

## MSC NOTICE 2006-34

### Proclamation of Bill 17 – The Securities Amendment Act

On November 1, 2006, and January 1, 2007, certain provisions of Bill 17 – The Securities Amendment Act, S.M. 2006, c. 11 will come into force:

On November 1, 2006, section 1, clause 2(1)(b) insofar as it enacts the definition of “reporting issuer”, clause 2(1)(c), subsections 2(2) and (3) and sections 3, 7 to 10, 15 to 20 and 22 to 31 will all come into force.

On January 1, 2007, section 33 insofar as it enacts Part XVIII of The Securities Act will come into force.

What follows is a general description of the amendments which are coming into force on November 1, 2006 and January 1, 2007. Please refer to the Bill for the specific amendments. It is available on The Legislative Assembly of Manitoba website here: [Bill 17 - The Securities Amendment Act](#)

#### Definitions

- Adding a definition of “reporting issuer”.
- Allowing the commission to make orders deeming an issuer to be reporting or ceasing to be reporting.
- Providing that where a reporting issuer is part of a merger, arrangement, reorganization or amalgamation, the resulting entity will also be a reporting issuer.

#### Part I of the Act

- Expanding circumstances where commission can add a member to a panel for the purposes of a hearing.

#### Part II of the Act

- Adviser exemptions in section 18 are repealed. There are adviser exemptions available in National Instrument 45-106 – Prospectus and Registration Exemptions (“NI 45-106”).
- Subsection 19(1) is replaced with a registration exemption for trades to exempt purchasers recognized by the Commission and for trades in connection with exemptions contained in regulations and rules. Exemptions can be found in NI 45-106 and section 91 of The Securities Regulation
- Subsection 19(2) is replaced with registration exemptions for trades in securities of co-operatives, credit unions and caisses populaires and for securities that are exempted by regulations and rules. Exemptions can be found in NI 45-106 and s. 91 of The Securities Regulation
- Subsections 19(3) and (4) are repealed. Exemptions can be found in NI 45-106.

#### Part V

- Section 34 is amended concerning filings of financial and other information by registrants, including the time that filings must be made by (s. 34(1.1)).

## Part VII

- Section 58 is amended to provide prospectus exemptions that coincide with the changes to subsections 19(1), (2), (3) and (4). Exemptions can be found in NI 45-106 and s. 91 of The Securities Regulation.

## Part IX of the Act

- Subsection 80(1) is amended by repealing the definition "reporting issuer".

## Part X of the Act

In connection with proxy solicitation and information circulars, most provisions are being repealed and specific requirements are found in the regulations and rules.

- Section 100 is amended by repealing the definitions "information circular" and "reporting issuer".
- Section 101 now requires the management of a reporting issuer to comply with the regulations respecting proxies and proxy solicitation.
- Section 102, subsections 103(1) and (3), section 104, subsection 106(3) and section 107 are repealed.

## Part XI of the Act

In connection with insider trading, the provisions have been updated harmonize with the requirements of other jurisdictions.

- Definitions for "reporting issuer" and "capital security" are deleted.
- Various provisions are amended to replace references to "capital securities" with "securities".
- Section 111 is repealed. Offences under Part XI are now dealt with under the general offence section.
- Subsection 116(2) is repealed.

## Part XII of the Act

In connection with financial reporting and ongoing continuous disclosure requirements, most provisions are being repealed and specific requirements are found in the regulations and rules.

- Sections 118 and 119 are repealed
- Section 120 requires a reporting issuer must file with the commission the documents required by this Act and the regulations, including its financial statements and auditor's report. The documents must be prepared and filed in accordance with the regulations. Sections 121 to 130 are repealed.
- Section 131 is amended to relieve a reporting issuer (or an issuer that is to become a reporting issuer) from requirements under Part XII, the regulations and rules.
- Section 135 is repealed. Offences under Part XII are now dealt with under the general offence section.

## Part XIII of the Act

- Section 136 is amended such that it applies to all offences under the Act. It is also amended to increase the maximum fine from \$1,000,000 to \$5,000,000.

## Part XIV of the Act

- Section 141.1 creates statutory rights of action in connection with the use of and offering

memorandum.

- Section 148 is amended to expand the ability to direct individuals cease trading in securities and to clarify the process for notice of hearings where a cease trade order is to be considered.
- Section 148.3 is added to give the Commission the power to remove or appoint directors and officers of an issuer and to prohibit an individual from acting as a director or officer of an issuer.

#### Part XVIII of the Act

On January 1, 2007, Part XVIII which creates civil liability in secondary market trading will come into force. These provisions create civil liability on the part of issuers, officers and directors, experts and influential people where misrepresentations are made in oral or written statements concerning issuers in certain circumstances.

Any questions concerning this notice can be directed to:

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