

Manitoba Securities Commission

Notice 2000-1

Proclamation and Transitional Matters

On February 1, 2000 the following will be proclaimed in force by Order-In-Council of the Government of Manitoba:

- *The Commodity Futures Act, except section 34(c)*
- Commodity Futures Fee Regulation, Manitoba Regulation number 179/99
- Commodity Futures Rule-Making Procedure Regulation, Manitoba Regulation number 180/99

(collectively, the "CFA").

Also on February 1, 2000 the Government of Canada will be proclaiming legislation to remove the Canadian Grain Commission as regulator of the Winnipeg Commodity Exchange.

The effect of the legislative and regulatory proclamations is to permit the Manitoba Securities Commission (the "Commission") to assume regulatory oversight of the Winnipeg Commodity Exchange. Proclamation of the CFA will also operate to repeal the existing *Commodity Futures Act*, allowing the Commission to continue to regulate the trading of commodity futures contracts and commodity futures options contracts in the Province of Manitoba in a more comprehensive manner.

Staff of the Manitoba Securities Commission are issuing this notice to advise the industry and the general public with respect to steps being taken by the Commission to effect the transition of regulation to the new CFA.

The Commission will be holding a special meeting on February 1, 2000. At that meeting staff will put the following matters before the Commission with the recommendation that each matter be approved:

1. Registration of the Winnipeg Commodity Exchange as an exchange pursuant to section 15 CFA for an interim period up to and including November 30, 2000;
2. Recognition of the Winnipeg Commodity Exchange as a self-regulatory organization pursuant to section 14 CFA for an interim period up to and including November 30, 2000;
3. Designating the Winnipeg Commodity Exchange Clearing Corporation as a recognized clearing house for the Winnipeg Commodity Exchange pursuant to section 16 CFA for an interim period up to and including November 30, 2000;
4. Granting an order pursuant to section 66 CFA exempting the following from the requirement to be registered contained in section 24 CFA for an interim period up to and including November 30, 2000:

- a. a person or company acting as a dealer that is a member on the Winnipeg Commodity Exchange and continues to be a member in good standing with the Winnipeg Commodity Exchange; and
- b. a person or company acting as an advisor (including partners, officers and employees of an advisor) that is registered and continues to be registered as an Investment Counsel & Broker-Dealer (Portfolio Manager) or as an Investment Dealer under *The Securities Act*.

The order will apply to dealers and advisors that meet the conditions of the order as of February 1, 2000 as well as those that commence business during the term of the order.

Winnipeg Commodity Exchange and
Winnipeg Commodity Exchange Clearing Corporation

The Winnipeg Commodity Exchange intends to apply to the Commission under the CFA for registration as an exchange and for recognition as a self-regulatory organization.

The Winnipeg Commodity Exchange Clearing Corporation intends to apply to the Commission under the CFA to be recognized by the Commission as a clearing house for the Winnipeg Commodity Exchange.

Interim registration and recognition is expected to be granted to permit the Winnipeg Commodity Exchange and the clearing house to continue to operate while staff of the Commission review the applications.

Registration Matters

Members of the Winnipeg Commodity Exchange

With respect to the requirement for registration under CFA, although the present *Commodity Futures Act* does not require registration with the Commission to trade in contracts in Manitoba, the trading of such contracts with the public is limited to members of an exchange recognized by the Commission. Under the existing *Commodity Futures Act* only the Winnipeg Commodity Exchange has been recognized by the Commission. The registration exemption order will reflect this situation and will permit both existing members and new members of the Winnipeg Commodity Exchange to trade in contracts.

Registrants under The Securities Act

The present *Commodity Futures Act* does not require registration by an individual who is not trading contracts directly with the public, but is providing advice with respect to the trading of contracts as part of the operation of a mutual fund or other prospectus qualified security that is traded to the public in Manitoba under *The Securities Act*. The registration exemption order will exempt firms and individuals that are acting as advisors during the term of the order from the requirement of registration under CFA on condition of continued registration under *The Securities Act*.

Detailed requirements for registration under the CFA will be contained in a rule. The rule will contain both the requirements for registration as well as forms required to be filed with the Commission.

It is expected that on or about February 1, 2000 the Commission will enact the rule and direct that the rule be published for comment for sixty days.

Enacting the registration rule will permit potential applicants for registration, including a person or company that is the subject of the registration exemption order, to commence the application process.

The publishing of the rule for comment will provide all interested persons with an opportunity to comment on all matters contained in the rule.

Although it is anticipated that the registration exemption order will be in effect until November 30, 2000 staff advise all prospective applicants for registration to commence the application process as early as possible as the increased volume of registrations during this period may result in an increase in the time required for Commission staff to process applications for registration.

Questions relating to the requirements and process for registration under CFA may be directed to:

R.B. Bouchard
Director - Registrations
945-2555
bbouchard@cca.gov.mb.ca

Questions related to general requirements under CFA may be directed to:

Douglas Brown
Counsel
945-0605
dbrown@cca.gov.mb.ca

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January 25, 2000.