MSC Notice 2001-15

NOTICE OF NATIONAL INSTRUMENT 55-101 – MSC RULE 2001-13 AND COMPANION POLICY 55-101CP UNDER *THE SECURITIES ACT* EXEMPTION FROM CERTAIN INSIDER REPORTING REQUIREMENTS

Notice of Rule and Policy

The Manitoba Securities Commission (the "commission") has, under section 149.1 of *The Securities Act* (the "Act"), enacted National Instrument 55-101 Exemption from Certain Insider Reporting Requirements (the "National Instrument") as a Rule under the Act, and has adopted Companion Policy 55-101CP Exemption from Certain Insider Reporting Requirements (the "Companion Policy") as a Policy under the Act.

The National Instrument and Companion Policy are initiatives of the Canadian Securities Administrators (the "CSA"). The National Instrument has been, or is expected to be, enacted as a rule in each of British Columbia, Alberta, Manitoba, Ontario, Newfoundland and Nova Scotia, a Commission regulation in Saskatchewan, and a policy in all other jurisdictions represented by the CSA. The Companion Policy has been, or is expected to be, implemented as a policy in all the jurisdictions represented by the CSA.

The National Instrument will come into force, pursuant to section 8.1 of the National Instrument, on May 15, 2001. The Companion Policy came into force on the date that the National Instrument came into force.

The CSA published drafts of the National Instrument (the "Draft Instrument") and Companion Policy (the "Draft Policy") in June 2000 (collectively, the "Draft Instruments"). The instruments had been previously published for comment in August 1999.

During the comment period on the Draft Instruments that ended on August 16, 2000, the CSA received two submissions. The comments provided in these submissions have been considered by the CSA and the final versions of the National Instrument and Companion Policy being published with this Notice reflect the decisions of the CSA in this regard. Appendix A of this Notice lists the commentors on the Draft Instruments and provides a summary of the comments received and the response of the CSA.

Substance and Purpose of National Instrument and Companion Policy

The purpose of the National Instrument is to provide certain exemptions from the obligation to file insider reports under Canadian securities legislation. Generally speaking, the National Instrument

- provides an exemption from the obligation to file insider reports for certain directors and senior officers of subsidiaries of a reporting issuer and of affiliates of insiders

who neither hold the securities of a reporting issuer in significant amounts nor are in a position to acquire knowledge of undisclosed material information,

- permits directors and senior officers of a reporting issuer or of a subsidiary of the reporting issuer to report acquisitions of securities of the reporting issuer under automatic securities purchase plans on an annual basis in most circumstances,

- permits issuers conducting normal course issuer bids to report acquisitions of securities under such bids on a monthly basis, and

- permits insiders of a reporting issuer to report changes in direct or indirect beneficial ownership of, or control or direction over securities by, such insiders pursuant to certain issuer events, such as a stock split, consolidation or amalgamation, at the time of their next required insider report.

Although the National Instrument generally provides for an exemption for directors and senior officers of (i) subsidiaries of a reporting issuer and (ii) affiliates of insiders of a reporting issuer, the National Instrument does not provide for an exemption for directors and senior officers of insiders of a reporting issuer. It was decided not to grant an exemption to these insiders under the National Instrument, as applications for such relief have tended to be rare, and this type of relief is not covered in the corresponding policies of the other CSA jurisdictions. Accordingly, the commission is prepared to consider applications for this type of relief on a case by case basis, and will generally apply the same principles as set out in the National Instrument.

Canadian securities legislation imposes an obligation on insiders to disclose ownership of and trading in securities of reporting issuers, in part in an attempt to deter illegal insider trading and to increase investor confidence in the securities market by providing investors and potential investors with information concerning the trading activities of substantial security holders and other insiders of the issuer. The definition of "insider" in Canadian securities legislation, other than the Québec legislation, includes any person or company beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of a reporting issuer carrying more than 10 % of the voting rights attached to all voting securities of the reporting issuer. In Québec, the definition is slightly different as an insider includes a person who exercises control over more than 10 % of a class of voting shares or shares with an unlimited right to a share of the profits or assets of the issuer on a winding-up. Every director or senior officer of an insider of a reporting issuer is also an insider of the reporting issuer. Canadian securities legislation, other than the Québec legislation, stipulates that a company is deemed to beneficially own securities beneficially owned by its affiliates. As a consequence of these definitions, insider reporting obligations are imposed on directors and senior officers of affiliates of an insider of a reporting issuer. These directors and officers may have no relationship with the reporting issuer and no access to undisclosed material information concerning the reporting issuer.

Canadian securities legislation also imposes an obligation on insiders to file a report for each purchase made under automatic securities purchase plans. These purchases are typically in amounts, at prices and at times determined by established formula or criteria and the only investment decision by the insider is the decision to participate in the plan or to cease participating in the plan.

In addition, under Canadian securities legislation, issuers themselves are insiders in respect of purchases of their own shares, and accordingly are required to file a report for purchases of their own shares, for example, through issuer bids.

The Canadian securities regulatory authorities have recognized the extent to which compliance with the insider reporting requirements can be unnecessarily burdensome and have, in recent years, provided exemptive relief on a case-by-case basis in response to applications made on behalf of directors and senior officers of subsidiaries and affiliates of corporate insiders of reporting issuers, for purchases made by insiders under automatic securities purchase plans and for issuers conducting normal course issuer bids. The Policy makes it clear that these orders will, except as otherwise provided in them, still be in effect notwithstanding the implementation of the National Instrument. The degree to which the orders replicate each other suggests that the process of granting case-by-case exemptions is routine and for that reason the relief set out in the National Instrument is merited.

It was contemplated that the National Instrument would come into force contemporaneously with National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI). The proposed National Instrument 55-102 will establish an electronic filing system for insider trading reports. It was also intended that all of the provisions of the National Instrument be capable of effective implementation within the electronic filing system regime to be established under proposed National Instrument 55-102.

The CSA have determined that, notwithstanding the fact that the proposed National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) is not coming into force at this time, it was nonetheless appropriate to now bring National Instrument 55-101 into force, so as to make available the types of relief from insider trading requirements contained in National Instrument 55-101.

Part 7 of National Instrument 55-101 is related to provisions which will be contained in proposed National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI). Although proposed National Instrument 55-102 is not coming into force at this time, the CSA has determined that, in connection with bringing National Instrument 55-101 into force at this time, it was appropriate and desirable to retain the exemptive relief in Part 7 relating to reporting for certain events, as discussed below.

Currently, an insider whose security holdings change automatically as a result of a stock split, or similar event that affects all holders of a class of securities equally, would technically be required to

file an insider report disclosing that change, even if there is no proportionate change in the insider's position. The securities legislation of some Canadian jurisdictions provides for an exemption from the insider reporting requirement upon the occurrence of such corporate events where an officer of the issuer files a notice of the transaction within 10 days. Under proposed National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), SEDI issuers will be required to report such events. However, under the electronic filing system, such reports would not adjust the individual disclosure for insiders and for this reason the CSA was proposing to revoke the existing exemptive relief in Canadian securities legislation contemporaneously with the implementation of the National Instrument. Nonetheless, as the CSA believed that exemptive relief should be provided to insiders in these circumstances, the exemption in Part 7 of the National Instrument was to be provided to provide exemptive relief for insiders whose holdings are affected by such events, by permitting such insiders to defer a report of the change caused by such an event until the insider's next required report.

Notwithstanding the fact that proposed National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) is not coming into force contemporaneously with the National Instrument, the CSA have determined that it was appropriate to bring National Instrument 55-101 into force containing the exemptive relief provided by Part 7. An issuer would invariably be required to make public disclosure of the issuer event under continuous disclosure requirements. Accordingly, the CSA believe that it continues to be appropriate to provide relief in these circumstances by exempting insiders from disclosing changes in direct or indirect beneficial ownership of, or control or direction over securities by, the insider for securities of the reporting issuer pursuant to an issuer event, as the event, and its effect on security holdings, will generally be disclosed.

National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI), as proposed, will include a requirement for an issuer to disclose an issuer event. As and when National Instrument 55-102 is implemented, National Instrument 55-101 would be capable of effective implementation within the electronic filing system regime to be established under proposed National Instrument 55-102. In particular, the requirement for an issuer to report an issuer event will effectively co-exist with, and complement, the exemption provided by Part 7.

The CSA have determined that, as and when National Instrument 55-102 is implemented, National Instrument 55-101 will effectively co-exist with National Instrument 55-102.

Securities legislation of some Canadian jurisdictions (not Manitoba) provides for an exemption from the insider reporting requirement where an officer of the issuer files notice of the acquisition by a person or company of securities of an issuer through a stock dividend plan, a share purchase plan or other plan available to a class of security holders, employees or management of an issuer. (For example, Regulation 172.(1) in Ontario).The exemptive relief provided by Part 5 of the National Instrument, permitting directors and senior officers to report acquisitions of securities under automatic securities purchase plans on an annual basis in most circumstances, provides relief in respect of the same subject matter as the existing exemptive relief and the CSA therefore will

revoke this existing exemptive relief in Canadian securities legislation contemporaneously with the implementation of the National Instrument.

The CSA note that the securities legislation and securities directions of some Canadian jurisdictions provide for additional exemptions from the insider reporting requirement.

The Policy also makes it clear that the National Instrument only provides an exemption from the insider reporting requirements and not from liability for improper trading under Canadian securities legislation.

The following sections summarize the National Instrument and Companion Policy and describes certain of the changes made in the National Instrument and the Companion Policy from the Draft Instruments. For a detailed summary of the contents of the Draft Instruments, reference should be made to the Notice published with those instruments. As the changes to the National Instrument and Companion Policy from the Draft Instruments are not material, the National Instrument is not subject to a further comment period. The changes were made as the result of further consideration of the National Instrument and Companion Policy by the CSA.

Summary of National Instrument and Changes to the National Instrument

Definitions

Part 1 contains a definition section. Summaries of the defined terms, and changes to them from the Draft Instrument, are set forth below in the summaries of the Parts of the Instrument in which the definitions are used.

Exemption for Directors and Senior Officers of Subsidiaries

Part 2 provides an exemption from insider reporting for directors and senior officers of subsidiaries of a reporting issuer, other than persons who are directors or senior officers of major subsidiaries or who in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer prior to general disclosure. This Part was changed to clarify that directors or senior officers who in the ordinary course have access to information as to material facts and material changes concerning the reporting issuer before general disclosure to the public may not rely on the exemption, in addition to directors or senior officers who in the ordinary course receive such information. The exemption is also not available to a person who is an insider of the reporting issuer in some other capacity. This limitation on the availability of the exemption was changed from the Draft Instrument to delete the unnecessary qualification that this limitation did not apply if the insider was otherwise exempted from the insider reporting requirement. A "major subsidiary" is defined in Part 1 to be a subsidiary that represents 10 % or more of the consolidated assets or revenues of the reporting issuer. The term "major subsidiary" is used, a change from the term "significant subsidiary" used in the Draft Instrument, to avoid confusion with other instruments which use the term "significant" with a different meaning. The definition of the

term was also changed to reflect appropriate accounting terminology (such as replacing "statement of income and loss" with "income statement"), consistent with terminology used in other instruments.

Exemption for Directors and Senior Officers of Affiliates

Part 3 provides an exemption for directors and senior officers of affiliates of insiders of a reporting issuer. This exemption is not available to directors or senior officers who in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before general disclosure of such material facts or material changes. The same change was made to this exemption as was made to the exemption in Part 2, to clarify that the exemption is not available to directors or senior officers of affiliates who in the ordinary course have access to information as to material facts or material changes before general disclosure to the public, as well as directors or officers who in the ordinary course receive such information. The exemption is also not available to directors or senior officers of an affiliate that supplies goods or services to, or has contractual arrangements with, the reporting issuer or a subsidiary, the nature and scale of which could reasonably be expected to have a significant effect on the market price or value of the reporting issuer's securities. The exemption is also not available to a person who is an insider of the reporting issuer in some other capacity. As was the case in Part 2, this limitation on the availability of the exemption was changed from the Draft Instrument to delete the unnecessary qualification that this limitation did not apply if the insider was otherwise exempted from the insider reporting requirement. It should be noted that Part 3 does not apply in Québec, as under the Québec *Securities Act* directors and senior officers of affiliates of insiders do not have insider reporting obligations.

Lists of Exempted Insiders

Part 4 imposes an obligation on the reporting issuer to maintain a list of all insiders of the reporting issuer exempted by either Parts 2 and 3 of the National Instrument. Changes were made to this Part from the Draft Instrument to clarify that the reporting issuer is to maintain a list of insiders exempted under each of the Parts. This section was also changed to delete the requirement that the reporting issuer set out "the basis" for including an insider in a list under this Part.

Reporting for Automatic Securities Purchase Plans

Part 5 provides an exemption from the obligation to report purchases under automatic securities purchase plans, other than the acquisition of securities pursuant to a lump-sum provision of a plan. The exemption in Part 5 is not available if the insider also satisfies the insider test under securities legislation that is triggered by shareholdings in excess of 10 %.

The term "automatic securities purchase plan" is defined to mean a dividend or interest reinvestment plan, stock dividend plan or any other plan of a reporting issuer or of a subsidiary of a reporting issuer to facilitate the acquisition of securities of the reporting issuer if the timing of

acquisitions of securities, the number of securities which may be acquired under the plan by a director or senior officer of the reporting issuer or of a subsidiary of the reporting issuer and the price payable for the securities are established by written formula or criteria set out in a plan document. The only change to this definition from that in the Draft Instrument was to expressly include in the definition reference to dividend or interest reinvestment plans and stock dividend plans.

The term "lump-sum provision" is defined in Part 1 to mean a provision of an automatic securities purchase plan which allows a director or senior officer to acquire securities in consideration of an additional lump-sum payment, including, in the case of a dividend or interest reinvestment plan which is an automatic securities purchase plan, a cash payment option. The term "cash payment option" is defined in Part 1 to mean a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the issuer, securities of the issuer's own issue, in addition to the securities purchased using the amount of the dividend or interest payable to or for the account of the participant or acquired as a stock dividend or other distribution out of earnings or surplus. A definition of "dividend or interest reinvestment plan" is included in Part 1 to assist in defining "automatic securities purchase plan" and "cash payment option". The term "dividend or interest reinvestment plan" is defined to mean an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends or interest paid on those securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer's own issue. The definition of "stock dividend plan" was added to assist in defining " automatic securities purchase plan". The term "stock dividend plan" is defined to mean an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings or surplus. No changes were made to the definitions of "cash payment option", "dividend or interest reinvestment plan", "lump-sum provision" from those in the Draft Instrument.

Section 5.1 was changed from the Draft Instrument to clarify that the reporting requirement set out in section 5.3 is not a condition of the availability of the exemption in section 5.1.

Section 5.3 provides for the annual reporting requirement under the National Instrument. Section 5.3 provides that an insider who relies on the exemption from the insider reporting requirement contained in section 5.1 is to file a report, in prescribed form, disclosing each acquisition of securities under automatic securities purchase plans that has not been previously disclosed, (a) for any securities acquired under an automatic securities purchase plan which have been disposed of or transferred, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and (b) for any securities acquired under an automatic securities purchase plan during a calendar year which have not been disposed of or transferred, annually within 90 days of the end of the calendar year. Section 5.3 was changed to conform the wording of the filing requirement more closely to the existing insider reporting requirement and to clarify that the annual report is to disclose each acquisition of securities under a plan.

Reporting for Normal Course Issuer Bids

Section 6.1 provides that the insider reporting requirement does not apply to an issuer for acquisitions of securities by the issuer under a normal course issuer bid. Section 6.2 provides that an issuer who relies on the exemption in section 6.1 shall file a report, in prescribed form, disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred. The wording and structure of Part 6 of the National Instrument was changed from the Draft Instrument to conform with the wording and structure of Parts 5 and 7 and to clarify that the monthly report is to disclose each acquisition of securities under the bid. The term "normal course issuer bid" is defined in Part 1 for the purposes of this exemption as (a) an issuer bid which is made in reliance on the exemption contained in securities legislation from certain requirements relating to issuer bids which is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 % of the securities of that class issued and outstanding at the commencement of the period, or (b) a normal course issuer bid as defined in the policies of The Montreal Exchange, The Canadian Venture Exchange or The Toronto Stock Exchange, conducted in accordance with the policies of that exchange. Clause (a) of the definition of "normal course issuer bid" was changed from the Draft Instrument to clarify that the exemption from normal course issuer bid reporting is available for each acquisition as the bid is being conducted if the issuer is relying on the statutory exemption for such bids, as opposed to determining whether the insider reporting exemption was available after the fact of the bid.

Reporting for Certain Issuer Events

As described above, the CSA determined that it was appropriate to provide in Part 7 relief from the insider reporting requirement for insiders affected by issuer events. The exemption from the insider reporting requirement contained in securities legislation for certain corporate events which affect all holdings of a class of securities in the same manner, where an officer of the issuer files a written notice of the event within ten days, is to be revoked.

Section 7.1 provides to insiders of reporting issuers an exemption from the obligation to report a change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer for securities of the reporting issuer resulting from an issuer event. Section 7.2 provides that an insider who relies on the exemption in section 7.1 shall report the changes within the time required by securities legislation for reporting any other subsequent change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer. The term "issuer event" is defined in Part 1 to mean a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities in the same manner, on a per share basis. Section 7.1 was changed to clarify that the exemption is provided to the insider, and not the issuer event, and to clarify that the reporting requirement contained in section 7.2 is not a condition of the exemption provided in section 7.1. Section 7.2 was changed to conform the wording of the filing requirement more closely to the

existing insider reporting requirement and to clarify that the changes resulting from the issuer event are to be reported by the insider within the time required for a report on any other subsequent change. The definition of "issuer event" was changed from that in the Draft Instrument to clarify that an issuer event was such an event which affected all holdings of a class of securities of an issuer in the same manner, on a per share basis.

Summary of Companion Policy and Changes to the Companion Policy

Purpose

The first part sets out the purpose of the Policy, which has not been changed from the Draft Policy.

Definitions

The second part, which provides commentary on the definition of "automatic securities purchase plan", has been changed from the Draft Policy to refer to stock dividend plans, reflecting the change in the National Instrument from the Draft Instrument.

Scope of Exemptions

The third part, which sets out that the National Instrument only provides exemptions from the insider reporting requirement and not from the provisions in Canadian securities legislation imposing liability for improper insider trading, has not been changed from the Draft Policy.

Automatic Securities Purchase Plans

The fourth part deals with the reporting of acquisitions or dispositions by a director or senior officer of a reporting issuer or of a subsidiary of the reporting issuer of securities under an automatic securities purchase plan. A number of changes have been made to the fourth part of the Policy, a number of which reflect the changes described above to the National Instrument.

Clause (1), which is virtually unchanged from the Draft Policy, indicates that section 5.1 of the National Instrument provides an exemption for acquisitions of securities of a reporting issuer under an automatic securities purchase plan to directors or senior officers of a reporting issuer and of a subsidiary of a reporting issuer. Clause (2) has been changed from the Draft Policy to clarify that the exemption does not apply to securities acquired under the cash option payment components of dividend or interest reinvestment plans, the "lump-sum" provisions of share purchase plans, and stock option plans, so as to conform the wording with that used in the National Instrument. Clause (3) provides that a person relying on this exemption must file a report disclosing each acquisition pursuant to the automatic securities purchase plan annually no later than 90 days after the end of the calendar year. Clause (3) also provides that the annual reporting requirement applies to persons who have not disposed of or transferred securities which were acquired under automatic securities purchase plans. Clause (3) was changed to reflect certain minor changes to the National

Instrument, which changes were made to conform the wording of section 5.3 of the National Instrument which, as described above, were made to conform the wording of the filing requirement in section 5.3 of the National Instrument more closely to the wording of the existing insider reporting requirement in securities legislation. Clause (4) of the Policy, which provides that the National Instrument does not relieve a director or senior officer from his or her insider reporting obligations in respect of dispositions or transfers of securities, has not been changed from the Draft Policy. Clause (5) provides that a director or senior officer must report dispositions or transfers of securities, and acquisitions of securities which are not exempt from the insider reporting obligation, within the time periods required by securities legislation and that the report for such acquisitions or dispositions need not include acquisitions under an automatic securities purchase plan, unless clause 5.3(a) of the National Instrument requires disclosure of those acquisitions. Clause (5) was changed to reflect changes in the National Instrument from the Draft Instrument, which, as described above, were made to conform the wording of clause 5.3(a) more closely to the insider reporting requirement in securities legislation. Clause (6) clarifies that clause 5.3(a) of the National Instrument requires reports disclosing acquisitions of any securities acquired under a automatic securities purchase plan which are disposed of or transferred. It also provides guidance as to the particulars of such insider trades to be reported. Clause (6) was changed to reflect changes in the National Instrument, which, as described above, were made to conform the wording of clause 5.3(a) more closely to the insider reporting requirement in securities legislation. Clause (7), which provides the CSA's views as to the particulars to be included in the annual report, is virtually unchanged from the Draft Policy. Clause (8), which indicates that the report filed for acquisitions under the automatic purchase plan will reconcile acquisitions under the plan with other acquisitions or dispositions, has not been changed from the Draft Policy.

Section 4.2 sets out the views of the CSA that the Instrument provides a limited exemption from insider reporting requirements in circumstances in which an insider, by virtue of participation in an automatic securities purchase plan, is not making discrete investment decisions for acquisitions under such plan. Accordingly, if it is intended that insiders of an issuer rely on this exemption for a particular plan, the issuer should design and administer such plan in a manner which is consistent with this limitation. There is virtually no change in this section from the Draft Policy.

National Instrument and Companion Policy

The texts of the National Instrument and Policy follow.

The Manitoba Securities Commission **DATED: May 15, 2001.**

Appendix "A"

Summary of Comment Letters and Responses

Two comment letters were received, one from Torys and one from the Canadian Bankers Association, in response to the request for comments on the Draft Instruments.

General Comments

One commentator recognized the significant steps taken by the CSA to streamline and decrease the administrative burden with respect to reporting requirements and commended the CSA on the changes made.

Definition of Senior Officer in Securities Legislation - Narrow Insider Reporting Requirements

A commentator submitted that the definition of “senior officer” should be changed. The commentator recommended relief from insider reports filed by vice presidents who are not in a position to receive non-public material information in the ordinary course, on the basis that such filings represent an unnecessary burden which does little to further the objectives of the legislation.

The commentator submitted that a senior officer who meets the following criteria be exempt from the insider reporting requirement:

a) the senior officer is a vice president;

b) the senior officer is not in charge of a principal business unit, division or function of the reporting issuer or subsidiary, as the case may be;

c) the senior officer does not receive, in the ordinary course, information as to material facts or changes concerning the reporting issuer before the material facts or changes are generally disclosed; and

d) the senior officer is not an insider of the reporting issuer or a subsidiary in any other capacity.

The CSA determined that the National Instrument should not be changed at this time to narrow the definition of "senior officer" for insider reporting purposes. Such an amendment was outside the current scope of, and time frame for implementation of, the National Instrument. As indicated in the Notice accompanying the Draft Instrument, the CSA believe that this comment raises broader issues which require significant further consideration, which consideration could not appropriately occur within the time period for the adoption of the National Instrument. The CSA are currently reviewing this matter and it is possible that such review may lead to proposed amendments to the National Instrument in this regard.

Normal Course Issuer Bid Reporting

One commentator suggested that consideration be given to providing that normal course issuer bids effected in compliance with the requirements of the rules of The Toronto Stock Exchange (and other exchanges with similar reporting rules) be exempt from the requirement to file an insider report, on the basis that the requirements of the TSE already require reporting of all the relevant information that is contained in an insider trading report within 10 days after the end of each month in which acquisitions occur.

The CSA determined not to make any changes in this regard to the National Instrument. The CSA note that the exemption contained in the National Instrument, permitting issuers to disclose acquisitions of securities under a normal course issuer bid within 10 days of the end of the month in which the acquisitions occur, provides new relief from the current insider reporting requirement to file such reports within 10 days of each acquisition under normal course issuer bids. In addition, it is the CSA's understanding that the information required to be reported to the stock exchanges is somewhat different from that required under the insider reporting requirement and, in addition, the information which is made available to the public through the reports to the stock exchanges is also different than that provided through the insider reporting requirement. It is also the understanding of the CSA that the method employed by the exchanges to disseminate that information, and the availability of such information to the public, is more limited than that provided by the current insider reporting requirement. Moreover, it is the CSA's understanding that stock exchanges accept insider trading reports as being sufficient for their reporting purposes, so that there is an opportunity for issuers to reduce the time spent in their preparation of filings in this regard. For all these reasons, the CSA have determined not to make this change.