

THE MANITOBA SECURITIES COMMISSION
MSC Rule No. 2008-22
(Section 149.1, *The Securities Act*)

AMENDMENTS TO
Local Rule 14-501 (MSC RULE 2000-12)
DEFINITIONS

PART 1 – AMENDMENTS

Amendments

1.1 MSC Rule No. 2000-12 is amended by adding the following subsections after subsection 1.2

Part XVIII civil liability for secondary market disclosure

1.3.1 For the purposes of Part XVIII of the Act:

- (a) "**equity security**" means any security of an issuer that carries the residual right to participate:
 - (i) in earnings of the issuer; and
 - (ii) In its assets on liquidation or winding up;

- (b) "**market capitalization**" means, in respect of an issuer, the amount determined as follows:
 - (i) for each class of equity securities for which there is a published market, determine the sum of the number of outstanding securities of the class at the close of trading on each of the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
 - (ii) divide the sum determined under subclause (i) by 10;
 - (iii) multiply the quotient determined under subclause (ii) for each class by the trading price of the securities of the class on the principal market for the securities for the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
 - (iv) add the amounts determined under subclause (iii) for each class of equity securities for which there is a published market;
 - (v) for each class of equity securities not traded on a published market, determine the fair market value of the outstanding securities of that class as of the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
 - (vi) add the amounts determined under subclause (v) for each class of equity securities not traded on a public market;
 - (vii) add the amount determined under subclause (iv) to the amount determined under subclause (vi) to determine the market capitalization of the issuer;

- (c) "**principal market**" means, in respect of a class of securities of a responsible issuer:
 - (i) the published market in Canada on which the greatest volume of trading in securities of that class

occurred during the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred; or

(ii) the published market on which the greatest volume of trading in securities of that class occurred during the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred, if securities of that class are not traded during those 10 days on a published market in Canada;

(d) "**trading price**" means, in respect of a security of a class of securities for which there is a published market, the amount determined under the following provisions:

(i) subject to subclauses (ii) and (iii), the trading price of the security is the volume weighted average price of securities of that class on the published market during the period for which the trading price is to be determined;

(ii) subject to subclause (iii), if there was trading in the securities of that class in the published market on fewer than half of the trading days during the period for which the trading price of the securities is to be determined, the trading price of the security is determined as follows:

(A) calculate the sum of the average of the highest bid and lowest ask prices for each trading day in the period on which there were no trades in securities of that class in the published market;

(B) divide the amount determined under paragraph (A) by the number of trading days on which there were no trades in securities of that class in the published market;

(C) add to the amount determined under paragraph (B) the volume weighted average price of securities of that class on the published market for those trading days on which securities of that class were traded;

(D) divide by two the amount determined under paragraph (C);

(iii) if there were no trades of securities of that class in the published market during the period for which the trading price is to be determined, the trading price of the security is the fair market value of the security.

Application of Part XVIII of the Act

1.3.2.1 For the purposes of clause 175(b) of the Act, Part XVIII of the Act applies to the acquisition of an issuer's security pursuant to the exemption from section 37 of the Act provided by section 2.8 of National Instrument 45-102 Resale of Securities.

1.3.2.2 For the purposes of clause 175(c) of the Act, Part XVIII of the Act applies to the acquisition or disposition of an issuer's security in connection with or pursuant to:

(a) a take-over bid that is described in section 4.1 or 4.5 of Multilateral Instrument 62-104 Take-over Bids and Issuer Bids; or

(b) issuer bid that is described in subsection 4.8(2) or (3) or section 4.11 of Multilateral Instrument 62-104 Take-over Bids and Issuer Bids.

PART 2 – EFFECTIVE DATE AND CITATION

Effective date

2.1 This amendment shall come into force on October 10, 2008.

Citation

2.2 This Instrument may be cited as MSC Rule 2008-22.