

## Notice

### Amendments to *The Securities Act, 1988* in force on June 30, 2004

[The Securities Amendment Act, 2004](#) has been proclaimed in force on June 30, 2004. The following outlines its provisions:

#### Definitions

- The definition of proxy is amended to remove the words “written or printed” so that proxies can be prepared and sent in electronic form.
- The definition of “offering memorandum” is amended to include an offering memorandum used under the offering memorandum exemption in MI 45-103 *Capital Raising Exemptions*. This means that if an offering memorandum used under the exemption in MI 45-103 contains a misrepresentation, purchasers have a civil right of action under section 138 of the Act
- The definition of “reporting issuer” is amended. The current definition creates a reporting issuer where one private company makes a securities exchange takeover bid for another private company. Because of the amendment, a private company will become a reporting issuer only after a securities exchange take-over for a reporting issuer.

#### Investor protection provisions

- Section 33.1 imposes a new requirement on registrants to deal honestly, fairly and in good faith with their clients.
- Section 44.1 is a new provision that prohibits anyone from engaging in an unfair practice with the intention of advising or effecting the purchase or sale of a security.
- Section 55.1 has been amended to broaden its scope. It currently prohibits activity that could lead to an artificial price for a security. The amendment adds a prohibition of any act relating to securities that perpetrates a fraud on any person.

#### Exemptions

- The exemptions in clauses 39(1)(p) and 81(1)(i) are amended. The current provisions grant a exemptions from the registration and prospectus requirements of the Act for certain trades in connection with an amalgamation, merger, reorganization or arrangement. The amendment clarifies that the exemptions apply to *all* trades in connection with amalgamations, mergers, reorganizations or arrangements.
- The dividend reinvestment exemptions in clauses 39(1)(ff) and 81(1)(cc) are expanded to include “income or any other distributions” in addition to the payments that are currently covered by the exemption.
- Subsection 39(4) and section 82.1 are repealed. These provisions removed the right to use an exemption from the registration and prospectus requirements of the Act for someone who was in breach of any requirement of the Act. After the amendment, someone who has breached the Act will be dealt with in an appropriate manner, but they will no longer automatically lose their right to use the registration and prospectus exemptions.

- Section 92 is amended to delete the requirement that a company have fewer than 15 security holders in Saskatchewan before the Commission can deem it to no longer be a reporting issuer.

### **Administrative provisions**

- Section 6 is amended so that the Commission may assign to the Director its powers under sections 12 to 16 of the Act. The powers in sections 12 to 16 include the power to issue an investigation order.

Other amendments to section 6 permit the Director to assign his or her powers and duties under the Act to employees and to specify terms and conditions.

- Section 134.1 is expanded to allow the Director to issue a cease trading order against an issuer that has failed to file material required under a decision of or undertaking to the Commission. The current provision permits the Director to make an order only against companies that have failed to file material under a provision of the Act.
- Section 154 is amended to clarify the power to make regulations in respect of investor confidence initiatives such as auditor oversight, CEO and CFO certification of annual filings, and audit committees.
- Clause 154(1)(ff) is amended to permit regulations that prescribe fees that are taxes.
- Section 158(3) is amended to permit the Director to revoke or vary his or her decisions.

### **Repeal of continuous disclosure provisions will be later**

Sections 10 and 12 of *The Securities Amendment Act, 2004* repeal continuous disclosure provisions in sections 84, 86 to 91, 93 to 95, and 97. These continuous disclosure provisions are redundant as they apply to reporting issuers since National Instrument 51-102 *Continuous Disclosure Obligations* came into force on March 30, 2004. However, they are still required for mutual funds. Therefore, sections 10 and 12 of the amendment act will not be proclaimed, and the continuous disclosure provisions of the Act will be left in place until National Instrument 81-106 *Investment Fund Continuous Disclosure* comes into force. However, section 10 will be proclaimed in force to the extent that it repeals section 82.1.

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