer of shares or an interest in shares of the corporation or the issuance of additional shares or redemption of existing shares which results in a change in the proportion of shares held by each shareholder; but does not include the grant of a security interest in Quota in favour of a bona fide lender.

“Transferee” means the Person to whom Quota is being Transferred.

“Transferor” means the Person from whom Quota is being Transferred.

...

PART II – LICENSING

General Conditions

5. (1) It is a condition of issuance and maintenance of every licence that the applicant or holder complies with the Orders of the Commission from time to time in force and all applicable legislation and regulations.
- (2) Subject to subsection (3), no more than one Producer licence shall be issued with respect to a single Production Unit.
- (3) Two or more Producers may apply to the Commission to dispense with the limitation imposed under subsection (2). No dispensation of the limitation imposed under subsection (2) shall be effective unless approval is given by the Commission in writing. Where the Commission has granted such written approval, every Producer whose license is permitted to issue with respect to a single Production Unit shall be jointly and severally responsible and accountable for every incident of non-compliance, howsoever caused, in any way relating to or arising from that Production Unit.
- (4) One Producer licence may be issued with respect to more than one Production Unit.

- (5) No licence shall be issued to any individual who is under the age of nineteen years, or to any corporation controlled by any individuals under the age of nineteen years, or to any partnership with respect to which any individual member is under the age of nineteen years.
- (6) When a Producer holding a licence is a partnership or a corporation and undergoes a change in controlling partners or control of the corporation, the licence of such Producer is subject to revocation by the Commission. For the purpose of this subsection, a change in control of a corporation shall be a change in ownership, direct or indirect, of the majority voting shares of the corporation and a change in controlling partners is a change of partner or partners entitled to 50% or greater interest in the partnership.
- (7) Licences are not transferable.

...

PART III – ALLOTMENT AND REGISTRATION OF PLACEMENT QUOTA

Allotment of Quota

- 8. (1) The Commission may allot Quota to Producers or adjust, reduce, alter or cancel Quota allotted to such Producers, at such time or times, in such amounts and in such a manner as may be determined by it.
- (2) Unless otherwise determined by the Commission:
 - (a) Quota shall not be allotted to any individual who is under the age of nineteen years, or to any corporation controlled by any individuals under the age of nineteen years, or to any partnership with respect to which any individual member is under the age of nineteen years.
 - (b) Quota allotted to a Producer that is not produced by that Producer in a Quota Period is subject to cancellation by the Commission, except in the event of exceptional circumstances as determined by the Commission in its sole discretion.
 - (c) No Producer may Transfer Quota by way of lease or licence for a term exceeding two years, and any such Quota so leased or licensed is subject to cancellation by the Commission.
 - (d) No Producer shall be permitted to hold an allotment of Placement Quota of less than 12,000 broiler breeder pullets per Quota Period, except where the Producer is:
 - (i) an entrant under the New Producer Program Rules set out in Schedule 1; or
 - (ii) an entrant under the Small-Lot Innovative Self-Marketer Program Rules set out in Schedule 7.
- (3) All Quota is a revocable license to produce only and remains the exclusive property of the Commission

Special Issuance of Placement Quota Under New Producer Program

- 9. The Commission may issue Placement Quota in accordance with the New Producer Program Rules set out in Schedule 1.

Special Allotment of Placement Quota Under Small-Lot Innovative Self-Marketer Program

- 10. The Commission may allot Placement Quota accordance with the Small Lot Innovative Self-Marketer Program Rules set out in Schedule 7.

Allotment of Regularized Producer Chick Quota

- 11. (1) Effective January 1, 2021, all “Temporarily Regularized Producer Chick Quota” previously allotted by the Commission pursuant to the now repealed “Temporary Regularization of Historically Non-Compliant Silkie and Taiwanese Producers Program Rules” is converted to an allotment of Regularized Producer Chick Quota.
- (2) The Commission may, at any time, and in its sole discretion, adjust the permitted utilization rate of Regularized Producer Chick Quota.

Special Restrictions on Regularized Producer Chick Quota

- 12. (1) Regularized Producer Chick Quota may be held for production by a Regularized Producer only for so long as that Regularized Producer:
 - (a) permits Commission audits of the Farm operation to ensure compliance with Commission orders and all applicable legislation;
 - (b) is in good standing with all applicable Commission orders and all applicable legislation;
 - (c) is actively engaged in Silkie or Taiwanese Broiler Hatching Egg production; and
 - (d) uses the Regularized Producer Chick Quota exclusively for the production of Silkie or Taiwanese chicks;
 failing which the Regularized Producer Chick Quota so allotted shall thereupon be subject to immediate cancellation on notice by the Commission to the entrant.
- (2) Regularized Producer Chick Quota may be Transferred provided that it shall continue to be subject to all of the special restrictions described in subsection (1). Notwithstanding any other provision in the Consolidated Order, no surrender of Regularized Producer Chick Quota is required on a Transfer thereof.
- (3) Regularized Producer Chick Quota cannot be converted to Placement Quota.

...

Registration of Quota to Independent Production Unit

- 14. (1) Quota allotted by the Commission to a Producer shall be registered to the Independent Production Unit or Units described in the Producer licence.
- (2) Where a Producer operates more than one Independent Production Unit under a single Producer licence, Quota allotted to that Producer will be apportioned by the Commission and registered to each such Independent Production Unit as directed by the Producer or, in the absence of such direction, in such amounts and in such a manner as may be determined by Commission.

- (3) All broiler breeders shall be kept on and marketed from the Independent Production Unit or Units described in the Producer licence in a manner consistent with the Quota registered to the Independent Production Unit or Units, as the case may be, unless the Commission otherwise consents in writing.
- (4) The location of an Independent Production Unit to which Quota is registered shall not be changed in whole or in part, unless the Commission otherwise consents in writing.

Registration of Quota to Producer

- 15. (1) Quota allotted to a Producer who is a sole proprietor will be registered by the Commission in the name of the Producer. If the Producer requests that the Quota be registered to a business name that is different from the Producer's name, the Quota will be registered to both the business name and the Producer's name.
- (2) Quota allotted to a Producer which is a partnership will be registered by the Commission in the partnership name and individual names of all of the partners. At the time of first registration, and subsequently as required by the Commission, the partnership shall file with the Commission a true copy of the partnership agreement showing the name of each partner and the interest that each partner has in the partnership. The partnership shall inform the Commission in writing one calendar month before any subsequent change is made in the partners or in the interest each has in the partnership.
- (3) Quota allotted to a Producer which is a corporation will be registered by the Commission in the corporate name and the name of the president or majority shareholder. At the time of first registration, and subsequently as required by the Commission, the corporation shall file with the Commission a true copy of the Certificate of Incorporation and the Register of Members. The corporation shall inform the Commission in writing one calendar month before any subsequent change is made to the share allotment within, or structure of, the corporation.
- (4) Quota allotted in the name of a corporation is deemed to have been allotted to each shareholder, whether holding voting shares or not, in proportion to their share holdings of issued shares in the corporation.
- (5) The Commission may require a Producer, which is a partnership or a corporation, to file with the Commission at any time subsequent to first registration, a true copy of the partnership agreement or register of members of the corporation.
- (6) Failure by a Producer to provide the Commission with any of the documents required by the Commission within the time period stated by the Commission shall result in the suspension of the offending licensee's licence and Quota until the required document is filed and approved by the Commission.

PART IV – TRANSFER AND LEASE OF PLACEMENT QUOTA

Application for Transfer of Quota

- 16. (1) Quota may only be Transferred upon application by the Transferor to, and with the written approval of, the Commission.
- (2) Applications for Transfer of Quota must be accompanied by:
 - (a) an administration fee of \$250.00 payable by the applicant to the Commission;
 - (b) a letter from the applicant's Hatchery releasing the applicant from any outstanding accounts with the Hatchery.
- (3) Where the Commission incurs legal or other professional expenses in connection with the processing of an application for Transfer, such expenses may be charged to the applicant as a condition of approval of the application by the Commission.
- (4) Applications for Transfer of Quota made within six months of an approved Transfer of Quota are not subject to payment of additional administration fees or additional legal or other professional expenses incurred by the Commission in connection with the processing of such applications.

Limitations on Transfer of Quota

- 17. (1) The Commission may refuse to approve a Transfer of Quota where:
 - (a) The Transferor or Transferee is not in compliance with the Orders of the Commission from time to time in force and all applicable legislation and regulations; or
 - (b) The Transferee is an individual who is under the age of nineteen years, or a corporation controlled by any individuals under the age of nineteen years, or a partnership with respect to which any individual member is under the age of nineteen years.
- (2) Unless the Commission otherwise consents in writing, no Producer may Transfer Quota by way of a Permissible Lease within one year from the date that such Producer last Transferred Quota by way of a Permissible Lease.
- (3) The Commission may require a Transferee of Quota to be interviewed by the Commission.
- (4) The Commission may impose conditions with respect to any approval of a Transfer of Quota.
- (5) The Commission may suspend the approval of Transfers for a definite or indefinite period of time.

Deemed Transfer of Quota

- 18. (1) A Transfer of Quota allotted to a partnership is deemed to occur when a partnership interest is transferred.
- (2) A Transfer of Quota allotted to a corporation is deemed to occur when:
 - (a) The shares of that corporation are transferred;
 - (b) An interest in the shares of that corporation is transferred;
 - (c) Additional shares of that corporation are issued resulting in a change in the proportion of shares held by each shareholder; or

- (d) Existing shares of that corporation are redeemed resulting in a change in the proportion of shares held by each shareholder.

Surrender of Quota on Transfer

- 19. (1) Subject to subsection (5), where Quota is Transferred other than by way of a Permissible Lease, the Transferor shall surrender to the Commission an amount of Quota calculated as follows:
 - (a) 5% of the amount of Quota being Transferred, where such Quota was:
 - (i) allotted pursuant to a Special Allotment to the Transferor prior to April 1, 2006; or
 - (ii) allotted to the Transferor other than pursuant to a Special Allotment;
 - (b) 100% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within one year from the date of the proposed Transfer;
 - (c) 90% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the second year preceding the date of the proposed Transfer;
 - (d) 80% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the third year preceding the date of the proposed Transfer;
 - (e) 70% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the fourth year preceding the date of the proposed Transfer;
 - (f) 60% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the fifth year preceding the date of the proposed Transfer;
 - (g) 50% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the sixth year preceding the date of the proposed Transfer;
 - (h) 40% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the seventh year preceding the date of the proposed Transfer;
 - (i) 30% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the eighth year preceding the date of the proposed Transfer;
 - (j) 20% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within the ninth year preceding the date of the proposed Transfer;

- (k) 10% of the amount of Quota being Transferred, where such Quota was allotted pursuant to a Special Allotment to the Transferor on or after April 1, 2006, and within, or prior to, the tenth year preceding the date of the proposed Transfer.
- (2) For the purposes of subsection (1), the Placement Quota being Transferred is deemed to be the Placement Quota most recently allotted to the Transferor. The Commission may, in its sole discretion, deem Placement Quota to have been allotted on a date that precedes the date of allotment recorded by the Commission where a Producer has satisfied the Commission, on satisfactory evidence, that there are good and sufficient reasons to do so.
- (3) Where the interest of a Producer in a partnership is increased, decreased or transferred, a proportionate Transfer of the Quota deemed to have been allotted to such Producer is deemed to occur.
- (4) Where the direct or indirect interest of an individual in a corporate Producer is increased, decreased or transferred, a proportionate Transfer of the Quota deemed to have been allotted to such individual is deemed to occur.
- (5) A surrender of Quota pursuant to paragraph 19(1)(a) is not required where:
 - (a) Quota is Transferred, or deemed to have been Transferred, to the Transferor's spouse, child, or child and the child's spouse;
 - (b) all Quota is Transferred to the Transferor's sibling together with the associated Production Unit;
 - (c) two or more Producers enter into an agreement of partnership and the partnership interest of each such Producer is proportionate to the Quota registered in that Producer's name;
 - (d) the amount of Quota deemed to have been allotted to a Producer having an interest in a partnership remains registered in that Producer's name upon dissolution of the partnership.

...

SCHEDULE 1 – NEW PRODUCER PROGRAM RULES

...

Application

- 2. (4) An applicant for the New Producer Program may be a partnership in which case each partner must qualify under subsection (5).

...

Purchase or Acquisition of Additional Placement Quota

- 6. (1) An entrant may purchase or acquire Placement Quota.
- (2) Entrants under the New Producer Program are eligible to receive general allotments of new Placement Quota and are subject to general adjustments or reductions of Placement Quota, and

for that purpose, such receipts, adjustments or reductions shall be calculated against the Placement Quota then allotted to the entrant.

...

SCHEDULE 7 – SMALL LOT INNOVATIVE SELF-MARKETER PROGRAM RULES

...

Application Under Small-Lot Innovative Self-Marketer Program

- 2. (3) An applicant for the Small-Lot Innovative Self-Marketer Program may be a partnership in which case each partner must qualify under subsection (4).

...

Purchase or Acquisition of Additional Placement Quota

- 5. (1) An entrant may purchase or acquire Placement Quota.
- (2) Entrants under the Small-Lot Innovative Self-Marketer Program are eligible to receive general allotments of new Placement Quota and are subject to general adjustments or reductions of Placement Quota, and for that purpose, such receipts, adjustments or reductions shall be calculated against the Placement Quota then allotted to the entrant.