

1978 BILL 76

Fourth Session, 18th Legislature, 27 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 76

THE SECURITIES ACT, 1978

THE MINISTER OF CONSUMER
AND CORPORATE AFFAIRS

~~MINISTRY OF ALBERTA~~

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

THE SECURITIES ACT, 1978

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BILL 76

1978

THE SECURITIES ACT, 1978

(Assented to , 1978)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1(1) In this Act,

(a) “adviser” means a person or company engaging in or holding himself or itself out as engaging in the business of advising others as to the investing in or the buying or selling of securities;

(a.1) “associate”, when used to indicate a relationship with any person or company, means

(i) any company of which the person or company beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the company for the time being outstanding,

(ii) any partner of the person or company,

(iii) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,

(iv) any relative of the person, including that person’s spouse, or

(v) any relative of the person’s spouse who has the same home as that person;

(b) “Commission” means the Alberta Securities Commission;

(b.1) “company” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

Explanatory Notes

- 1** Definitions and interpretation.

(c) “contract” includes a trust agreement, declaration of trust or other similar instrument;

(c.1) “contractual plan” means any contract or other arrangement for the purchase of shares or units of a mutual fund by payments over a specified period or by a specified number of payments if the amount deducted from any one of the payments as sales charges is larger than the amount that would have been deducted from the payment for sales charges if deductions had been made from each payment at a constant rate for the duration of the plan;

(d) “dealer” means a person or company who trades in securities in the capacity of principal or agent;

(d.1) “decision” means a direction, decision, order, ruling or other requirement made under a power or right conferred by this Act or the regulations;

(e) “Director” means the Director or any deputy Director of the Commission;

(e.1) “director”, when used in relation to a person, includes a person acting in a capacity similar to that of a director of a company;

(f) “distribution”, when used in relation to trading in securities, means

(i) a trade in securities of an issuer that have not been previously issued,

(ii) a trade by or on behalf of an issuer in previously issued securities of that issuer that have been redeemed or purchased by or donated to that issuer,

(iii) a trade in previously issued securities of an issuer from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of that issuer to affect materially the control of that issuer, but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of an issuer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of that issuer, or

(iv) a trade by or on behalf of an underwriter in securities which were acquired by that underwriter, acting as underwriter, prior to the coming into force of this section if those securities continue on the day this section comes into force to be owned by or for that underwriter, so acting,

and includes a distribution as therein referred to, and any transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution and “distribute”, “distributed” and “distributing” have corresponding meanings;

(f.1) “distribution company” means a person or company distributing securities under a distribution contract;

(g) “distribution contract” means a contract between a mutual fund or its trustees or other legal representative and a person or company under which the person or company is granted the right to purchase the shares or units of the mutual fund for distribution or to distribute the shares or units of the mutual fund on behalf of the mutual fund;

(g.1) “form of proxy” means a written or printed form that, upon completion and execution by or on behalf of a security holder, becomes a proxy;

(h) “individual” means a natural person, but does not include a partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust or a natural person in his capacity as trustee, executor, administrator or other legal personal representative;

(h.1) “insider” or “insider of a reporting issuer” means

(i) every director or senior officer of a reporting issuer,

(ii) every director or senior officer of a company that is itself an insider or subsidiary of a reporting issuer,

(iii) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the reporting issuer for the time being outstanding other than voting securities held by the person or company as underwriter in the course of a distribution, or

(iv) a reporting issuer if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities;

(i) “issuer” means a person or company who has outstanding, issues or proposes to issue, a security;

(i.1) “management company” means a person or company who provides investment advice under a management contract;

(j) “management contract” means a contract under which a mutual fund is provided with investment advice, alone or together with administrative or management services, for valuable consideration;

(j.1) “material change”, when used in relation to the affairs of an issuer, means a change in the business, operations or capital of the issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the issuer and includes a decision to implement the change made by the board of directors of the issuer or by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable;

(k) “material fact” when used in relation to securities issued or proposed to be issued means a fact that significantly affects or would reasonably be expected to have a significant effect on, the market price or value of the securities;

(k.1) “Minister” means the Minister of Consumer and Corporate Affairs;

(l) “misrepresentation” means

(i) an untrue statement of a material fact, or

(ii) an omission to state a material fact;

(l.1) “mutual fund” includes an issuer of securities that entitle the holder to receive on demand or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the securities;

(m) “mutual fund in Alberta” means a mutual fund that is a reporting issuer or that is organized under the laws of Alberta, but does not include a private mutual fund;

(m.1) “officer” means the chairman or any vice-chairman of the board of directors, the president, any vice-president, the secretary, the assistant secretary, the treasurer, the assistant treasurer and the general manager of a company, and any other person designated an officer of a company by by-law or similar authority or any individual acting in a similar capacity on behalf of an issuer or registrant;

(n) “person” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;

(n.1) “portfolio manager” means an adviser registered for the purpose of managing the investment portfolio of clients through discretionary authority granted by the clients;

(o) “portfolio securities”, when used in relation to a mutual fund, means securities held or proposed to be purchased by the mutual fund;

(o.1) “private company” means a company in whose instrument of incorporation

(i) the right to transfer its shares is restricted,

(ii) the number of its shareholders, exclusive of

(A) persons who are in its employment, and

(B) persons who, having been formerly in the employment of the company were, while in that employment, and have continued after termination of that employment to be, shareholders of the company,

is limited to not more than 50 persons, 2 or more persons who are the joint registered owners of one or more shares being counted as one shareholder, and

(iii) any invitation to the public to subscribe for its securities is prohibited;

(p) “private mutual fund” means a mutual fund that is

(i) operated as an investment club, and

(A) whose shares or units are held by not more than 50 persons and whose indebtedness has never been offered to the public,

(B) that does not pay or give any remuneration for investment advice or in respect of trades in securities, except normal brokerage fees, and

(C) all of whose members are required to make contributions in proportion to the shares or units each holds for the purpose of financing its operations,

or

(ii) administered by a trust company registered under *The Trust Companies Act* and that consists of

(A) a pooled fund maintained solely to serve registered retirement savings plans, registered home

ownership savings plans, or other savings plans registered under the *Income Tax Act* (Canada),

(B) a common trust fund as defined by section 98(1) of *The Trust Companies Act*, or

(C) a pooled fund maintained by a trust company in which money belonging to various estates and trusts in its care are commingled with the authority of the settlor, testator or trustee for the purpose of facilitating investment, if no general solicitations are made with a view to the sale of participations in the pooled fund;

(p.1) “promoter” means

(i) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination of them, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or

(ii) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property or both, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issue,

but does not include a person or company who receives securities or proceeds either solely as underwriting commissions or solely in consideration of property if that person or company does not otherwise take part in founding, organizing or substantially reorganizing the business;

(q) “proxy” means a completed and executed form of proxy by means of which a security holder has appointed a person or company as his nominee to attend and act for him and on his behalf at a meeting of security holders;

(q.1) “register” means register under this Act and “registered” has a corresponding meaning;

(r) “registrant” means a person or company registered or required to be registered under this Act;

(s) “Registrar” means the Registrar of the Commission;

(t) “reporting issuer” means an issuer

(i) that has issued voting securities on or after October 1, 1967 in respect of which a prospectus was filed and a receipt for it obtained under a predecessor of this Act

or in respect of which a securities exchange take-over bid circular was filed under a predecessor of this Act,

(ii) that has filed a prospectus and obtained a receipt for it under this Act or that has filed a securities exchange take-over bid circular under this Act,

(iii) any of whose securities have been at any time since the coming into force of this section listed and posted for trading on any stock exchange in Alberta recognized by the Commission, regardless of when the listing and posting for trading commenced, or

(iv) that is the company whose existence continues following the exchange of securities of a company by or for the account of that company with another company or the holders of the securities of that other company in connection with

(A) a statutory amalgamation or arrangement, or

(B) a statutory procedure under which one company takes title to the assets of the other company that in turn loses its existence by operation of law or under which the existing companies merge into a new company,

if one of the amalgamating or merged companies or the continuing company has been a reporting issuer for at least 12 months immediately prior to the amalgamation, merger or continuation;

(u) “salesman” means an individual who is employed by a dealer for the purpose of making trades in securities on behalf of that dealer;

(v) “security” includes

(i) any document, instrument or writing commonly known as a security;

(ii) any document constituting evidence of title to or interest in the capital, assets, property, profits, earnings or royalties of any person or company;

(iii) any document constituting evidence of an interest in an association of legatees or heirs;

(iv) any document constituting evidence of an option, subscription or other interest in or to a security;

(v) any bond, debenture, note or other evidence of indebtedness, share, stock, unit, unit certificate, participation certificate, certificate of share or interest, preorganization certificate or subscription other than a con-

tract of insurance issued by an insurance company licensed under *The Alberta Insurance Act* and an evidence of deposit issued by a bank to which the *Bank Act* (Canada) applies or by a trust company registered under *The Trust Companies Act*;

(vi) any agreement under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets, except a contract issued by an insurance company licensed under *The Alberta Insurance Act* which provides for payment at maturity of an amount not less than 3/4 of the premiums paid by the purchaser for a benefit payable at maturity;

(vii) any agreement providing that money received will be repaid or treated as a subscription to shares, stock, units or interests at the option of the recipient or of any person or company;

(viii) any certificate of share or interest in a trust, estate or association;

(ix) any profit-sharing agreement or certificate;

(x) any certificate of interest in an oil, natural gas or mining lease, claim or royalty voting trust certificate;

(xi) any oil or natural gas royalties or leases or fractional or other interest in them;

(xii) any collateral trust certificate;

(xiii) any income or annuity contract not issued by an insurance company or an issuer within the meaning of *The Investment Contracts Act*;

(xiv) any investment contract, other than an investment contract within the meaning of *The Investment Contracts Act*;

(xv) any document constituting evidence of an interest in a scholarship or educational plan or trust;

(xvi) any commodity futures contract or any commodity futures option that is not traded on a commodity futures exchange registered with or recognized by the Commission under *The Commodity Futures Act* or the form of which is not accepted by the Director under that Act,

whether any of them relate to an issuer or proposed issuer;

(w) “senior officer” means

(i) the chairman or a vice-chairman of the board of directors, the president, a vice-president, the secretary, the treasurer or the general manager of a company or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying that office, and

(ii) each of the 5 highest paid employees of an issuer, including any individual referred to in subclause (i);

(x) “trade” or “trading” includes

(i) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in subclause (iv), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a bona fide debt;

(ii) any participation as a floor trader in any transaction in a security upon the floor of any stock exchange;

(iii) any receipt by a registrant of an order to buy or sell a security;

(iv) any transfer, pledge or encumbering of securities of an issuer from the holdings of any person or company or combination of persons or companies described in clause (f)(iii) for the purpose of giving collateral for a bona fide debt;

(v) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing;

(y) “underwriter” means a person or company who, as principal, agrees to purchase securities with a view to distribution or who, as agent, offers for sale or sells securities in connection with a distribution and includes a person or company who has a direct or indirect participation in the distribution, but does not include

(i) a person or company whose interest in the transaction is limited to receiving the usual and customary distributor’s or seller’s commission payable by an underwriter or issuer;

(ii) a mutual fund that, under the laws of the jurisdiction to which it is subject, accepts its shares or units for surrender and resells them;

(iii) a company that, under the laws of the jurisdiction to which it is subject, purchases its shares and resells them;

(iv) a bank to which the *Bank Act* (Canada) applies with respect to the securities described in section 32(2) (a) and to such banking transactions as are designated by the regulations;

(z) “voting security” means any security, other than a debt security, of an issuer carrying a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

(2) A company is deemed to be an affiliate of another company if

- (a) one of them is the subsidiary of the other,
- (b) both are subsidiaries of the same company, or
- (c) each of them is controlled by the same person or company.

(3) A company is deemed to be controlled by another person or company or by 2 or more companies if

- (a) voting securities of the first-mentioned company carrying more than 50% of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company or by or for the benefit of the other companies, and
- (b) the votes carried by the securities referred to in clause (a) are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned company.

(4) A company is deemed to be a subsidiary of another company if

- (a) it is controlled by
 - (i) that other,
 - (ii) that other and one or more companies each of which is controlled by that other, or
 - (iii) 2 or more companies each of which is controlled by that other,

or

- (b) it is a subsidiary of a company that is that other's subsidiary.

(5) A person is deemed to own beneficially securities beneficially owned by a company controlled by him or by an affiliate of that company.

(6) A company is deemed to own beneficially securities beneficially owned by its affiliates.

(7) Every management company and every distribution company of a mutual fund that is a reporting issuer and every insider of the management company or distribution company is deemed to be an insider of the mutual fund.

(8) If an issuer becomes an insider of a reporting issuer, every director or senior officer of the issuer is deemed to have been an insider of the reporting issuer for the previous 6 months or for such shorter period that he was a director or senior officer of the issuer.

(9) If a reporting issuer becomes an insider of any other reporting issuer, every director or senior officer of the second-mentioned reporting issuer is deemed to have been an insider of the first-mentioned reporting issuer for the previous 6 months or for such shorter period that he was a director or senior officer of the second-mentioned reporting issuer.

PART 1

ALBERTA SECURITIES COMMISSION

2(1) The Commission is continued and is responsible for the administration of this Act and the regulations.

(2) The Commission shall be composed of a chairman and not more than 6 other members, appointed by the Lieutenant Governor in Council, one of whom shall be designated as vice-chairman.

(3) Two members of the Commission constitute a quorum.

(4) Notwithstanding subsection (3), if an application is made to the Commission

(a) under section 77, 85(2) or 115(2) of this Act or section 88 of *The Companies Act*, or

(b) for a ruling under section 71,

the chairman may, unless the applicant requests otherwise, act as the Commission for the purpose of hearing and determining the application and may exercise and perform the powers and duties of the Commission in connection with it.

(5) Notwithstanding subsection (3), if the Commission wishes to make a ruling on its own motion under section 71, the chairman may, on the motion of the Commission, act as the Commission for the purpose of making the ruling and in so doing may exercise and perform all powers and duties of the Commission necessary to do so.

3(1) The chairman shall be the chief executive officer of the Commission and shall devote his full time to the work of the Commission and the other members shall devote such time as may be necessary for the due performance of their duties as members of the Commission.

(2) The Director may exercise the powers and shall perform the duties vested in or imposed upon him by this Act or the regulations and he may exercise the powers and shall perform the duties vested in or imposed upon the Commission by this be the chief administrative officer of the Commission.

(3) The chairman, vice-chairman or any member of the Commission may exercise the powers and shall perform such duties vested in or imposed upon the Commission by this Act

2 The Alberta Securities Commission.

3 The chairman, Director and members.

or the regulations as are assigned to him by the Commission and thereafter the assigned duty may be exercised by the chairman, vice-chairman and member so authorized in addition to the Commission.

(4) Every decision made pursuant to an assignment under subsection (3) is subject to review by the Commission under section 7 in the same manner as if it had been made by the Director and the person who made the decision shall not sit on the hearing and review of it by the Commission.

(5) If the Director is assigned any powers or duties under subsection (2), that power or duty, after its assignment, may be exercised by the Director in addition to the Commission.

4(1) The Commission may appoint one or more experts to assist the Commission in such manner as it considers necessary.

(2) The Commission may submit any agreement, prospectus, financial statement, report or other document to one or more experts appointed under subsection (1) for examination and the Commission has the like power to summon and enforce the attendance of witnesses before the expert and to compel them to produce documents, records and things as is vested in the Commission and section 9(3) and (4) apply with all necessary modifications.

(3) An expert appointed under subsection (1) shall be paid such amounts for services and expenses as the Minister may determine.

5 If

(a) an application for registration or renewal of registration is abandoned, or

(b) a preliminary prospectus or prospectus is withdrawn,

the Director may refund the fee or such part of it as he considers reasonable.

6 For the purposes of a hearing required or permitted under this Act to be held before the Commission or the Director, the following rules apply:

(a) in addition to any other person or company to whom notice is required to be given, notice in writing of the time, place and purpose of the hearing shall be given to any person or company that, in the opinion of the Commission or the Director, is primarily affected by the hearing, and notice is sufficient if sent to the person or company by prepaid mail at the last address of the person or company

4 Appointment of experts.

5 Refund of fees.

6 Rules as to hearings.

appearing on the records of the Commission or, if not so appearing, to such address as is directed by the Commission or the Director;

(b) for the purposes of the hearing, a person convening the hearing or before whom the hearing is held has the same power to summons and enforce the attendance of witnesses and compel them to give evidence on oath or otherwise, and to produce documents, records and things, as is vested and things as are in his custody or possession makes the person liable to be committed for contempt by a judge of the Supreme Court of Alberta as if in breach of an order or judgment of that Court;

(c) at the hearing, the person presiding shall receive such evidence as is submitted by a person or company to whom notice has been given or by any other person or company that is relevant to the hearing, but the person presiding is not bound by the laws of evidence applicable to judicial proceedings;

(d) at the hearing or hearing and review by the Commission, all oral evidence received shall be taken down in writing and together with such documentary evidence and things as are received in evidence by the Commission shall form the record;

(e) if the direction, decision, order or ruling made after a hearing adversely affects the right of a person or company to trade in securities, the person presiding at the hearing shall, at the request of the person or company, issue written reasons for the direction, decision, order or ruling;

(f) notice of every direction, decision, order or ruling, together with a copy of the written reasons for it, if any, shall be given upon the issuance of them to a person or company to whom notice of the hearing was given and to a person or company that, in the opinion of the person who presided at the hearing, is primarily affected by it, and the notice is sufficient if sent to the person or company by prepaid mail at the last address of the person or company appearing on the records of the Commission or, if not so appearing, to such address as is directed by the Commission or the Director;

(g) a person or company attending or submitting evidence at a hearing pursuant to clause (a) may be represented by counsel;

(h) the provisions of any rules of court or of law relating to the service of subpoenas to witnesses and to the payment of conduct money or witness fees apply.

7(1) The Director shall forthwith notify the Commission of every decision refusing registration under section 23 or refusing to direct the issue of a receipt for a prospectus under section 58 and the Commission may within 30 days of the decision notify the Director and any person or company directly affected of its intention to convene a hearing to review the decision.

(2) Any person or company directly affected by a decision of the Director may, by notice in writing sent by registered mail to the Commission within 30 days after the mailing of the notice of the decision, request and be entitled to a hearing and review of the decision by the Commission.

(3) Upon a hearing and review, the Commission may by order confirm the decision under review or make such other decision as the Commission considers proper.

(4) Notwithstanding that a person or company requests a hearing and review under subsection (2) of this section or section 3(4), the decision under review takes effect immediately, but the Commission may grant a stay until disposition of the hearing and review.

8(1) Any person or company primarily affected by a direction, decision, order or ruling of the Commission, other than a ruling under section 71, may appeal to the Appellate Division of the Supreme Court of Alberta.

(2) Every appeal shall be by notice of motion sent by registered mail to the Registrar within 30 days after the mailing of the notice of the order and the practice and procedure upon and in relation to the appeal shall be the same as upon an appeal from a judgment of a judge of the Supreme Court in an action.

(3) The Registrar shall certify to the Clerk of the Supreme Court

(a) the direction, decision, order or ruling that has been reviewed by the Commission,

(b) the order of the Commission, together with any statement of reasons for it,

(c) the record of the review, and

(d) all written submissions to the Commission or other material that is relevant to the appeal.

(4) The Minister is entitled to be heard by counsel or otherwise upon the argument of an appeal under this section.

(5) If an appeal is taken under this section, the Appellate Division may by its order direct the Commission to make such direction, decision, order or ruling or to do such other act as

7 Directors' decisions.

8 Appeal to Appellate Division of the Supreme Court of Alberta.

the Commission is authorized and empowered to do under this Act or the regulations and as the Court considers proper, having regard to the material and submissions before it and to this Act and the regulations, and the Commission shall make such direction, decision, order or ruling or do such act accordingly.

(6) Notwithstanding an order of the Appellate Division on an appeal, the Commission may make any further decision upon new material or if there is a significant change in the circumstances and the further decision is subject to this section.

PART 2

INVESTIGATIONS

9(1) If upon a statement made under oath it appears probable to the Commission that any person or company has

(a) contravened this Act or the regulations, or

(b) committed an offence under the *Criminal Code* in connection with a trade in securities,

the Commission may, by order, appoint any person to make any investigation that it considers necessary for the due administration of this Act and the regulations and in the order shall determine and prescribe the scope of the investigation.

(2) The Commission may, by order, appoint any person to make any investigation that it considers necessary for the due administration of this Act and the regulations or into any matter relating to trading in securities and in the order shall determine and prescribe the scope of the investigation.

(3) For the purposes of any investigation ordered under this section, the person appointed to make the investigation may investigate, inquire into and examine

(a) the affairs of the person or company in respect of whom the investigation is being made and any books, papers, documents, correspondence, communications, negotiations, transactions, investigations, loans, borrowings and payments to, by, on behalf of or in relation to or connected with the person or company and any property, assets or things owned, acquired or alienated in whole or in part by the person or company or by any person or company acting on behalf of or as agent for the person or company, and

(b) the assets at any time held, the liabilities, debts, undertakings and obligations at any time existing, the financial or other conditions at any time prevailing in or in relation to or in connection with the person or company and the relationship that may at any time exist or have existed between the person or company and any other person or company by reason of investments, commissions promised, secured or paid, interests held or acquired, the loaning or borrowing of money, stock or other property, the transfer, negotiation or holding of stock, interlocking directorates, common control, undue influence or control or any other relationship.

(4) The person making an investigation under this section has the same power to summon and enforce the attendance of witnesses and compel them to give evidence on oath or otherwise, and to produce documents, records and things, as is vested in the Supreme Court for the trial of civil actions, and the failure or refusal of a person to attend, to answer questions

9 Investigation order and powers of investigators.

or to produce such documents, records and things as are in his custody or possession makes the person liable to be committed for contempt by a judge of the Supreme Court as if in breach of an order or judgment of the Supreme Court unless *The Alberta Evidence Act* exempts any bank or any officer or employee of it from the operation of this section.

(5) A person giving evidence at an investigation under this section may be represented by counsel.

(6) If an investigation is ordered under this section, the person appointed to make the investigation may seize and take possession of any documents, records, securities or other property of the person or company whose affairs are being investigated.

(7) If any documents, records, securities or other property are seized under subsection (6), the documents, records, securities or other property shall be made available for inspection and copying by the person or company from whom they were seized at a mutually convenient time and place if a request for an opportunity to inspect or copy is made by the person or company to the person appointed to make the investigation.

(8) If an investigation is ordered under this section, the Commission may appoint an accountant or other expert to examine documents, records, property and matters of the person or company whose affairs are being investigated.

(9) Every person appointed under subsection (1), (2) or (8) shall provide the Commission with a full and complete report of the investigation including any transcript of evidence and material in his possession relating to the investigation.

(10) An order under subsection (1) or (2) may provide for the appointment of 2 or more persons to make the investigation.

10 If, upon the report of an investigation made under section 9 it appears to the Commission that any person or company may have

(a) contravened this Act or the regulations, or

(b) committed an offence under the *Criminal Code* in connection with a transaction relating to securities,

the Commission shall send a full and complete report of the investigation, including the report made to it, any transcript of evidence and any material in the possession of the Commission relating to it, to the Minister and the Attorney General.

11(1) Notwithstanding section 9, the Minister may, by order, appoint any person to make any investigation that the Minister considers necessary for the due administration of this Act and

10 Reports of investigations to go to the Minister of Consumer and Corporate Affairs and to the Attorney General.

11 Investigation by Ministerial order.

the regulations or into any matter relating to trading in securities, in which case the person so appointed, for the purposes of the investigation, has the same authority, powers, rights and privileges as a person appointed under section 9.

(2) An order under subsection (1) may provide for the appointment of 2 or more persons to make the investigation.

12 No person, without the consent of the Commission, shall disclose, except to his counsel, any information or evidence obtained or the name of any witness examined or sought to be examined under section 9 or 11.

13 If an investigation has been made under section 9, the Commission may, and if an investigation has been made under section 11, the person making the investigation shall, report the result of it, including the evidence, findings, comments and recommendations to the Minister, and the Minister may cause the report to be published in whole or in part in such manner as he considers proper.

14(1) The Commission may, when

(a) it is about to order an investigation in respect of a person or company under section 9 or during or after an investigation in respect of a person or company under section 9 or 11,

(b) it is about to make or has made an order under section 121 that trading in securities of an issuer shall cease,

(c) it is about to make or has made a decision suspending or cancelling the registration of any person or company or affecting the right of any person or company to trade in securities, or

(d) criminal proceedings or proceedings in respect of a contravention of this Act or the regulations are about to be or have been instituted against any person or company, that in the opinion of the Commission are connected with or arise out of any security or any trade in it or out of any business conducted by the person or company,

in writing or by telegram direct any person or company having on deposit or under control or for safekeeping any funds or securities of the person or company referred to in clause (a), (b), (c) or (d) to hold the funds or securities or direct the person or company referred to in clause (a), (b), (c) or (d) to refrain from withdrawing the funds or securities from any other person or company having any of them on deposit, under control or for safekeeping or to hold all funds or securities of clients or others in his possession or control in trust for any

12 Evidence not to be disclosed.

13 Reports to Minister.

14 Order to freeze property.

interim receiver, custodian, trustee, receiver or liquidator appointed under the *Bankruptcy Act* (Canada), *The Judicature Act*, *The Companies Act*, the *Winding-up Act* (Canada) or section 15 of this Act, or until the Commission in writing revokes the direction or consents to release any particular fund or security from the direction, but no direction applies to funds or securities in a stock exchange clearing house or to securities in process of transfer by a transfer agent unless the direction expressly so states, and in the case of a bank or trust company, the direction applies only to the offices, branches or agencies of the bank or trust company named in the direction.

(2) Any person or company in receipt of a direction given under subsection (1), if in doubt as to the application of the direction to any funds or security or in the case of a claim being made to the person or company by any person or company not named in the direction, may apply to a judge of the Supreme Court who may direct the disposition of such funds or security and may take such order as to costs as it considers appropriate.

(3) Upon the application of a person or company directly affected by a direction issued under subsection (1), the Commission may make an order on such terms and conditions it may impose revoking the direction or consenting to the release of any fund or security.

(4) In any of the circumstances mentioned in subsection (1)(a), (b), (c) or (d) the Commission may in writing or by telegram notify any Registrar of Titles or mining recorder that proceedings are being or are about to be taken that may affect land or mining claims belonging to the person or company referred to in the notice, which notice shall be registered or recorded against the lands or claims mentioned therein and has the same effect as the registration or recording of a certificate of *lis pendens* or a caution and the Commission may in writing revoke or modify the notice.

15(1) The Commission may, when

(a) it is about to order an investigation in respect of a person or company under section 9 or during or after an investigation in respect of a person or company under section 9 or 11,

(b) it is about to make or has made an order under section 121 that trading in securities of an issuer shall cease,

(c) it is about to make or has made a decision suspending or cancelling the registration of any person or company or affecting the right of any person or company to trade in securities,

(d) criminal proceedings or proceedings in respect of a contravention of this Act or the regulations are about to be

15 Appointment of receivers, managers, trustees or liquidators.

or have been instituted against any person or company that in the opinion of the Commission are connected with or arise out of any security or any trade in it or out of any business conducted by the person or company, or

(e) a person or company fails or neglects to comply with the minimum net asset requirements, investment restrictions, ownership restrictions or capital requirements prescribed by the regulations for that person or company,

apply to a judge of the Supreme Court for the appointment of a receiver, receiver and manager, trustee or liquidator of the property of the person or company.

(2) Upon an application under subsection (1), the judge may, if he is satisfied that the appointment of a receiver, receiver and manager, trustee or liquidator of all or any part of the property of any person or company is in the best interests of the creditors of the person or company or of persons or companies any of whose property is in the possession or under the control of the person or company, or, in a proper case, of the security holders of or subscribers to the person or company, appoint a receiver, receiver and manager, trustee or liquidator of the property of the person or company.

(3) Upon an ex parte application made by the Commission under this section, the judge may make an order under subsection (2) appointing a receiver, receiver and manager, trustee or liquidator for a period not exceeding 15 days.

(4) A receiver, receiver and manager, trustee or liquidator of the property of any person or company appointed under this section shall be the receiver, receiver and manager, trustee or liquidator of all or any part of the property belonging to the person or company or held by the person or company on behalf of or in trust for any other person or company, and the receiver, receiver and manager, trustee or liquidator shall have authority, if so directed by the judge, to wind up or manage the business and affairs of the person or company and all powers necessary or incidental to the winding up or management.

(5) An order made under this section may be enforced in the same manner as any order or judgment of the Supreme Court and may be varied or discharged upon an application made by notice.

(6) Upon an application made under this section, the rules of practice of the Supreme Court apply.

PART 3

AUDITS

16(1) Notwithstanding anything in sections 17, 18 and 19, the Commission may in writing appoint any person to examine at any time

(a) the financial affairs of a registrant or a reporting issuer, or

(b) the books and records of a custodian of assets of a mutual fund or of a custodian of shares or units of a mutual fund under a custodial agreement or other arrangement with a person or company engaged in the distribution of shares or units of the mutual fund,

and prepare such financial or other statements and reports that may be required by the Commission.

(2) The person making an examination under this section may inquire into and examine all books of account, securities, cash, documents, bank accounts, vouchers, correspondence and records of every description of the person or company whose financial affairs are being examined, and no person or company shall withhold, destroy, conceal or refuse to give any information or thing reasonably required for the purpose of the examination.

(3) The Commission may charge such fees as may be prescribed by the regulations for any examination made under this section.

17 Every stock exchange in Alberta recognized by the Commission and the Alberta District of the Investment Dealers' Association of Canada shall

(a) select a panel of auditors, each of whom shall have practised as such in Canada for not fewer than 5 years and shall be known as a panel auditor or members' auditor, and

(b) employ an exchange auditor or district association auditor whose appointment is subject to the approval of the Commission, and the appointee shall be an auditor who has practised as such in Canada for not less than 10 years.

18(1) Every stock exchange in Alberta recognized by the Commission and the Alberta District of the Investment Dealers' Association of Canada shall cause each member of such class or classes of their members as the Commission may designate in writing, to appoint an auditor from the panel of auditors selected under section 17, and that auditor shall make the examination of the financial affairs of the member as called

16 Audits by the Commission.

17 Panel of auditors.

18 Audits and auditing by-laws.

for by the by-laws, rules or regulations applicable to members of the class or classes and shall report on the examination to the exchange auditor or district association auditor, as the case may be.

(2) The by-laws, rules and regulations of every stock exchange in Alberta, recognized by the Commission, the rules and regulations of the Alberta District of the Investment Dealers' Association of Canada in respect of the practice and procedure of the examinations under subsection (1) and the actual conduct of the examinations shall be satisfactory to the Commission.

19 Every registrant whose financial affairs are not subject to examination under section 18 shall keep such books and records as are necessary for the proper recording of his business transactions and financial affairs and shall file with the Commission annually and at such other time or times as the Commission may require a financial statement satisfactory to the Commission as to his financial position, certified by the registrant or an officer or partner of the registrant and reported upon by the auditors of the registrant, and such other information as the Commission may require in such form as it may prescribe.

19 Filing of annual financial statement.

PART 4
STOCK EXCHANGES

20(1) No person or company shall carry on business as a stock exchange in Alberta unless it is recognized in writing as such by the Commission.

(2) The Commission may, if it appears to it to be in the public interest, make any decision

(a) with respect to the manner in which any stock exchange in Alberta carries on business,

(b) with respect to any by-law, ruling, instruction or regulation of the stock exchange,

(c) with respect to trading on or through the facilities of the stock exchange or with respect to any security listed and posted for trading on the stock exchange, or

(d) to ensure that issuers whose securities are listed and posted for trading on the stock exchange comply with this Act and the regulations.

(3) Any person or company directly affected by any direction, order or decision made under any by-law, rule or regulation of a stock exchange in Alberta may apply to the Commission for a hearing and review of the direction, order or decision and section 7 applies to the hearing and review in the same manner as to the hearing and review of a decision of the Director.

21 Every stock exchange in Alberta shall keep a record showing the time at which each transaction on the stock exchange took place and shall supply to any customer of any member of the stock exchange, upon production of a written confirmation of any transaction with the member, particulars of the time at which the transaction took place and verification or otherwise of the matters set forth in the confirmation.

20 Carrying on the business of a stock exchange.

21 Record of transactions.

PART 5

REGISTRATION

22(1) No person or company shall

(a) trade in a security unless the person or company is registered as a dealer or is registered as a salesman or as a partner or as an officer of a registered dealer and is acting on behalf of the dealer,

(b) act as an underwriter unless the person or company is registered as an underwriter, or

(c) act as an adviser unless the person or company is registered as an adviser or is registered as a partner or as an officer of a registered adviser and is acting on behalf of the adviser,

and the registration has been made in accordance with this Act and the regulations and the person or company has received written notice of the registration from the Director and, if the registration is subject to terms and conditions, the person or company complies with the terms and conditions.

(2) The termination of the employment of a salesman with a registered dealer shall operate as a suspension of the registration of the salesman until notice in writing has been received by the Director from another registered dealer of the employment of the salesman by the other registered dealer and the reinstatement of the registration has been approved by the Director.

(3) The Director may designate as “non-trading” any employee or class of employees of a registered dealer that does not usually sell securities, but the designation may be cancelled as to any employee or class of employees if the Director is satisfied that the employee or any member of the class of employees should be required to apply for registration as a salesman.

23(1) The Director shall grant registration, renewal of registration, reinstatement of registration or amendment to registration to an applicant if in the opinion of the Director the applicant is suitable for registration and the proposed registration or amendment to registration is not objectionable.

(2) The Director may in his discretion restrict a registration by imposing terms and conditions on it and, without limiting the generality of the foregoing, may restrict the duration of a registration and may restrict the registration to trades in certain securities or a certain class of securities.

22 Registration for trading.

23 Granting and renewal of registration.

(3) The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and conditions on it without giving the applicant an opportunity to be heard.

(4) The Director may, and if so directed by the Commission shall,

(a) require any applicant or registrant to deliver a bond to the Commission within a specified time, or

(b) require a registrant who had previously delivered a bond to deliver a new bond to the Commission,

and the bond or new bond shall be in an amount, and in form and content, satisfactory to the Director.

24(1) The Director, after giving a registrant an opportunity to be heard, may suspend, cancel, restrict or impose terms and conditions upon the registration or reprimand the registrant where in his opinion such action is in the public interest.

(2) If the delay necessary for a hearing under subsection (1) would, in the opinion of the Director, be prejudicial to the public interest, the Director may suspend the registration without giving the registrant an opportunity to be heard, in which case he shall forthwith notify the registrant of the suspension and of a hearing and review to be held before the Director within 15 days of the date of the suspension, which hearing and review shall be deemed to be a hearing and review under section 7.

(3) Notwithstanding subsection (1), the Director may, upon an application by a registrant, accept, subject to such terms and conditions as he may impose, the voluntary surrender of the registration of the registrant if he is satisfied the financial obligations of the registrant to its clients have been discharged and the surrender of the registration would not be prejudicial to the public interest.

25 A further application for registration may be made upon new or other material or if it is clear that material circumstances have changed.

26 An application for registration shall be made in writing upon a form prescribed by the regulations and provided by the Commission, and shall be accompanied by such fee as may be prescribed by the regulations.

27 Every applicant shall state in the application an address for service in Alberta and, except as otherwise provided in this Act, all notices under this Act or the regulations are sufficiently

24 Suspension, cancellation and restrictions on registration.

25 Subsequent applications for registration.

26 Application for registration.

27 Address for service.

served for all purposes if delivered or sent by prepaid mail to the latest address for service so stated.

28 The Director may require any further information or material to be submitted by an applicant or a registrant within a specified time and may require verification by affidavit or otherwise of any information or material then or previously submitted or may require the applicant or the registrant or any partner, officer, director, governor or trustee of, or any person performing a like function for, or any employee of, the applicant or of the registrant to submit to examination under oath by a person designated by the Director.

29(1) Without limiting the generality of section 23(1), the Director may refuse registration to any person if he is satisfied, on the basis of the statements in the application and from any other source of information, that the applicant

- (a) has not been a resident of Canada for at least one year immediately prior to the date the application is made,
- (b) is not a resident of Alberta at the date the application is made, or
- (c) does not intend to make his permanent home in Alberta if the application is granted,

unless, at the date the application is made, that person is registered in a capacity corresponding to that of a dealer, adviser, underwriter or salesman under the securities laws of the province in Canada in which he last resided or is then residing and has been so registered for a period of not less than one year immediately preceding the date the application is made and is, in the opinion of the Director, otherwise suitable for registration.

(2) Without limiting the generality of section 23(1), the Director may refuse registration to a company or partnership if he is satisfied, on the basis of the statements in the application and from any other source of information available to him, that one or more of its officers or directors or one or more of the partners

- (a) has not been a resident of Canada for at least one year immediately prior to the date the application is made,
- (b) is not a resident of Alberta at the date the application is made, or
- (c) does not intend to make his permanent home in Alberta if the application is granted,

28 Further information.

29 Refusal of registration of non-residents.

unless, at the date the application is made, that person or each of those persons, as the case may be, is registered in a capacity corresponding to that of a dealer, adviser, underwriter or salesman under the laws of the province in Canada in which he last resided or is then residing and has been so registered for a period of not less than one year immediately preceding the date the application is made and, in the opinion of the Director, would be otherwise suitable for registration if he were himself an applicant for registration.

(3) For the purposes of this section, a person shall not be deemed to cease to reside in Canada or Alberta, as the case may be, by reason only of absence

- (a) as a member of the Canadian Forces, or
- (b) while attending a university, college, school, institute or other educational institution.

30(1) Subject to the regulations, every registered dealer shall, within 5 business days of the event, notify the Registrar in the form prescribed by the regulations of

- (a) any change in address for service in Alberta or any business address,
- (b) any change
 - (i) in the directors or officers of the registered dealer and in the case of resignation, dismissal, severance or termination of employment or office, the reason for it, and
 - (ii) in the holders of the voting securities of the registered dealer,
- (c) the commencement and termination of employment of every registered salesman and, in the case of termination of employment, the reason for it,
- (d) the opening or closing of any branch office in Alberta and, in the case of the opening of any branch office in Alberta, the name and address of the person in charge of it, and
- (e) any change in the name or address of the person in charge of any branch office in Alberta.

(2) Subject to the regulations, every registered adviser and underwriter shall, within 5 business days of the event, notify the Registrar in the form prescribed by the regulations of

- (a) any change in address for service in Alberta or any business address, and

30 Notice of changes.

(b) any change

(i) in the directors or officers of the registered adviser or underwriter and in the case of resignation, dismissal, severance or termination of employment or office, the reason for it, and

(ii) in the holders of the voting securities of the registered adviser or underwriter.

(3) Every registered salesman shall, within 5 business days of the event, notify the Registrar in the form prescribed by the regulations of

(a) any change in his address for service in Alberta or in his business address, and

(b) every commencement and termination of his employment by a registered dealer.

(4) The Director may, upon an application of a registrant that is a reporting issuer, exempt, subject to such terms and conditions as he may impose, the registrant from the requirement of subsection (1) or (2) or both that the Registrar be notified of any change in the holders of voting securities of the registrant if in his opinion it would not be prejudicial to the public interest to do so.

PART 6

EXEMPTIONS FROM REGISTRATION REQUIREMENTS

31 Registration as an adviser is not required to be obtained by

(a) such persons or companies as are designated by the regulations, or

(b) by

(i) a bank to which the *Bank Act* (Canada) applies, the Federal Business Development Bank incorporated under the *Federal Business Development Bank Act* (Canada), or a trust company registered under *The Trust Companies Act*, or an insurance company licensed under *The Alberta Insurance Act*,

(ii) a lawyer, accountant, engineer or teacher,

(iii) a registered dealer or any partner, officer or employee of a registered dealer, or

(iv) a publisher of or any writer for any bona fide newspaper, news magazine or business or financial publication of general and regular paid circulation distributed only to subscribers to it for value or to purchasers of it, who gives advice as an adviser only through the publication and has no interest either directly or indirectly in any of the securities upon which the advice is given and receives no commission or other consideration for giving the advice,

if the performance of the service as an adviser is solely incidental to their principal business or occupation.

32(1) Subject to the regulations, registration is not required in respect of the following trades:

(a) a trade by an executor, administrator, guardian or committee or by an authorized trustee or assignee, an interim or official receiver or a custodian under the *Bankruptcy Act* (Canada) or by a receiver under *The Judicature Act* or by a liquidator under *The Companies Act*, the *Winding-up Act* (Canada) or at a judicial sale;

(b) an isolated trade in a specific security by or on behalf of an owner or issuer, for the owner's or issuer's account, if the trade is not made in the course of continued and successive transactions of a like nature, and is not made by a person or company whose usual business is trading in securities;

31 Exemption from registration for certain advisors.

32 Exemption of trades and securities.

(c) a trade if the party purchasing as principal, but not as underwriter, is

(i) a bank to which the *Bank Act* (Canada) applies, or the Federal Business Development Bank incorporated under the *Federal Business Development Bank Act* (Canada),

(ii) a trust company registered under *The Trust Companies Act*,

(iii) an insurance company licensed under *The Alberta Insurance Act*,

(iv) Her Majesty in right of Canada or any province of Canada, or

(v) any municipal corporation or public board or commission in Canada;

(d) a trade if the party purchasing as principal is a company or a person, other than an individual, and is recognized by the Commission as an exempt purchaser;

(e) a trade if the purchaser purchases as principal, if the trade is in a security which has an aggregate acquisition cost to such purchaser of not less than \$97 000;

(f) a trade from the holdings of any person, company or combination of persons or companies described in section 1(1)(f)(iii) for the purpose of giving collateral for a bona fide debt;

(g) a trade by or for the account of a pledgee, mortgagee or other encumbrancer for the purpose of liquidating a bona fide debt by selling or offering for sale a security pledged, mortgaged or otherwise encumbered in good faith as collateral for the debt;

(h) a trade in a security that may occasionally be transacted by employees of a registered dealer if the employees do not usually sell securities and have been designated by the Director as “non-trading” employees, either individually or as a class;

(i) a trade between a person or company and an underwriter acting as purchaser or between or among underwriters;

(j) a trade in a security by a person or company acting solely through an agent who is a registered dealer;

(k) the execution of an unsolicited order to purchase or sell through a registered dealer by a bank to which the *Bank Act* (Canada) applies or a trust company registered under *The Trust Companies Act* as agent for a person or company and

the trade by the person or company in placing the unsolicited order with the bank or trust company;

(l) a trade by an issuer,

(i) in a security of its own issue that is distributed by it to holders of its securities as a stock dividend or other distribution out of earnings or surplus,

(ii) in a security whether of its own issue or not that is distributed by it to holders of its securities as incidental to a bona fide re-organization or winding up of the issuer or distribution of its assets for the purpose of winding up its affairs pursuant to the laws of the jurisdiction in which the issuer was incorporated, organized or continued, or

(iii) in securities of its own issue transferred or issued through the exercise of a right to purchase, convert or exchange previously granted by the issuer,

if no commission or other remuneration is paid or given to others in respect of the distribution except for ministerial or professional services or for services performed by a registered dealer;

(m) a trade by an issuer in a security of a reporting issuer held by it that is distributed by it to holders of its securities as a dividend in specie;

(n) a trade by an issuer

(i) in a right, transferable or otherwise granted by the issuer to holders of its securities to purchase additional securities of its own issue and the issue of securities pursuant to the exercise of the right, or

(ii) in securities of a reporting issuer held by it transferred or issued through the exercise of a right to purchase, convert or exchange previously granted by the issuer,

if the issuer has given the Commission written notice stating the date, amount, nature and conditions of the proposed trade, including the approximate net proceeds to be derived by the issuer on the basis of the additional securities being fully taken up and paid for, and either,

(iii) the Commission has not informed the issuer in writing within 10 days of the giving of the notice that it objects to the proposed trade, or

(iv) the issuer has delivered to the Commission information relating to the securities that is satisfactory to and accepted by the Commission;

(o) a trade in a security of a company that is exchanged by or for the account of the company with another company or the holders of the securities of that other company in connection with

(i) a statutory amalgamation or arrangement, or

(ii) a statutory procedure under which one company takes title to the assets of the other company which in turn loses its existence by operation of law or under which the existing companies merge into a new company;

(p) a trade in a security of an issuer that is exchanged by or for the account of the issuer with the security holders of another issuer in connection with a take-over bid as defined in Part 14;

(q) a trade in a security of an issuer in connection with a take-over bid exempted from the requirements of Part 14 by section 86(2) or by the Commission under section 97;

(r) a trade by an issuer in a security of its own issue as consideration for a portion or all of the assets of any person or company, if the fair value of the assets so purchased is not less than \$100 000;

(s) a trade by an issuer in the securities of its own issue with its employees or the employees of an affiliate who are not induced to purchase by expectation of employment or continued employment;

(t) a trade by an issuer in securities of its own issue if the trade is reasonably necessary to facilitate the incorporation or organization of the issuer and the securities are traded for a nominal consideration to not more than 5 incorporators or organizers unless the statute under which the issuer is incorporated or organized requires the trade to be for a greater consideration or to a larger number of incorporators or organizers, in which case the securities may be traded for that greater consideration or to that larger number of incorporators or organizers;

(u) a trade made by an issuer with a view to the sale of securities of its own issue if solicitations are made to not more than 50 prospective purchasers resulting in sales to not more than 25 purchasers and

(i) each purchaser purchases as principal, and all of the purchases are completed within a period of 6 months of the first purchase, but subsequent sales to the same purchasers may be carried out if made in compliance with written agreements entered into during that 6-month period,

(ii) each purchaser has access to substantially the same information concerning the issuer that a prospectus filed under this Act would provide and is

(A) an investor who, by virtue of his net worth and investment experience or by virtue of consultation with or advice from a person or company who is not a promoter of the issuer whose securities are being offered and who is a registered adviser or a registered dealer, is able to evaluate the prospective investment on the basis of information respecting the investment presented to him by the issuer, or

(B) a senior officer or director of the issuer or a spouse, parent, brother, sister or child of the senior officer or director,

(iii) the offer and sale of the securities are not accompanied by an advertisement and no selling or promotional expenses have been paid or incurred in connection with them, except for professional services or for services performed by a registered dealer, and

(iv) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer which has traded in securities of its own issue pursuant to the exemption in this clause within the previous 12 months,

but an issuer which has relied upon the exemption under this clause may not again thereafter rely upon the same exemption;

(v) a trade in a commodity futures option or a commodity futures contract by a hedger through a dealer, within the meaning of *The Commodity Futures Act*;

(w) a trade in respect of which the regulations provide that registration is not required.

(2) Subject to the regulations, registration is not required to trade in the following securities:

(a) bond, debentures or other evidences of indebtedness,

(i) of or guaranteed by the Government of Canada or any province of Canada or by the Government of the United Kingdom or any foreign country or any political division of them,

(ii) of any municipal corporation in Canada, including debentures issued for public, separate, secondary or vocational school purposes or guaranteed by any municipal corporation in Canada or secured by or payable out of rates or taxes levied under the law of any province of

Canada on property in the province and collectible by or through the municipality in which the property is situated,

(iii) of or guaranteed by a bank to which the *Bank Act* (Canada) applies, a trust company registered under *The Trust Companies Act* or an insurance company licensed under *The Alberta Insurance Act*,

(iv) of or guaranteed by the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods Agreements Act* (Canada), if the bonds, debentures or evidences of indebtedness are payable in the currency of Canada or the United States of America, or

(v) of or guaranteed by the Asian Development Bank or the Inter-American Development Bank, if the bonds, debentures or evidences of indebtedness are payable in the currency of Canada or the United States of America and if, with respect to those securities, such documents, certificates, reports, releases, statements, agreements or other information as may be required by the Commission are filed;

(b) certificates or receipts issued by a trust company registered under *The Trust Companies Act* for money received for guaranteed investment;

(c) securities issued by a private mutual fund;

(d) negotiable promissory notes or commercial paper maturing not more than one year from the date of issue, if each note or commercial paper traded to an individual has a denomination or principal amount of not less than \$50 000;

(e) mortgages or other encumbrances upon real or personal property, other than mortgages or other encumbrances contained in or secured by a bond, debenture or similar obligation or in a trust deed or other instrument to secure bonds or debentures or similar obligations, if the mortgages or other encumbrances are offered for sale by a person or company registered or exempted from registration under *The Mortgage Brokers Act* or *The Real Estate Agents' Licensing Act*;

(f) securities evidencing indebtedness due under any conditional sales contract or other title retention contract providing for the acquisition of personal property if the securities are not offered for sale to an individual;

(g) securities issued by an issuer organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit, if

- (i) no part of the net earnings of the issuer enure to the benefit of any security holder,
- (ii) no commission or other remuneration is paid in connection with the sale of them, and
- (iii) no portion of the proceeds are to be used for the purpose of establishing, building, leasing, purchasing or otherwise acquiring club buildings or recreational facilities;
- (h) voting securities issued by corporations to which *The Co-operative Associations Act* applies;
- (i) shares of a credit union within the meaning of *The Credit Union Act*;
- (j) securities of a private company if they are not offered for sale to the public;
- (k) securities issued and sold by a prospector for the purpose of financing a prospecting expedition;
- (l) securities issued by a prospecting syndicate that has filed a prospecting syndicate agreement under Part 8 for which the Registrar has issued a receipt, if the securities are sold by the prospector or one of the prospectors who staked claims that belong to or are the subject of a declaration of trust in favour of the prospecting syndicate and the prospector delivers a copy of the prospecting syndicate agreement to the person or company purchasing the security before accepting payment for it;
- (m) securities issued by a prospecting syndicate that has filed a prospecting syndicate agreement under Part 8 for which the Registrar has issued a receipt, if the securities are not offered for sale to the public and are sold to not more than 50 persons or companies;
- (n) securities of a commercial syndicate within the meaning of Part 8, issued by the commercial syndicate, if a commercial syndicate agreement relating to the commercial syndicate has been filed and a receipt for it issued by the Registrar if the securities are not offered for sale to the public and are sold to not more than 50 persons or companies;
- (o) securities issued by a mining company or a mining exploration company as consideration for mining claims if the vendor enters into such escrow or pooling agreement as the Director considers necessary;
- (p) securities in respect of which the regulations provide that registration is not required.

(3) For the purpose of subsection (1), a trust company registered under *The Trust Companies Act* shall be deemed to be acting as principal when it trades as trustee or as agent for accounts fully managed by it.

PART 7

TRADING IN SECURITIES GENERALLY

33(1) Every registered dealer who has acted as principal or agent in connection with any trade in a security shall promptly send by prepaid mail or deliver to the customer a written confirmation of the transaction, setting forth

- (a) the quantity and description of the security,
- (b) the consideration,
- (c) whether or not the registered dealer is acting as principal or agent,
- (d) if acting as agent in a trade, the name of the person or company from, to or through whom the security was bought or sold,
- (e) the date and the name of the stock exchange, if any, upon which the transaction took place,
- (f) the commission, if any, charged in respect of the trade, and
- (g) the name of the salesman, if any, in the transaction.

(2) If a trade is made in a security of a mutual fund, the confirmation shall contain, in addition to the requirements of subsection (1),

- (a) the price per share or unit at which the trade was effected, and
- (b) the amount deducted by way of sales, service and other charges.

(3) Subject to the regulations, when a trade is made in a security of a mutual fund under a contractual plan, the confirmation shall contain in addition to the requirements of subsections (1) and (2),

- (a) in respect of an initial payment made under a contractual plan which requires the prepayment of sales, service and other charges, a statement of the initial payment and the portion of the sales, service and other charges that is allocated to subsequent investments in the mutual fund and the manner of allocation thereof;
- (b) in respect of each subsequent payment made under a contractual plan which requires the prepayment of sales, service and other charges, a statement of the portion of the

33 Confirmation of trade and requirements.

sales, service and other charges, that is allocated to the payment which is the subject of the confirmation;

(c) in respect of an initial purchase made under a contractual plan which permits the deduction of sales, service and other charges from the first and subsequent instalments, a brief statement of the sales, service and other charges to be deducted from subsequent purchases;

(d) in respect of each purchase made under a contractual plan, a statement of the total number of shares or units of the mutual fund acquired and the amount of sales charges paid under the contractual plan up to the date the confirmation is sent or delivered.

(4) For the purposes of subsection (1)(d) and (g), a person or company or a salesman may be identified in a written confirmation by means of a code or symbols if the written confirmation also contains a statement that the name of the person, company or salesman will be furnished to the customer on request.

(5) If a person or company uses a code or symbols for identification in a confirmation under subsection (1), the person or company shall forthwith file the code or symbols and their meaning, and shall notify the Commission within 5 days of any change in or addition to the code or symbols or their meaning.

(6) Every dealer who has acted as agent in connection with any trade in a security shall promptly disclose to the Commission, upon request by the Commission, the name of the person or company from, to or through whom the security was bought or sold.

34(1) The Director may, by order, suspend, cancel, restrict or impose terms and conditions upon the right of any person or company or class of persons or companies named or described in the order to

(a) call at any residence, or

(b) telephone from within or outside Alberta to any residence within Alberta,

for the purpose of trading in any security or in any class of securities.

(2) The Director shall not make an order under subsection (1) without giving the person or company or class of persons or companies affected an opportunity to be heard.

(3) In this section, "residence" includes any building or part of a building in which the occupant resides either permanently or temporarily and any premises appurtenant to it.

34 Order prohibiting personal and telephone calls.

(4) For the purposes of this section, a person or company is deemed to have called or telephoned if an officer, director or salesman of the person or company calls or telephones on its behalf.

35(1) No person or company, with the intention of effecting a trade in a security, other than a security that carries an obligation of the issuer to redeem or purchase or a right of the owner to require redemption or purchase, shall make any representation, written or oral, that he or any person or company

(a) will resell or repurchase, or

(b) will refund all or any of the purchase price of,

the security.

(2) No person or company, with the intention of effecting a trade in a security, shall give any undertaking, written or oral, relating to the future value or price of the security.

(3) No person or company, with the intention of effecting a trade in a security, shall, except with the written permission of the Director, make any representation, written or oral, that the security will be listed on any stock exchange or that application has been or will be made to list the security upon any stock exchange.

(4) This section does not apply to any representation referred to in subsection (1) made to a person or to a company if the representation is contained in an enforceable written agreement and the security has an aggregate acquisition cost of more than \$50 000.

36(1) If a registered dealer, with the intention of effecting a trade in a security with any person or company other than another registered dealer, issues, publishes or sends a circular, pamphlet, letter, telegram or advertisement, and proposes to act in the trade as a principal, the registered dealer shall so state in the circular, pamphlet, letter, telegram or advertisement or otherwise in writing before entering into a contract for the sale or purchase of the security and before accepting payment or receiving any security or other consideration under or in anticipation of the contract.

(2) A statement made in compliance with this section or section 33(1)(c) that a dealer proposes to act or has acted as principal in connection with a trade in a security does not prevent the dealer from acting as agent in connection with a trade of the security.

(3) This section does not apply to trades referred to in section 32(1) or to securities referred to in section 32(2).

35 Representations prohibited.

36 Trading in a security where a dealer is the principal.

37 Subject to the regulations, every registered adviser shall cause to be printed in a conspicuous position on every circular, pamphlet, advertisement, letter, telegram and other publication issued, published or sent out by him, in which the adviser recommends that a specific security be purchased, sold or held, in type not less legible than that used in the body of the circular, pamphlet, advertisement, letter or other publication, a full and complete statement of any financial or other interest that he or any partner, director, officer or a person or company that would be an insider of the adviser, if the adviser was a reporting issuer, may have either directly or indirectly in any securities referred to in it or in the sale or purchase of them, including

(a) any ownership, beneficial or otherwise, that any of them may have in respect of the securities or in any securities issued by the same issuer,

(b) any option that any of them may have in respect of the securities and the terms of the option,

(c) any commission or other remuneration that any of them has received or may expect to receive from any person or company in connection with any trade in the securities,

(d) any financial arrangement relating to the securities that any of them may have with any person or company, and

(e) any financial arrangement that any of them may have with any underwriter or other person or company who has any interest in the securities.

38 Every registered dealer that recommends a purchase, sale, exchange or hold of a security in any circular, pamphlet, advertisement, letter, telegram or other publication issued, published or sent by it and intended for general circulation shall, in type not less legible than that used in the body of the publication, state whether the registered dealer or any of its officers or directors has at any time during the past 12 months assumed an underwriting liability with respect to the securities or for consideration provided financial advice to the issuer of the securities or whether the registered dealer or any of its officers or directors will receive any fees as a result of the recommended action.

39 Every registered dealer shall publish the name of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of the dealer, on all letterheads, circulars and stationery that contain any offer or solicitation respecting a trade in securities or in a preliminary prospectus or prospectus upon or in which the name of the registered dealer appears as underwriter but if the Commission determines that a registered dealer or a class of

37 Disclosure of financial interest of advisors and dealers.

38 Disclosure of underwriting liability.

39 Publication of names and exemptions.

registered dealers is subject to conditions of registration or to regulations imposed by a self-regulatory organization that require provision to customers in the same or some other manner of other appropriate information, the Commission may, subject to such terms and conditions as the Commission may impose, exempt the registered dealer or class of registered dealers from the requirements of this section.

40 No registrant shall use the name of another registrant on letterheads, forms, advertisements or signs, as correspondent or otherwise, unless he is a partner, officer or agent of or is authorized to do so in writing by the other registrant.

41 No person or company shall hold himself out as being registered by having printed in a circular, pamphlet, advertisement, letter, telegram or other stationery that he is registered.

42 No person or company who is not registered shall, either directly or indirectly, hold himself out as being registered.

43 No person or company shall make any representation, written or oral, that the Commission has in any way passed upon the financial standing, fitness or conduct of any registrant or upon the merits of any security or issuer.

44 (1) If a person or a partner or employee of a partnership or a director, officer or employee of a company, after he or the partnership or company has contracted as a registered dealer with any customer to buy and carry upon margin any securities of any issuer either in Canada or elsewhere, and while the contract continues, sells or causes to be sold securities of the same issuer for any account in which

- (a) he,
- (b) his firm or a partner of his firm, or
- (c) the company or a director of the company,

has a direct or indirect interest, if the effect of the sale would, otherwise than unintentionally, be to reduce the amount of the securities in the hands of the dealer or under his control in the ordinary course of business below the amount of the securities that the dealer should be carrying for all customers, the contract with a customer is, at the option of the customer, voidable and the customer may recover from the dealer all money paid with interest on it or securities deposited in respect of it.

40 Use of name of another registrant.

41 Registration not to be advertised.

42 Holding out by unregistered person.

43 Restriction on representations involving the Commission.

44 Margin contracts.

(2) The customer may exercise the option referred to in subsection (1) by a notice to that effect sent by prepaid mail addressed to the dealer at his address for service in Alberta.

45 Any person or company who places an order for the sale of a security through an agent acting for him that is a registered dealer and who,

(a) at the time of placing the order, does not own the security, or

(b) if acting as agent, knows his principal does not own the security,

shall, at the time of placing the order to sell, declare to his agent that he or his principal, as the case may be, does not own the security.

46(1) Subject to subsection (4), voting securities of an issuer registered in the name of

(a) a registrant or in the name of his nominee, or

(b) a custodian or in the name of his nominee, if the issuer is a mutual fund that is a reporting issuer,

that are not beneficially owned by the registrant or the custodian, as the case may be, shall not be voted by the registrant or custodian at any meeting of security holders of the issuer.

(2) Forthwith after receipt of a copy of a notice of a meeting of security holders of an issuer, the registrant or custodian shall, if the name and address of the beneficial owner of securities registered in the name of the registrant or custodian are known, send or deliver to each beneficial owner of the security so registered at the record date for notice of meeting a copy of any notice, financial statement, information circular or other material but the registrant or custodian is not required to send or deliver the material unless the issuer or the beneficial owner of the securities has agreed to pay the reasonable costs to be incurred by the registrant or custodian in so doing.

(3) At the request of a registrant or custodian, the person or company sending material referred to in subsection (2) shall forthwith furnish to the registrant or custodian, at the expense of the sender, the requisite number of copies of the material.

(4) A registrant or custodian shall vote or give a proxy requiring a nominee to vote any voting securities referred to in subsection (1) in accordance with any written voting instructions received from the beneficial owner.

45 Declaration as to non-ownership.

46 Shares in the name of registrant not to be voted.

(5) A registrant or custodian shall, if requested in writing by a beneficial owner, give to the beneficial owner or his nominee a proxy enabling the beneficial owner or his nominee to vote any voting securities referred to in subsection (1).

(6) For the purpose of this section, "custodian" means a custodian of securities issued by a mutual fund held for the benefit of plan holders under a custodial agreement or other arrangement.

47(1) The Commission may,

(a) after giving the registered dealer an opportunity to be heard, and

(b) upon being satisfied that the registered dealer's past conduct with respect to the use of advertising and sales literature affords reasonable grounds for belief that it is necessary for the protection of the public to do so,

order the registered dealer to deliver to the Commission at least 7 days before it is used, copies of all advertising and sales literature which the registered dealer proposes to use in connection with trading in securities.

(2) For the purposes of this section,

(a) "advertising" includes television and radio commercials, newspaper and magazine advertisements and all other sales material generally disseminated through the communications media;

(b) "sales literature" includes records, videotapes and similar material, written matter and all other material, except preliminary prospectuses and prospectuses, designed for use in a presentation to a purchaser, whether the material is given or shown to him.

(3) If the Commission issues an order pursuant to subsection (1), the Director may prohibit the use of the advertising and sales literature so delivered or may require that deletions or changes be made prior to its use.

(4) After an order has been made pursuant to subsection (1), the Commission, on application of the registered dealer at any time after the date of it, may rescind or vary the order if in its opinion it is not contrary to the public interest to do so.

47 Commission may require advance copies of advertising and sales literature.

PART 8

PROSPECTING AND COMMERCIAL SYNDICATES

48(1) Upon the filing of a prospecting syndicate agreement and the issuance of a receipt for it by the Registrar, the liability of the members of the syndicate or parties to the agreement is limited to the extent provided by the terms of the agreement, if

(a) the sole purpose of the syndicate is the financing of prospecting expeditions, preliminary mining development or the acquisition of mining properties or any combination of them,

(b) the agreement clearly sets out

(i) the purpose of the syndicate,

(ii) the particulars of any transaction effected or in contemplation involving the issue of units for a consideration other than cash,

(iii) the maximum amount, not exceeding 25% of the sale price, that may be charged or taken by a person or company as commission upon the sale of units in the syndicate,

(iv) the maximum number of units in the syndicate, not exceeding $33 \frac{1}{3}\%$ of the total number of units of the syndicate, that may be issued in consideration of the transfer to the syndicate of mining properties,

(v) the location of the principal office of the syndicate and that the principal office shall at all times be maintained in Alberta and that the Registrar and the members of the syndicate shall be notified immediately of any change in the location of the principal office,

(vi) that a person or company holding mining properties for the syndicate shall execute a declaration of trust in favour of the syndicate with respect to the mining properties,

(vii) that after the sale for cash of any issued units of the syndicate no mining properties shall be acquired by the syndicate other than by staking unless the acquisition is approved by members of the syndicate holding at least $\frac{2}{3}$ of the issued units of the syndicate that have been sold for cash,

(viii) that the administrative expenditures of the syndicate, including, in addition to any other items, salaries, office expenses, advertising and commissions paid by the syndicate with respect to the sale of its units, shall

48 Prospecting syndicate agreements.

be limited to 1/3 of the total amount received by the treasury of the syndicate from the sale of its units,

(ix) that a statement of the receipts and disbursements of the syndicate shall be furnished to the Registrar and to each member annually,

(x) that 90% of the vendor units of the syndicate shall be escrowed units and may be released upon the consent of the Registrar and that any release of the units shall not be in excess of one vendor unit for each unit of the syndicate sold for cash, and

(xi) that no securities, other than those of the syndicate's own issue, and no mining properties owned by the syndicate or held in trust for the syndicate shall be disposed of unless the disposal is approved by members of the syndicate holding at least 2/3 of the issued units of the syndicate other than escrowed units,

and

(c) the agreement limits the capital of the syndicate to a sum not exceeding \$250 000.

(2) The Registrar may in his discretion issue a receipt for a prospecting syndicate agreement filed under this section and is not required to determine whether it is in conformity with subsection (1)(a), (b) and (c).

(3) After a receipt is issued by the Registrar for a prospecting syndicate agreement, the requirements of *The Partnership Act* as to filing do not apply to the prospecting syndicate.

(4) No registered dealer shall trade in a security issued by a prospecting syndicate either as agent for the prospecting syndicate or as principal.

(5) The Registrar shall not refuse to issue a receipt under subsection (1) without giving the person or company who filed the prospecting syndicate agreement an opportunity to be heard.

49(1) In this section,

(a) "commercial syndicate" means a combination of persons or companies or both persons and companies formed, with a common view to profit, for the promotion of any mercantile, mechanical or manufacturing enterprise or any enterprise for the development of property, but does not include a prospecting syndicate;

(b) "commercial syndicate agreement" or "agreement" means the document in which the terms and conditions of

49 Commercial syndicates.

the association of the participants in the commercial syndicate are set out;

(c) “unit” includes any document or writing by which participants are to evidence their acceptance of the terms and conditions for association and the extent of their participation in it, by whatever name the writing is called in the agreement.

(2) If a commercial syndicate agreement complies with the requirements of subsection (3) the Director may, in his discretion, direct the Registrar to accept the agreement for filing and issue a receipt for it.

(3) The agreement shall contain

(a) the name under which the commercial syndicate will carry out its enterprise,

(b) the general nature of the enterprise intended to be carried out,

(c) the date on which the enterprise will be started,

(d) the names and usual places of residence of the persons or companies interested in having the commercial syndicate established, and the participants in the agreement at the time of filing,

(e) the amount of capital that the participants have contributed and the capital that will be sought from others who subsequently participate in the commercial syndicate,

(f) the particulars of any transaction effected or in contemplation involving the participation of any persons or companies in the commercial syndicate for a consideration other than cash,

(g) the maximum amount that may be charged or taken by any person or company as commission upon the sale of units of the commercial syndicate,

(h) the maximum amount or number of units of the commercial syndicate or the maximum participation in it that may be issued or authorized in consideration of the transfer to the commercial syndicate of any property or right or interest in or in respect of any real property or for any services, licences, franchises, inventions, patents or other things or rights to be used or acquired by the syndicate,

(i) the location within Alberta of the head office of the commercial syndicate and an undertaking that the head office will at all times during the continuance of the agreement be maintained in Alberta and that notice of any change in the address of the head office will immediately be

given to all participants in the syndicate and to the Registrar,

(j) an undertaking that a person holding any real or personal property for the commercial syndicate will execute a declaration of trust in favour of the syndicate with respect to the property,

(k) a condition that the administrative expenses of the commercial syndicate including, in addition to any other items, salaries, office expenses, advertising and commissions paid or to be paid by the syndicate with respect to obtaining further participation in it, will be limited to such percentage of the total amount received by the syndicate from all units sold in it for cash, as may be approved by the Director,

(l) an undertaking that the statement of the receipts and disbursements of the commercial syndicate will be furnished to the Director on demand and to each participant annually,

(m) an undertaking that 90% of the units of the syndicate to be issued for properties or consideration other than cash will be held in escrow for release upon the consent of the Director, and that any release of units will not be in excess of the units sold for cash, and

(n) an undertaking that no securities of the commercial syndicate other than those of its own issue and no properties or other rights or things held by the syndicate or held in trust for the syndicate will be disposed of or allowed to lapse unless the same is approved by 2/3 of the participants in the syndicate.

(4) After a receipt is issued by the Registrar for an agreement, the commercial syndicate may designate from time to time the persons in it who will sell units of the syndicate to the public, and shall inform the Director of the methods of selling that the syndicate proposes to adopt.

(5) After a receipt is issued by the Registrar for an agreement, the persons or companies, not being parties to the setting up of the syndicate, who participate in the commercial syndicate by the purchase of units of the syndicate are not liable for the debts of the commercial syndicate except in respect of the amounts contributed by them to the capital of it.

(6) The persons designated to sell units of the commercial syndicate shall obtain registration by the Director as securities salesmen for the syndicate's securities and are subject to such rules and regulations as the Commission may prescribe to control and regulate or prohibit the activities of salesmen of securities issued by commercial syndicates.

(7) After a receipt is issued by the Registrar for an agreement, the requirements of *The Partnership Act* as to filing and as to certificates do not apply to the commercial syndicate.

(8) Except a salesman of a commercial syndicate registered as such under section 22, and subject to subsection (9), no person registered for trading in securities under this Act shall trade in a security offered by a commercial syndicate, or other person, either as agent for the syndicate or other person or as principal.

(9) A person or company registered for trading in securities under this Act, other than a salesman of a commercial syndicate registered under subsection (6), may trade in a security issued by a person, other than a commercial syndicate, if

(a) written permission, upon such terms as the Director may require, has been obtained from the Director, and

(b) information satisfactory to the Director and relating to that person and the security has been filed under this Act.

(10) Notwithstanding section 22, the salesman of a commercial syndicate registered as such under subsection (6) may trade in the securities of the commercial syndicate subject to the rules and regulations of the Commission in that behalf and subject to any special conditions made by the Director upon the registration of the salesman.

PART 9

PROSPECTUSES - DISTRIBUTION

50(1) No person or company shall trade in a security on his own account or on behalf of any other person or company, if the trade would be a distribution of the security, unless a preliminary prospectus and a prospectus have been filed and receipts for them obtained from the Registrar.

(2) A preliminary prospectus and a prospectus may be filed in accordance with this Part to enable the issuer to become a reporting issuer, notwithstanding the fact that no distribution is contemplated.

51(1) A preliminary prospectus shall substantially comply with the requirements of this Act and the regulations respecting the form and content of a prospectus, but the report or reports of the auditor or accountant required by the regulations need not be included.

(2) A preliminary prospectus may exclude information with respect to the price to the underwriter and offering price of any securities and other matters dependent upon or relating to the prices.

52 The Registrar shall issue a receipt for a preliminary prospectus forthwith upon the filing of it.

53(1) A prospectus shall provide full, true and plain disclosure of all material facts relating to the securities issued or proposed to be distributed and shall comply with the requirements of this Act and the regulations.

(2) The prospectus shall contain or be accompanied by such financial statements, reports or other documents as are required by this Act or the regulations.

54(1) Subject to subsection (2), if

(a) an adverse material change occurs after a receipt is obtained for a preliminary prospectus filed in accordance with section 50(2) and before the receipt for the prospectus is obtained, or

(b) a material change occurs after the receipt for the prospectus is obtained but prior to the completion of the distribution under the prospectus,

50 Filing prospectus.

51 Preliminary prospectus.

52 Receipt for preliminary prospectus.

53 Prospectus and supplemental material.

54 Amendment to preliminary prospectus resulting from a material change.

an amendment to the preliminary prospectus or prospectus, as the case may be, shall be filed as soon as practicable and in any event within 10 days after the change occurs.

(2) If an amendment to a prospectus is filed under subsection (1) for the purpose of distributing securities, in addition to the securities previously disclosed in the prospectus or an amendment to the prospectus, the additional distribution shall not be proceeded with for a period of 10 days after the amendment is filed or, in the event the Commission informs the party filing in writing within 10 days of the filing that it objects to the further distribution, until such time as a receipt for the amended prospectus is obtained from the Registrar.

(3) An amendment to a preliminary prospectus referred to in subsection (1) shall, forthwith after it has been filed, be forwarded to each recipient of the preliminary prospectus according to the record maintained under section 64.

55(1) Subject to subsection (3), a prospectus filed under section 50(1) or section 59(1) shall contain a certificate in the following form, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, any 2 directors of the issuer, other than the foregoing, duly authorized to sign, and any person or company who is a promoter of the issuer:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of The Securities Act, 1978 and the regulations under it.

(2) Subject to subsection (3), a prospectus filed under section 50(2) shall contain a certificate in the following form, signed by the chief executive officer, the chief financial officer, and, on behalf of the board of directors, any 2 directors of the issuer, other than the foregoing, duly authorized to sign, and any person or company who is a promoter of the issuer:

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by Part 9 of The Securities Act, 1978 and the regulations under it.

(3) If the issuer has only 3 directors, 2 of whom are the chief executive officer and the chief financial officer, the certificate may be signed by all the directors of the issuer.

(4) If the Director is satisfied upon evidence or submissions made to him that either or both the chief executive officer or chief financial officer of the issuer is for adequate cause not available to sign a certificate in a prospectus, the Director may permit the certificate to be signed by any other responsible

55 Certificate on prospectus.

officer or officers of the issuer in lieu of either or both the chief executive officer or chief financial officer.

(5) With the consent of the Director, a promoter need not sign the certificate in a prospectus.

(6) The Director may, in his discretion, require any person or company who was a promoter of the issuer within the 2 preceding years to sign the certificate required by subsection (1) or (2) subject to such conditions as the Director may consider proper.

(7) With the consent of the Director, a promoter may sign a certificate in a prospectus by his agent duly authorized in writing.

56(1) If there is an underwriter, a prospectus shall contain a certificate in the following form, signed by the underwriter or underwriters who, with respect to the securities offered by the prospectus, are in a contractual relationship with the issuer or security holder whose securities are being offered by the prospectus:

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of The Securities Act, 1978 and the regulations under it.

(2) With the consent of the Director, an underwriter may sign a certificate in a prospectus by his agent duly authorized in writing.

57 Every prospectus shall contain a statement of the rights given to a purchaser by sections 68 and 124.

58(1) The Director may in his discretion direct the Registrar to issue a receipt for any prospectus filed under this Part unless it appears to him that it is not in the public interest to do so.

(2) The Director shall not issue a direction under subsection (1) if it appears to him that

(a) the prospectus or any document required to be filed with it

(i) fails to comply in any substantial respect with any of the requirements of this Part or the regulations,

(ii) contains any statement, promise, estimate or forecast that is misleading, false or deceptive, or

56 Underwriters certificate.

57 Statement of rights.

58 Receipts for prospectuses and referrals.

- (iii) contains a misrepresentation,
- (b) an unconscionable consideration has been paid or given or is intended to be paid or given for promotional purposes or for the acquisition of property,
- (c) the proceeds from the sale of the securities to which the prospectus relates that are to be paid into the treasury of the issuer, together with other resources of the issuer are insufficient to accomplish the purpose of the issue stated in the prospectus,
- (d) having regard to the financial condition of the issuer or an officer, director, promoter or a person or company or combination of persons or companies holding sufficient of the securities of the issuer to affect materially the control of the issuer, the issuer cannot reasonably be expected to be financially responsible in the conduct of its business,
- (e) the past conduct of the issuer or an officer, director, promoter or a person or company or combination of persons or companies holding sufficient of the securities of the issuer to affect materially the control of the issuer affords reasonable grounds for belief that the business of the issuer will not be conducted with integrity and in the best interests of its security holders,
- (f) such escrow or pooling agreement as the Director considers necessary or advisable with respect to securities has not been entered into,
- (g) such agreement as the Director considers necessary or advisable to accomplish the objects indicated in the prospectus for the holding in trust of the proceeds payable to the issuer from the sale of the securities pending the distribution of the securities has not been entered into,
- (h) in the case of a prospectus filed by a finance company, as defined in the regulations,
 - (i) the plan of distribution of the securities offered is not acceptable,
 - (ii) the securities offered are not secured in such manner, on such terms and by such means as are required by the regulations, or
 - (iii) the finance company does not meet such financial and other requirements and conditions as are specified in the regulations,

or

- (i) a person or company who has prepared or certified any part of the prospectus or is named as having prepared or

certified a report or valuation used in or in connection with a prospectus is not acceptable to him.

(3) The Director shall not refuse to issue a direction under subsection (1) or (2) without giving the person or company who filed the prospectus an opportunity to be heard.

(4) If it appears to the Director that a preliminary prospectus, pro forma prospectus or prospectus raises a material question involving the public interest under subsection (1) or a new or novel question of interpretation under subsection (2) that might result in the Director refusing to issue a receipt under subsection (1) or (2), the Director may refer the question to the Commission for determination.

(5) The Director shall state the question in writing setting out the facts upon which the question is based.

(6) The question, together with any additional material, shall be lodged by the Director with the Commission and a copy of the question shall forthwith be served by the Commission upon any interested person or company.

(7) The Commission, after giving the parties an opportunity to be heard, shall consider and determine the question and refer the matter back to the Director for final consideration under subsections (1) and (2).

(8) Subject to any order of the Supreme Court made under section 8, the decision of the Commission on the question is binding on the Director.

59(1) No distribution of a security to which section 50(1) applies shall continue longer than 12 months from the later of either

(a) the date of the issuance of the receipt for the preliminary prospectus relating to the security, or

(b) the date of the last prospectus filed under this section,

as the case may be, which shall be the lapse date, unless a new prospectus that complies with this Part is filed and a receipt for it is obtained from the Registrar.

(2) A distribution may be continued for a further 12 months if

(a) a pro forma prospectus prepared in accordance with the regulations is filed not less than 30 days prior to the lapse date of the previous prospectus,

(b) a prospectus is filed not later than 10 days following the lapse date of the previous prospectus, and

59 Refiling of prospectus.

(c) a receipt for the prospectus is obtained from the Registrar within the 20 days following the lapse date of the previous prospectus.

(3) The continued distribution of securities after the lapse date does not contravene subsection (1) unless and until any of the conditions of subsection (2) are not complied with.

(4) Subject to any extension granted under subsection (5), all trades completed in reliance upon subsection (2) after the lapse date may be cancelled at the option of the purchaser within 90 days of the purchaser's first knowledge of the failure to comply with the conditions if any of the conditions to the continuation of a distribution under subsection (2) are not complied with.

(5) The Commission may, upon an application of a reporting issuer, extend, subject to such terms and conditions as it may impose, the times provided by subsection (2) if in its opinion it would not be prejudicial to the public interest to do so.

60(1) No dealer shall engage in the distribution of a security to which section 50 or 59 is applicable until the dealer has notified the Commission in writing of his intention to engage in the distribution.

(2) Every dealer shall forthwith notify the Commission in writing when he has ceased to engage in the distribution of a security to which section 50 or 59 is applicable.

61(1) If a person or company proposing to make a distribution of previously issued securities of an issuer is unable to obtain from the issuer of the securities information or material that is necessary for the purpose of complying with this Part or the regulations the Director may order the issuer of the securities to furnish to the person or company that proposes to make the distribution such information and material as the Director considers necessary for the purposes of the distribution, upon such terms and subject to such conditions as he considers proper, and all the information and material may be used by the person or company to whom it is furnished for the purpose of complying with this Part and the regulations.

(2) If a person or company proposing to make a distribution of previously issued securities of an issuer is unable to obtain any or all of the signatures to the certificates required by this Act or the regulations or otherwise to comply with this Part or the regulations, the Director may, upon being satisfied that all reasonable efforts have been made to comply with this Part and the regulations and that no person or company is likely to be prejudicially affected by a failure to comply, make such order waiving any of the provisions of this Part or the regulations as he considers advisable, upon such terms and subject to such conditions as he considers proper.

60 Notice of distribution and cessation of distribution.

61 Orders to furnish information respecting distribution to the public and exemptions.

PART 10

DISTRIBUTION - GENERALLY

62(1) In this section, “waiting period” means the interval, which shall be at least 10 days, between the issuance by the Registrar of a receipt for a preliminary prospectus relating to the offering of a security and the issuance by him of a receipt for the prospectus.

(2) Notwithstanding section 50, but subject to Part 7, it is permissible during the waiting period, to

(a) distribute a notice, circular, advertisement or letter to or otherwise communicate with any person or company identifying the security proposed to be issued, stating the price of it if it is then determined, the name and address of a person or company from whom purchases of the security may be made and containing such further information as may be permitted or required by the regulations, if every notice, circular, advertisement, letter or other communication states the name and address of a person or company from whom a preliminary prospectus may be obtained,

(b) distribute a preliminary prospectus, and

(c) solicit expressions of interest from a prospective purchaser if, prior to the solicitation or forthwith after the prospective purchaser indicates an interest in purchasing the security, a copy of the preliminary prospectus is forwarded to him.

63 Any dealer distributing a security to which section 62 applies shall, in addition to the requirements of section 62(2) (c), send a copy of the preliminary prospectus to each prospective purchaser who, without solicitation, indicates an interest in purchasing the security and requests a copy of the preliminary prospectus.

64 Any dealer distributing a security to which section 62 applies shall maintain a record of the names and addresses of all persons and companies to whom the preliminary prospectus has been forwarded.

65 If it appears to the Director that a preliminary prospectus is defective in that it does not substantially comply with the requirements of this Act and the regulations as to form and content, he may, without giving notice, order that the trading permitted by section 62(2) in the security to which the preliminary prospectus relates cease until a revised preliminary prospectus satisfactory to the Director is filed and forwarded to

62 Distribution of material during waiting period.

63 Distribution of preliminary prospectus.

64 Distribution list.

65 Defective preliminary prospectus.

each recipient of the defective preliminary prospectus according to the record maintained under section 64.

66 From the date of the issuance by the Registrar of a receipt for a prospectus relating to a security, a person or company trading in the security in a distribution, either on his own account or on behalf of any other person or company, may distribute the prospectus, any document filed with or referred to in the prospectus and any notice, circular, advertisement or letter of the nature described in section 62(2)(a) or in the regulations, but shall not distribute any other printed or written material respecting the security that is prohibited by the regulations.

67(1) If it appears to the Commission, after the filing of a prospectus under this Part and the issuance of a receipt for it, that any of the circumstances set out in section 58(2) exist, the Commission may order that the distribution of the securities under the prospectus cease.

(2) No order shall be made under subsection (1) without a hearing unless in the opinion of the Commission the length of time required for a hearing could be prejudicial to the public interest, in which event a temporary order may be made which shall expire 15 days from the date of the making of it unless the hearing is commenced in which case the Commission may extend the order until the hearing is concluded.

(3) A notice of every order made under this section shall be served upon the issuer to whose securities the prospectus relates and upon every dealer who has notified the Commission of his intention to engage in the distribution of the securities and forthwith upon the receipt of the notice,

(a) distribution of the securities under prospectus by the person or company named in the order shall cease, and

(b) any receipt issued by the Registrar for the prospectus is revoked.

68(1) A dealer not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which section 50(1) or section 59 is applicable shall, unless he has previously done so, send by prepaid mail or deliver to the purchaser the latest prospectus and any amendment to the prospectus filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the 2nd day, exclusive of Saturdays and holidays, after entering into the agreement.

66 Material given on distribution.

67 Order to cease trading.

68 Amendments to prospectus.

(2) An agreement of purchase and sale referred to in subsection (1) is not binding upon the purchaser, if the dealer from whom the purchaser purchases the security receives written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale not later than midnight on the 2nd day, exclusive of Saturdays and holidays, after receipt by the purchaser of the latest prospectus and any amendment to the prospectus.

(3) Subsection (2) does not apply if the purchaser is a registrant or if the purchaser sells or otherwise transfers beneficial ownership of the security referred to in subsection (2), otherwise than to secure indebtedness, before the expiration of the time referred to in subsection (2).

(4) For the purpose of this section, where the latest prospectus and any amendment to the prospectus is sent by prepaid mail, the latest prospectus and any amendment to the prospectus shall be deemed to have been received in the ordinary course of mail by the person or company to whom it was addressed.

(5) The receipt of the latest prospectus or any amendment to the prospectus by a dealer who is acting as agent of or who thereafter commences to act as agent of the purchaser with respect to the purchase of a security referred to in subsection (1) shall, for the purpose of this section, be receipt by the purchaser as of the date on which the agent received the latest prospectus and any amendment to the prospectus.

(6) The receipt of the notice referred to in subsection (2) by a dealer who acted as agent of the vendor with respect to the sale of the security referred to in subsection (1) shall, for the purpose of this section, be receipt by the vendor as of the date on which the agent received the notice.

(7) For the purpose of this section, a dealer shall not be considered to be acting as agent of the purchaser unless the dealer is acting solely as agent of the purchaser with respect to the purchase and sale in question and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase and sale.

(8) The onus of proving that the time for giving notice under subsection (2) has expired is upon the dealer from whom the purchaser has agreed to purchase the security.

PART 11

EXEMPTIONS FROM PROSPECTUS REQUIREMENTS

69(1) Subject to the regulations, sections 50 and 59 do not apply to a distribution if

- (a) the purchaser is
 - (i) a bank to which the *Bank Act* (Canada) applies or the Federal Business Development Bank incorporated under the *Federal Business Development Bank Act* (Canada),
 - (ii) a trust company registered under *The Trust Companies Act*,
 - (iii) an insurance company licensed under *The Alberta Insurance Act*,
 - (iv) Her Majesty in right of Canada or any province of Canada, or
 - (v) any municipal corporation or public board or commission in Canada,

who purchases as principal;

- (b) the trade is an isolated trade in a specific security by or on behalf of an issuer, for the issuer's account, if the trade is not made in the course of continued and successive transactions of a like nature, and is not made by a person or company whose usual business is trading in securities;
- (c) the party purchasing as principal is a company or a person, other than an individual, and is recognized by the Commission as an exempt purchaser;
- (d) the purchaser purchases as principal, if the trade is in a security which has an aggregate acquisition cost to the purchaser of not less than \$97 000;
- (e) the trade is to a lender, pledgee, mortgagee or other encumbrancer from the holdings of any person, company or combination of persons or companies described in section 1(1)(f)(iii) for the purpose of giving collateral for a bona fide debt;
- (f) the trade is made by an issuer,
 - (i) in a security of its own issue that is distributed by it to holders of its securities as a stock dividend or other distribution out of earnings or surplus,

69 Prospectuses not required, reports and distributions.

(ii) in a security whether of its own issue or not that is distributed by it to holders of its securities as incidental to a bona fide re-organization or winding up of the issuer or distribution of its assets for the purpose of winding up its affairs pursuant to the laws of the jurisdiction in which the issuer was incorporated, organized or continued, or

(iii) in securities of its own issue transferred or issued through the exercise of a right to purchase, convert or exchange previously granted by the issuer,

if no commission or other remuneration is paid or given to others in respect of the distribution except for ministerial or professional services or for services performed by a registered dealer;

(g) the trade is made by an issuer in a security of a reporting issuer held by the issuer that is distributed by it to holders of its securities as a dividend in specie;

(h) the trade is made by an issuer,

(i) in a right, transferable or otherwise granted by the issuer to holders of its securities to purchase additional securities of its own issue and the issue of securities pursuant to the exercise of the right, or

(ii) in securities of a reporting issuer held by it transferred or issued through the exercise of a right to purchase, convert or exchange previously granted by the issuer,

if the issuer has given the Commission written notice stating the date, amount, nature and conditions of the proposed trade, including the approximate net proceeds to be derived by the issuer on the basis of the additional securities being fully taken up and either,

(iii) the Commission has not informed the issuer in writing within 10 days of the giving of the notice that it objects to the proposed trade, or

(iv) the issuer has delivered to the Commission information relating to the securities that is satisfactory to and accepted by the Commission;

(i) the trade is made in a security of a company that is exchanged by or for the account of the company with another company or the holders of the securities of that other company in connection with

(i) a statutory amalgamation or arrangement, or

- (ii) a statutory procedure under which one company takes title to the assets of the other company which in turn loses its existence by operation of law, or under which the existing companies merge into a new company;
- (j) the trade is made in a security of an issuer that is exchanged by or for the account of the issuer with the security holders of another issuer in connection with a take-over bid as defined in Part 14;
- (k) the trade is made in a security of an issuer in connection with a take-over bid exempted from the requirements of Part 14 by section 86(2) or by the Commission under section 97;
- (l) the trade is made by an issuer in a security of its own issue as consideration for a portion or all of the assets of any person or company, if the fair value of the assets so purchased is not less than \$100 000;
- (m) the trade is made by an issuer in a security of its own issue in consideration of mining claims if the vendor enters into such escrow or pooling agreement as the Director considers necessary;
- (n) the trade is made by an issuer in securities of its own issue with its employees or the employees of an affiliate who are not induced to purchase by expectation of employment or continued employment;
- (o) the trade is made by an issuer in securities of its own issue if the trade is reasonably necessary to facilitate the incorporation or organization of the issuer and the securities are traded for a nominal consideration to not more than 5 incorporators or organizers unless the statute under which the issuer is incorporated or organized requires the trade to be for a greater consideration or to a larger number of incorporators or organizers, in which case the securities may be traded for that greater consideration or to that larger number of incorporators or organizers;
- (p) the trade is made by an issuer with a view to the sale of securities of its own issue if solicitations are made to not more than 50 prospective purchasers resulting in sales to not more than 25 purchasers, and
 - (i) each purchaser purchases as principal, and all of the purchases are completed within a period of 6 months of the first purchase but subsequent sales to the same purchasers may be carried out if made in compliance with written agreements entered into during that 6-month period,

(ii) each purchaser has access to substantially the same information concerning the issuer that a prospectus filed under this Act would provide and is

(A) an investor who, by virtue of his net worth and investment experience or by virtue of consultation with or advice from a person or company who is not a promoter of the issuer whose securities are being offered and who is a registered adviser or a registered dealer, is able to evaluate the prospective investment on the basis of information respecting the investment presented to him by the issuer, or

(B) a senior officer or director of the issuer or a spouse, parent, brother, sister or child of the senior officer or director,

(iii) the offer and sale of the securities are not accompanied by an advertisement and no selling or promotional expenses have been paid or incurred in connection therewith, except for professional services or for services performed by a registered dealer, and

(iv) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer which has traded in securities of its own issue pursuant to the exemption in this clause within the previous 12 months, but an issuer which has relied upon this exemption may not again thereafter rely upon this exemption;

(q) the trade is made from one registered dealer to another registered dealer if the registered dealer making the purchase is acting as principal;

(r) the trade is made between a person or company and an underwriter acting as purchaser or between or among the underwriters;

(s) the trade is in a commodity futures option or commodity futures contract by a hedger through a dealer, within the meaning of *The Commodity Futures Act*.

(2) For the purpose of subsection (1), a trust company registered under *The Trust Companies Act* shall be deemed to be acting as principal when it trades as trustee or as agent for accounts fully managed by it.

(3) Subject to the regulations, when a trade has been made under subsection (1)(a), (b), (c), (d), (l), (p) or (q), the vendor shall within 10 days file a report prepared and executed in accordance with the regulations, but no report is required if, by a trade under subsection (1)(a) a bank to which the *Bank Act* (Canada) applies or a trust company registered under *The Trust Companies Act* acquires from a customer an evidence of

indebtedness of the customer or an equity investment in the customer acquired concurrently with an evidence of indebtedness.

(4) The first trade in securities previously acquired pursuant to an exemption contained in subsection (1)(a), (b), (c), (d), (l), (m), (p) or (q), other than a further trade exempted by subsection (1), is a distribution, unless

(a) the issuer of the security is a reporting issuer and is not in default of any requirement of this Act or the regulations;

(b) the securities

(i) are listed and posted for trading on a stock exchange recognized for that purpose by the Commission and comply with the requirements of section 94 of *The Alberta Insurance Act* and have been held at least 6 months from the date of the initial exempt trade or the date the issuer became a reporting issuer, whichever is the later,

(ii) are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements of section 94(1)(j) or (k) of *The Alberta Insurance Act* and have been held at least 6 months from the date of the initial exempt trade or the date the issuer became a reporting issuer, whichever is the later,

(iii) are listed and posted for trading on a stock exchange recognized for this purpose by the Commission or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer whose securities are so listed, and have been held at least one year from the date of the initial exempt trade or the date the issuer became a reporting issuer, whichever is later, or

(iv) have been held at least 18 months from the date of the initial exempt trade or the date the issuer became a reporting issuer, whichever is later,

and

(c) the vendor files a report within 10 days prepared and executed in accordance with the regulations,

if no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission or consideration is paid in respect of the trade.

(5) The first trade in securities previously acquired under an exemption contained in subsection (1)(f), (i), (j), (k) or (n) and the first trade in previously issued securities of a company

that has ceased to be a private company, other than a further trade exempted by subsection (1), is a distribution but if

(a) the issuer of the securities is a reporting issuer and has been a reporting issuer for at least 12 months or, in the case of securities acquired under subsection (1)(i), one of the amalgamating or merged corporations or one of the continuing corporations has been a reporting issuer for 12 months and the issuer is not in default of any requirement of this Act or the regulations,

(b) disclosure to the Commission has been made of its exempt trade or in the case of a company that has ceased to be a private company the issuer has filed with the Commission such report with respect to its outstanding securities as may be required by the regulations, and

(c) no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission or consideration is paid in respect of the trade,

then the first trade is a distribution only if it is a distribution as defined in section 1(1)(f)(iii).

(6) The first trade in securities previously purchased under an exemption contained in subsection (1)(o) or (r), other than a further trade exempted by subsection (1), is a distribution.

(7) Sections 50 and 59 do not apply to a distribution within the meaning of section 1(1)(f)(iii) or by a lender, pledgee, mortgagee or other encumbrancer for the purpose of liquidating a bona fide debt by selling or offering for sale a security pledged, mortgaged or otherwise encumbered in good faith as collateral for the debt in accordance with subsection (1)(e) if

(a) the distribution is exempted by subsection (1), or

(b) the issuer of the security is a reporting issuer and has been a reporting issuer for at least 18 months and is not in default of any requirement of this Act or the regulations and the seller, unless exempted by the regulations,

(i) files with the Commission and any stock exchange recognized by the Commission for this purpose on which the securities are listed at least 7 days and not more than 14 days prior to the proposed trade,

(A) a notice of intention to sell in the form prescribed by the regulations disclosing particulars of the control position known to him, the number of securities to be sold and the method of distribution, and

(B) a declaration signed by each seller as at a date not more than 24 hours prior to its filing and

prepared and executed in accordance with the regulations and certified as follows:

“The seller for whose account the securities to which this certificate relates are to be sold hereby represents that he has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the Commission, nor has he any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed”,

and

(ii) files within 3 days after the completion of any trade a report of the trade in the form prescribed under Part 15,

but the notice required to be filed under subclause (i)(A) and the declaration required to be filed under subclause(i)(B) shall be renewed and filed at the end of 60 days after the original date of filing and thereafter at the end of each 28-day period so long as any of the securities specified under the original notice have not been sold or until notice has been filed that the securities so specified or any part of them are no longer for sale, and

(c) no unusual effort is made to prepare the market or to create a demand for the securities and no extraordinary commission or other consideration is paid in respect of the trade.

(8) Subject to subsection (10), for the purpose of determining whether an issuer is a reporting issuer and, if so, whether the reporting issuer is not in default of any requirement of this Act or the regulations, the seller is entitled to apply to the Commission for a certificate issued for this purpose in accordance with section 134 and is entitled to rely on the certificate.

(9) Subject to subsection (10), for the purpose of determining whether a reporting issuer is not in default of any requirement of this Act or the regulations, the seller is entitled to rely on a list of defaulting reporting issuers which shall be maintained by the Commission for public inspection in its offices during its normal business hours.

(10) No person or company who knows or ought reasonably to know that a reporting issuer is in default may rely on the certificate or on the list.

(11) For the purposes of this section, an issuer shall be deemed to have been a reporting issuer from the date that it met the condition of the appropriate subclause of section 1(1)

(t) if in each case it is currently in compliance with the requirements of this Act and in the case of qualification under section 1(1)(t)(iii) it is also currently listed and posted for trading on any stock exchange in Alberta recognized by the Commission.

70(1) Sections 50 and 59 do not apply to a distribution of securities

- (a) referred to in section 32(2), except clauses (o) and (p);
- (b) that are listed and posted for trading on any stock exchange recognized for the purpose of this section by the Commission if the securities are distributed through the facilities of the stock exchange pursuant to the rules of the stock exchange and the requirements of the Commission, if a statement of material facts, that complies as to form and content with the regulations, is filed with and is accepted for filing by the stock exchange and the Commission;
- (c) that are options to sell or purchase securities known as puts and calls or any combination of them that provide that the holder of them may sell to or purchase from the writer of the option a specified amount of securities at a specific price, on or prior to a specified date or the occurrence of a specified event, if
 - (i) the option has been written by a member of an exchange recognized by the Commission for that purpose or the performance under the option is guaranteed by a member of an exchange recognized by the Commission for that purpose,
 - (ii) the securities that are the subject of the option are listed and posted for trading on an exchange recognized by the Commission for that purpose, and
 - (iii) the option is in the form from time to time prescribed by the regulations;
- (d) that are exempted by the regulations.

(2) Sections 68 and 124 apply with all necessary modifications to a distribution under subsection (1)(b) as if sections 50 and 59 were applicable to the distribution, and the statement of material facts referred to in subsection (1)(b) shall be deemed to be a prospectus for the purposes of sections 68 and 124.

71(1) The Commission may, upon its own motion or upon the application of an interested person or company, rule that an intended trade is not subject to section 22 or 50 if it is satisfied that to do so would not be prejudicial to the public interest, and

70 Prospectus not required.

71 Order exempting registration of prospectus.

may impose such terms and conditions as are considered necessary.

(2) If doubt exists whether a distribution of any security has been concluded or is currently in progress, the Commission may determine the question and rule accordingly.

(3) A decision of the Commission under this section is final and there is no appeal from it.

PART 12

CONTINUOUS DISCLOSURE

72(1) Subject to subsection (3) if a material change occurs in the affairs of a reporting issuer, it shall forthwith issue and file a press release authorized by a senior officer disclosing the nature and substance of the change.

(2) Subject to subsection (3), the reporting issuer shall file a report of a material change in accordance with the regulations as soon as practicable and in any event within 10 days of the date on which the change occurs.

(3) If

(a) in the opinion of the reporting issuer, the disclosure required by subsections (1) and (2) would be unduly detrimental to the interests of the reporting issuer, or

(b) the material change consists of a decision to implement a change made by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable and senior management of the issuer has no reason to believe that persons with knowledge of the material change have made use of the knowledge in purchasing or selling securities of the issuer,

the reporting issuer may, in lieu of compliance with subsection (1), forthwith file with the Commission the report required under subsection (2) marked "confidential" together with written reasons for non-disclosure.

(4) If a report has been filed with the Commission under subsection (3), the reporting issuer shall advise the Commission in writing if it believes the report should continue to remain confidential within 10 days of the date of filing of the initial report and every 10 days thereafter until the material change is generally disclosed in the manner referred to in subsection (1) or, if the material change consists of a decision of the type referred to in subsection (3)(b), until that decision has been rejected by the board of directors of the issuer.

73(1) No person or company in a special relationship with a reporting issuer shall

(a) purchase or sell securities of the reporting issuer with the knowledge of a material fact or material change in the affairs of the reporting issuer that he or it knew or ought reasonably to have known had not been generally disclosed, or

(b) inform, other than in the necessary course of business, another person or company about a fact or change that he

72 Publication and reports of material changes.

73 Trading where there is an undisclosed change in the affairs of the reporting issuer.

knows is a material fact or material change before the material fact or material change has been generally disclosed.

(2) No purchaser or vendor shall be found to have contravened subsection (1)(a) if the purchaser or vendor proves that he did not make use of knowledge of the material fact or material change in purchasing or selling the securities.

(3) For the purpose of this section, a person or company is in a special relationship with a reporting issuer if

(a) the person or company is an insider or an affiliate of the reporting issuer,

(b) the person is a director, officer or employee of the reporting issuer or of a company that is an insider or an affiliate of the reporting issuer,

(c) the person or company has engaged, is engaging in or proposes to engage in any business or professional activities with or on behalf of the reporting issuer and thereby has acquired knowledge of the material fact or material change, or

(d) the person or company is an associate of the reporting issuer or of any person or company referred to in clause (a), (b) or (c).

74(1) Every reporting issuer that is not a mutual fund shall file within 60 days of the date to which it is made up an interim financial statement

(a) for the 3-month period that commenced on the date of incorporation or organization and for each of the 2 subsequent 3-month periods during its first financial year, if the reporting issuer has not completed a financial year, or

(b) for the 3-month period of the current financial year that commenced immediately following the last financial year and for each of the 2 subsequent 3-month periods during the current financial year, including a comparative statement for the corresponding 3-month period in the last financial year, if the reporting issuer has completed a financial year,

made up and certified as required by the regulations and in accordance with generally accepted accounting principles.

(2) Every mutual fund in Alberta shall file within 60 days of the date to which it is made up an interim financial statement

74 Interim financial statement.

(a) for the 6-month period that commenced on the date of incorporation or organization, if the reporting issuer has not completed a financial year, or

(b) for the 6-month period that commenced immediately after the last financial year, if the reporting issuer has completed a financial year,

made up and certified by the regulations and in accordance with generally accepted accounting principles.

75(1) Every reporting issuer that is not a mutual fund and every mutual fund in Alberta shall file annually within 140 days from the end of its last financial year comparative financial statements relating separately to

(a) the period that commenced on the date of incorporation or organization and ended as of the close of the first financial year or, if the reporting issuer or mutual fund has completed a financial year, the last financial year, as the case may be, and

(b) the period covered by the financial year next preceding the last financial year, if any,

made up and certified as required by the regulations and in accordance with generally accepted accounting principles.

(2) Every financial statement referred to in subsection (1) shall be accompanied by a report of the auditor of the reporting issuer or mutual fund prepared in accordance with the regulations.

(3) The auditor of a reporting issuer or mutual fund shall make such examinations as will enable him to make the report required by subsection (2).

(4) In this section “auditor”, when used in relation to a corporation, includes the auditor of the corporation or any other independent accountant acceptable to the Commission.

76 Every financial statement required to be filed pursuant to section 74 or section 75 shall be concurrently sent by the reporting issuer or the mutual fund in Alberta, as the case may be, to each holder of its securities, other than debt instruments, whose latest address as shown on the books of the reporting issuer is in Alberta, but if the reporting issuer is subject to a corresponding requirement of the laws of the jurisdiction under which the reporting issuer is incorporated, organized or continued then compliance with the corresponding requirement shall be deemed to be compliance with this section.

75 Comparative financial statements.

76 Delivery of financial statements to security holders.

77 Upon the application of a reporting issuer or upon the motion of the Commission, the Commission may, if in the opinion of the Commission to do so would not be prejudicial to the public interest, make an order on such terms and conditions as the Commission may impose,

(a) permitting the omission from the financial statements required to be filed under this Part of

(i) comparative financial statements for particular periods of time,

(ii) sales or gross operating revenue if the Commission is satisfied that the disclosure of the information would be unduly detrimental to the interests of the reporting issuer, or

(iii) basic earnings per share or fully diluted earnings per share,

or

(b) exempting, in whole or in part, any reporting issuer or class of reporting issuers from a requirement of this Part or the regulations relating to a requirement of this Part, if

(i) the requirement conflicts with a requirement of the laws of the jurisdiction under which the reporting issuer or class of reporting issuers is incorporated, organized or continued,

(ii) the reporting issuer or class of reporting issuers ordinarily distributes financial information to holders of its or their securities in a form or at times different from those required by this Part, or

(iii) it is otherwise satisfied in the circumstances of the particular case that there is adequate justification for so doing.

78(1) If the management of a reporting issuer is required to send an information circular under section 83(1)(a) the reporting issuer shall forthwith file a copy of the information circular certified in accordance with the regulations.

(2) If subsection (1) is not applicable, the reporting issuer shall file annually within 140 days from the end of its last financial year a report prepared and certified in accordance with the regulations.

79 If the laws of the jurisdiction in which the reporting issuer was incorporated, organized or continued require the reporting issuer to file substantially the same information in that jurisdic-

77 Exemptions for reporting issuers in certain circumstances.

78 Filing of information circular.

79 Filing of documents filed in another jurisdiction.

tion as is required by this Part, the reporting issuer may comply with the filing requirements of this Part by filing copies of the press release, timely disclosure report, information circular or financial statements and auditor's report, as the case may be, required by that jurisdiction if the releases, reports, circulars or statements are manually signed or certified in accordance with the regulations.

80 Upon the application of a reporting issuer that has fewer than 15 security holders whose latest addresses as shown on the books of the reporting issuer are in Alberta, the Commission may order, subject to such terms and conditions as it may impose, that the reporting issuer shall be deemed to have ceased to be a reporting issuer if it is satisfied that to do so would not be prejudicial to the public interest.

80 Order of Commission relieving small reporting issuer from statutory requirements in certain circumstances.

PART 13

PROXIES AND PROXY SOLICITATIONS

81 In this Part,

- (a) “information circular” means an information circular prepared in accordance with the regulations;
- (b) “solicit” and “solicitation” include
 - (i) any request for a proxy whether or not accompanied by or included in a form of proxy,
 - (ii) any request to execute or not to execute a form of proxy or to revoke a proxy,
 - (iii) the sending or delivery of a form of proxy or other communication to a security holder under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy, or
 - (iv) the sending or delivery of a form of proxy to a security holder under section 82,

but do not include,

- (v) the sending or delivery of a form of proxy to a security holder in response to an unsolicited request made by him or on his behalf, or
- (vi) the performance by any person or company of ministerial acts or professional services on behalf of a person or company soliciting a proxy.

82 Subject to section 85, if the management of a reporting issuer gives or intends to give to holders of its voting securities notice of a meeting, the management shall, concurrently with or prior to giving the notice to each of the security holders whose latest addresses as shown on the books of the reporting issuer are in Alberta, send by prepaid mail to each security holder who is entitled to notice of meeting, at his latest address as shown on the books of the reporting issuer, a form of proxy for use at the meeting that complies with the regulations.

83(1) Subject to subsection (2) and section 85, no person or company shall solicit proxies from any holder of its voting securities whose latest address as shown on the books of the reporting issuer is in Alberta unless,

- (a) in the case of a solicitation by or on behalf of the management of a reporting issuer, an information circular, either as an appendix to or as a separate document accom-

81 Definitions.

panying the notice of the meeting, is sent by prepaid mail to each security holder of the reporting issuer whose proxy is solicited at his latest address as shown on the books of the reporting issuer, or

(b) in the case of any other solicitation, the person or company making the solicitation, concurrently with or prior thereto, delivers or sends an information circular to each security holder whose proxy is solicited.

(2) Subsection (1) does not apply to

(a) any solicitation, otherwise than by or on behalf of the management of a reporting issuer, if the total number of security holders whose proxies are solicited is not more than 15 persons or companies, 2 or more persons or companies who are the joint registered owners of one or more securities being counted as one security holder,

(b) any solicitation by a person or company made under section 46, or

(c) any solicitation by a person or company in respect of securities of which he is the beneficial owner.

84 The chairman at a meeting has the right not to conduct a vote by way of ballot on any matter or group of matters in connection with which the form of proxy has provided a means by which the person or company whose proxy is solicited may specify how the person or company wishes the securities registered in his name to be voted unless

(a) a poll is demanded by any security holder present at the meeting in person or represented at it by proxy, or

(b) proxies requiring that the securities represented by it be voted against what would otherwise be the decision of the meeting in relation to those matters or group of matters total more than 5% of all the voting rights attached to all the securities entitled to be voted and be represented at the meeting.

85(1) When a reporting issuer is complying with the requirements of the laws of the jurisdiction under which it is incorporated, organized or continued and the requirements are substantially similar to the requirements of this Part, the requirements of this Part do not apply.

(2) Subject to subsection (1), upon the application of any interested person or company, the Commission may, if

84 Voting where there are proxies.

85 Compliance with laws of other jurisdictions.

(a) a requirement of this Part conflicts with a requirement of the laws of the jurisdiction under which the reporting issuer is incorporated, organized or continued, or

(b) it is otherwise satisfied in the circumstances of the particular case that there is adequate justification for so doing,

make an order on such terms and conditions as the Commission may impose exempting, in whole or in part, a person or company from the requirements of this Part and of section 78.

PART 14

TAKE-OVER BIDS AND ISSUER BIDS

86(1) In this Part,

(a) “class of securities” means the particular class or series of securities for which a take-over bid or an issuer bid is made;

(b) “day” means a clear day and a period of days shall be deemed to commence the day following the event which began the period and shall be deemed to terminate on midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate on midnight of the day next following that is not a Sunday or holiday;

(c) “directors’ circular” means a directors’ circular prepared in accordance with the regulations;

(d) “issuer bid” means

(i) an offer made by an issuer to security holders the last address of any of whom as shown on the books of the issuer is in Alberta to purchase, redeem or otherwise acquire any or all of a class of the securities of the issuer, other than debt securities that are not convertible into equity securities, or

(ii) the acceptance by an issuer of an offer to sell securities of the issuer, other than debt securities that are not convertible into equity securities, and the issuer accepting the offer to sell shall be deemed to be an offeror;

(e) “market price”, as to securities in which there is a published market, at any date, means

(i) unless a determination has been made by the Commission under section 97(b), the price determined in accordance with the regulations, by reference to the price of the securities as established by trades on the published market, or

(ii) if the Commission has made a determination of market price under section 97(b), the price so determined;

(f) “offeree” means a person or company to whom a take-over bid or an issuer bid is made and whose latest address as shown on the books of the offeree company is in Alberta;

86 Interpretation and application of the Part.

(g) “offeree company” means a company or other issuer whose securities are the subject of a take-over bid;

(h) “offeror” means a person or company, other than an agent, who makes a take-over bid or an issuer bid and if 2 or more persons or companies make offers

(i) jointly or in concert, or

(ii) intending to exercise jointly or in concert any voting rights attaching to the securities acquired through the offers,

then each of them shall be deemed to be an offeror if the offer made by any of them is a take-over bid;

(i) “offeror’s presently-owned securities” means voting securities of an offeree company beneficially owned, directly or indirectly, on the date of a take-over bid by the offeror or associates of the offeror and if 2 or more persons or companies make offers

(i) jointly or in concert, or

(ii) intending to exercise jointly or in concert any voting rights attaching to the securities acquired through the offers,

includes the voting securities owned by all of the persons or companies and their associates;

(j) “published market”, as to any class of securities, means a stock exchange recognized by the Commission for the purposes of this Part on which the securities are listed or any other market on which the securities are traded if the prices at which they have been traded on that market are regularly published in a bona fide newspaper or business or financial publication of general and regularly paid circulation;

(k) “take-over bid” means

(i) an offer made to security holders, the last address of any of whom as shown on the books of the offeree company or other issuer is in Alberta, to purchase directly or indirectly voting securities of the company or other issuer,

(ii) the acceptance by a person or company of an offer to sell voting securities of a company or other issuer and the acceptance shall be deemed to constitute an offer to purchase and the person or company accepting the offer shall be deemed to be an offeror, or

(iii) a combination of an offer to purchase referred to in subclause (i) and an acceptance of an offer to sell referred to in subclause (ii),

if the voting securities that are the subject of the offer to purchase, the acceptance of the offer to sell or the combination thereof, as the case may be, together with the offeror's presently owned securities will in the aggregate exceed 20% of the outstanding voting securities of the company or other issuer and if 2 or more persons or companies make or accept offers jointly or in concert or intending to exercise jointly or in concert any voting rights attaching to the securities to be acquired, then the securities owned by each of them shall be included in the calculation of the percentage of the outstanding voting securities of the company or other issuer owned by each of them;

(l) "uniform act province" means a province of Canada designated in the regulations as a province that has legislation in effect containing provisions substantially the same as this Part and section 127.

(2) Subject to section 89, a take-over bid is exempted from the requirements of this Part, if

(a) it is made through the facilities of a stock exchange recognized by the Commission for the purpose of this section according to the by-laws, regulations or policies of the stock exchange,

(b) it is an offer to purchase securities in a private company,

(c) it is an offer to purchase securities by way of agreements with fewer than 15 security holders and not made pursuant to an offer to security holders generally, but if an offeror enters into an agreement to purchase securities from a person or company and the offeror knows or ought to know after reasonable inquiry that

(i) one or more other persons or companies on whose behalf that person or company is acting as trustee, executor, administrator or other legal representative, have a direct beneficial interest in those securities, then each of those others shall be included in the determination of the number of security holders with whom there have been agreements, but if an inter vivos trust has been established by a single settlor or if an estate has not vested in all persons beneficially entitled to it, the trust or estate shall be considered to be a single security holder in the determination, or

(ii) the person or company acquired the securities during the 2 years preceding the date of the agreement with the intent that they should be sold under the

agreement, then each person or company from whom those securities were acquired shall be included in the determination of the number of security holders with whom there have been agreements,

(d) it involves the acquisition of not more than 5% of the voting securities of the offeree company but the aggregate number of voting securities acquired by the offeror, his associates or affiliates, within any period of 12 consecutive months in reliance on the exemptions provided by this subsection, shall not exceed 5% of the outstanding voting securities of the offeree company at the beginning of the period, and this clause does not apply to any purchase of voting securities in which there is a published market if that purchase is effected above the market price at the date of purchase plus reasonable brokerage fees or other commission, or

(e) it is an offer to acquire voting securities of an issuer made by and accepted by a person or company each of whom is, as regards the issuer, a person or company referred to in section 1(1)(f)(iii).

(3) An issuer bid is exempted from the requirements of this Part, if

(a) the securities are purchased, redeemed or otherwise acquired in accordance with the terms and conditions agreed to at the time they were issued or subsequently varied by amendment of the documents setting out those terms and conditions or are acquired to meet sinking fund requirements or from an employee of the issuer or an employee of an affiliate,

(b) the purchases, redemptions or other acquisitions are required by the instrument creating or governing the class of securities or by the statute under which the issuer was incorporated or organized,

(c) the issuer bid is made through the facilities of a stock exchange recognized by the Commission for the purposes of this Part according to the by-laws, regulations or policies of the stock exchange,

(d) following the publication of a notice of intention in the form and in the manner prescribed by the regulations, the issuer purchases securities of the issuer, but the aggregate number, or in the case of convertible debt securities, the aggregate principal amount, of securities purchased by the issuer in reliance on the exemption provided by this clause during any period of 12 consecutive months shall not exceed 5% of the securities of the class sought outstanding at the commencement of the period, or

(e) the issuer bid is made by a private company.

87(1) The following provisions apply to every take-over bid and issuer bid:

(a) the take-over bid or issuer bid shall be sent to all holders of the class of securities sought, and of securities convertible into or carrying the right to purchase securities of that class, whose last address on the records of the offeree company or issuer is in Alberta;

(b) the period of time in which securities may be deposited pursuant to a take-over bid or an issuer bid shall not be less than 21 days from its date;

(c) any securities deposited pursuant to a take-over bid or an issuer bid shall not be taken up and paid for by the offeror until the expiration of 10 days from its date;

(d) any securities deposited pursuant to a take-over bid or an issuer bid may be withdrawn by an offeree at any time until the expiration of 10 days from its date;

(e) notice of withdrawal of any securities pursuant to clause (d) shall be made in writing, including telegraphic communication, by the offeree or his agent and must be actually received by the depositary;

(f) if a take-over bid or an issuer bid is made for less than all of the class of securities sought that are owned by offerees, securities deposited pursuant to it shall not be taken up and paid for by an offeror until the expiration of 21 days from its date;

(g) if a take-over bid or an issuer bid is made for less than all of the class of securities sought that are owned by offerees, the period of time within which securities may be deposited pursuant to the take-over bid or an issuer bid or any extension of it, shall not exceed 35 days from the date of the take-over bid or the issuer bid;

(h) if a take-over bid or an issuer bid is made for less than all of the class of securities sought that are owned by offerees, securities deposited pursuant to the take-over bid or an issuer bid shall be taken up and paid for, if all the terms and conditions of it not waived by the offeror have been complied with, within 14 days after the last day within which securities may be deposited under the takeover bid or issuer bid;

(i) if a take-over bid or an issuer bid is made for less than all of the class of securities sought that are owned by offerees and if a greater number of securities is deposited pursuant to it than the offeror is bound or willing to take up

87 Requirements for take-over and issuer bids.

and pay for, the securities taken up by the offeror shall be taken up as nearly as may be pro rata, disregarding fractions, according to the number of securities deposited by each offeree;

(j) if the offeror making a take-over bid intends to purchase securities in the market his intention shall be set out in the take-over bid circular and, if the take-over bid is made for less than all of the class of securities sought that are owned by the offerees, the offeror shall not reduce the number of securities he is bound or willing to take up under clauses (h) and (i) by the number of securities purchased in the market;

(k) in the case of a take-over bid, if the laws applicable to the company provide for a right of appraisal or acquisition, the offeror shall advise the offeree of his rights of appraisal and whether the offeror intends exercising any right of acquisition he may have;

(l) the offeror shall not attach any conditions to the offer except the right to withdraw the offer if

(i) the offerees fail to tender the minimum number of securities the offeror is bound and willing to take up,

(ii) any undisclosed action prior to the date of the offer or any action subsequent to that date, by a person or company other than the offeror, including a governmental or regulatory authority, or, in the case of a take-over bid, by the offeree company or its directors or senior officers, that results in a material change in the affairs of the company, or

(iii) the required approval of a governmental or regulatory authority is not obtained prior to the expiration of the offer;

(m) if the take-over bid or issuer bid is made for all of the class of securities sought that are owned by offerees, the offeror shall, at the expiration of 35 days from the making of the offer, take up and pay for the securities tendered at that time or abandon his offer;

(n) if the take-over bid is subject to the approval of a governmental or regulatory authority, the time within which the offeror is bound to take up and make payment for the securities under clauses (h) and (m) may be extended for a period not exceeding an additional 90 days.

(2) The offeror shall not sell any of the class of the securities that are the subject of the take-over bid during the period of the take-over bid.

(3) If, during the course of a take-over bid or an issuer bid, the offeror pays or agrees to pay a price for securities higher than the consideration offered through the take-over bid or issuer bid, the take-over bid or issuer bid shall be deemed to be varied by increasing the consideration to the higher price.

88(1) If a significant change occurs in the information contained in a take-over bid circular or issuer bid circular while the offer is still outstanding or if a take-over bid or an issuer bid is varied by changing any of its terms, every person or company whose shares have not been taken up and paid for and who has been sent the take-over bid circular or issuer bid circular shall be sent notice of the change or variation and, unless a variation is solely an increase in price, the date of the take-over bid or issuer bid shall, for the purposes of section 87, be deemed to be the date of the sending of the notice of the change or variation.

(2) A notice of variation shall advise the offeree of his rights under section 87(1)(d).

(3) If the terms of a take-over bid or an issuer bid are varied before the expiration of it by increasing the consideration offered for the securities, the offeror shall pay the increased consideration to each offeree whose securities are taken up and paid for pursuant to the take-over bid or issuer bid, whether or not the securities have been taken up by the offeror before the variation of the take-over bid or issuer bid.

89(1) If a take-over bid is effected without compliance with section 87 in reliance on the exemption in section 86(2)(c) and if there is a published market in the class of securities acquired and the value of the consideration paid for any of the securities acquired exceeds the market price at the date of the relevant agreement plus reasonable brokerage fees or other commissions, the offeror shall within 180 days after the date of the first of the agreements comprising the take-over bid, offer to purchase all of the additional securities of the same class owned by security holders, the last registered address of each of whom is in Alberta or in a uniform act province, at and for a consideration per security at least equal in value to the greatest consideration paid under the agreements, and that offer is a take-over bid for purposes of this Part.

(2) If a take-over bid, including a take-over bid exempted from the requirements of this Part under section 86(2),

(a) results in the acquisition by the offeror of the power or authority to control the business or affairs of the offeree company and, in consequence of it, the offeror acquires the indirect power or authority to control the business or affairs of another company that is not a private company, in this section called the "true target company", and

88 Notice of variation in take-over bid or issuer bid.

89 Follow up offers.

(b) forms, to the knowledge of the offeror, part of a series of transactions initiated by a present or former holder of securities of the true target company who formerly had the power or authority to control the business or affairs of the true target company, the principal purpose of which was to permit the indirect sale of some or all of his securities of the true target company in a manner that would avoid the application of subsection (1),

the take-over bid shall, for the purposes of subsection (1), be deemed to constitute a take-over bid for securities of the true target company effected without compliance with section 87 in reliance on the exemption in section 86(2)(c), at a consideration per security equal to the value per security of the true target company received directly or indirectly by the security holder as a consequence of the series of transactions initiated by him.

(3) Subject to any decision of the Commission under section 97, if a take-over bid or an issuer bid is made, all holders of the same class of securities shall be offered the same consideration and no collateral agreement with the holders shall have the effect, directly or indirectly, of offering the holders a consideration of greater value for their securities than that offered to the other holders of the same class of securities.

90 A take-over bid, a varied take-over bid, an issuer bid or a varied issuer bid shall be communicated to each offeree by prepaid mail, by personal delivery or in such other manner as the Director may approve and shall be deemed to have been dated as of the date on which it was mailed, delivered or otherwise communicated.

91 If a take-over bid or an issuer bid provides that the consideration for the securities deposited pursuant to it is to be paid in cash or partly in cash, the offeror shall make adequate arrangements to ensure that the required funds are available to effect payment in full for all securities owned by offerees that the offeror has offered to purchase pursuant to the take-over bid.

92(1) A take-over bid circular shall form part of or accompany a take-over bid.

(2) Every take-over bid circular shall be in the form and shall contain the information prescribed by this Part and the regulations.

(3) If a take-over bid provides that the consideration for the securities of the offeree company is to be, in whole or in part, securities of an issuer, the take-over bid circular shall contain the additional information prescribed by the regulations.

90 Bids by mail.

91 Consideration in cash.

92 Take-over bid circular.

93(1) An issuer bid circular shall form part of or accompany an issuer bid.

(2) Every issuer bid circular shall be in the form and shall contain the information prescribed by this Part and the regulations.

(3) If an issuer bid provides that the consideration for the securities is to be, in whole or in part, other securities of the issuer the issuer bid circular shall contain the additional information prescribed by the regulations.

94(1) The board of directors of an offeree company shall send a directors' circular to each offeree not later than 10 days from the date of the take-over bid prepared in accordance with the regulations.

(2) The board of directors may include in a directors' circular a recommendation to accept or to reject a take-over bid if it sees fit to do so.

(3) An individual director or officer may recommend to the offerees, acceptance or rejection of the take-over bid made to the offerees if the director or officer sends to each offeree with his communication a circular prepared in accordance with the regulations.

(4) When a board of directors is considering recommending acceptance or rejection of a take-over bid, it shall, at the time of sending a director's circular, advise the offerees of that fact and may advise them not to tender their securities until further communication is received from the directors.

(5) If the board of directors sends a communication under subsection (4), it shall communicate the recommendation or the decision not to make a recommendation to the offerees at least 7 days prior to the expiry of the offer.

(6) All communications required or permitted by this section shall be sent to each offeree by prepaid mail to his last address as shown on the books of the offeree company.

(7) If an individual director or officer submits a recommendation prepared in accordance with subsection (3) to the board of directors prior to the board of directors sending the directors' circular required by subsection (1), or the further communication permitted by subsection (5), the board of directors shall send a copy of the recommendation of the individual director or officer to the offerees together with the circular or further communication.

93 Issue bid circular.

94 Directors' circular.

95(1) If a take-over bid is made by or on behalf of an issuer, the contents of the take-over bid circular shall be approved and the delivery of it authorized by the directors of the issuer.

(2) If a take-over bid is made by or on behalf of an issuer, the take-over bid circular shall contain a statement that the contents of it have been approved and the delivery of it authorized by the directors of the issuer.

(3) The contents of a directors' circular shall be approved and the delivery of them authorized by the directors of the offeree company.

96 The issuer bid circular shall be approved and the delivery of it authorized by the directors of the issuer.

97 Upon an application by an interested person or company, the Commission may, subject to such terms and conditions as it may impose,

(a) decide that an offeror shall not be obligated to comply with section 89(1) if the Commission finds that the offeror will not or did not acquire through the offer the power or authority to control the business or affairs of the offeree company;

(b) if the Commission is satisfied that the market price of securities of any class determined in accordance with the regulations by reference to the price of the securities as established by trades on a published market, was affected by an anticipated take-over bid or by improper manipulation, determine the market price of the securities at any date, the determination to be based on a finding by the Commission as to the price at which a holder of securities of that class could reasonably have expected to dispose of his securities immediately prior to the relevant date excluding any change in price reasonably attributable to the anticipated take-over bid or to the improper manipulation;

(c) decide for the purposes of section 89 that a consideration proposed to be offered by an offeror is or is not at least equal in value to the greatest consideration paid under the relevant agreements;

(d) decide for the purposes of section 89 that a collateral agreement or arrangement with a selling security holder is made for reasons other than to increase the value of the consideration paid to him for his securities and may be entered into notwithstanding that section;

(e) exempt any person or company from any requirements of this Part if in its opinion it would not be prejudicial to the public interest to do so.

95 Approval of take-over bid circulars.

96 Approval of issuer bid circulars.

97 Applications to Commission.

98 The identity of the offeror shall be disclosed in a take-over bid circular.

98 Naming of offeror.

PART 15

INSIDER TRADING AND SELF-DEALING

99(1) In this Part,

- (a) “mutual fund” means, except in section 105, a mutual fund that is a reporting issuer;
- (b) “related mutual funds” includes more than one mutual fund under common management;
- (c) “related person or company” in relation to a mutual fund means a person in whom or a company in which, the mutual fund, its management company and its distribution company are prohibited by the provisions of this Part from making any investment.

(2) For the purpose of this Part,

- (a) any issuer in which a mutual fund holds in excess of 10% of the voting securities or in which the mutual fund and related mutual funds hold in excess of 20% of the voting securities is deemed to be a related person or company of that mutual fund or of each of those mutual funds;
- (b) the acquisition or disposition by an insider of a put, call or other transferable option with respect to a security is deemed to be a change in the beneficial ownership of the security to which the put, call or other transferable option relates;
- (c) for the purpose of reporting under section 100 or 101, ownership is deemed to pass at such time as an offer to sell is accepted by the purchaser or his agent or an offer to buy is accepted by the vendor or his agent.

100(1) A person or company who becomes an insider of a reporting issuer, other than a mutual fund, shall, within 10 days after the end of the month in which he becomes an insider, file a report as of the day on which he became an insider disclosing any direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer as may be required by the regulations.

(2) A person or company who has filed or is required to file a report under this section or any predecessor of it and whose direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer changes from that shown or required to be shown in the report or in the latest report filed by him under this section or any predecessor of it shall, within 10 days following the end of the month in which the change takes place, if he was an insider of the reporting issuer

99 Interpretation.

100 Reports.

at any time during that month, file a report of his direct or indirect beneficial ownership of or his control or direction over securities of the reporting issuer at the end of the month and the change or changes in it that occurred during the month giving such details of each transaction as may be required by the regulations.

(3) A person or company who becomes an insider of a reporting issuer by reason of section 1(8) or (9) shall file the reports required by subsections (1) and (2) of this section for the previous 6 months or such shorter period that he was a director or officer of the reporting issuer within 10 days after the end of the month that the issuer became an insider of a reporting issuer or the reporting issuer, became an insider of another reporting issuer, as the case may be.

101(1) If a person or company becomes the beneficial owner, directly or indirectly, of voting securities of a reporting issuer carrying 20% or more of the voting rights attached to all voting securities for the time being outstanding, through purchases effected through a take-over bid or issuer bid exempted from the requirements of Part 14 by section 86(2) or (3), the person or company shall file a report as of the day on which he acquired the ownership within 3 days of acquiring 20% ownership.

(2) A person or company who is the beneficial owner, directly or indirectly, of voting securities of a reporting issuer carrying 20% or more of the voting rights attached to all voting securities for the time being outstanding shall, within 3 days of purchasing further voting securities carrying an additional 5% of the voting rights, file a report as of the day on which he acquired an additional 5% of the voting rights and after that each time he acquires a further 5%.

(3) If the facts required to be reported by this section are identical to those required under section 100, a separate report under section 100 is not required.

102 No insider of a reporting issuer shall transfer or cause to be transferred any securities of the reporting issuer into the name of an agent, nominee or custodian without delivering to the Commission a report of the transfer in accordance with the regulations except for a transfer for the purpose of giving collateral for a bona fide debt.

103 If voting securities are registered in the name of a person or company other than the beneficial owner and the person or company knows that they are beneficially owned by an insider and that the insider has failed to file a report of ownership with the Commission as required by this Part, the person or company shall file a report in accordance with the regulations

101 Report of offeror.

102 Report of transfer by insider.

103 Filing report by person or company.

unless the transfer was for the purpose of giving collateral for a bona fide debt.

104 For the purposes of sections 105, 106, 107, 108 and 109

(a) “investment” means a purchase of any security or any class of securities of an issuer including bonds, debentures, notes or other evidences of indebtedness and a loan to persons or companies but does not include an advance or loan, whether secured or unsecured, that is made by a mutual fund, its management company or its distribution company that is merely ancillary to the main business of the mutual fund, its management company or its distribution company;

(b) a person or company or a combination of persons or companies has a significant interest in an issuer, if,

(i) in the case of a person or company, he or it, as the case may be, owns beneficially, either directly or indirectly, more than 10%, or

(ii) in the case of a combination of persons or companies, they own beneficially, either individually or together and either directly or indirectly, more than 50%,

of the outstanding shares or units of the issuer;

(c) a person or company or a combination of persons or companies is a substantial security holder of an issuer if that person or company or group of persons or companies owns beneficially, either individually or together or directly or indirectly, voting securities to which are attached more than 20% of the voting rights attached to all the voting securities of the issuer for the time being outstanding, but in computing the percentage of voting rights attached to voting securities owned by an underwriter there shall be excluded any voting securities acquired by him as underwriter in a distribution of the securities, but the exclusion ceases to have effect on completion or cessation of the distribution by him;

(d) if a person or company or combination of persons or companies owns beneficially, directly or indirectly, or pursuant to this clause is deemed to own beneficially, voting securities of an issuer, that person or company or combination of persons or companies shall be deemed to own beneficially a proportion of voting securities of any other issuer that are owned beneficially, directly or indirectly, by the first mentioned issuer, which proportion shall equal the proportion of the voting securities of the first mentioned issuer that are owned beneficially, directly or indirectly, or that pursuant to this clause are deemed to be owned beneficially, by that person or company or combination of persons or companies.

104 Interpretation.

105(1) No mutual fund in Alberta shall knowingly make an investment by way of loan to

(a) any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or

(b) any individual, if the individual or an associate of the individual is a substantial security holder of the mutual fund, its management company or distribution company.

(2) No mutual fund in Alberta shall knowingly make an investment

(a) in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company,

(b) in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder, or

(c) in an issuer in which

(i) any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or

(ii) any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company,

has a significant interest.

(3) No mutual fund in Alberta or its management company or its distribution company shall knowingly hold an investment made after the coming into force of this section that is an investment described in this section.

106 No mutual fund or its management company or its distribution company shall knowingly enter into any contract or other arrangement that results in its being directly or indirectly liable or contingently liable in respect of any investment by way of loan to or other investment in, a person or company to whom it is by section 105 prohibited from making a loan or in which it is prohibited from making any other investment, and for the purpose of section 105 that contract or other arrangement shall be deemed to be a loan or an investment, as the case may be.

107 Upon an application of an interested person or company, the Commission may, if it is satisfied that,

105 Loans and investments of mutual funds.

106 Indirect investment.

107 Commission may issue relieving orders.

(a) a class of investment or a particular investment represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of a mutual fund, or

(b) a particular investment is in fact in the best interests of a mutual fund,

order, subject to such terms and conditions as it may impose, that section 105 or 106 does not apply to the class of investment, particular investment, contract or other arrangement, as the case may be.

108 Notwithstanding section 104(d), a mutual fund is not prohibited from making an investment in an issuer only because a person or company or a combination of persons or companies who own beneficially, directly or indirectly, or are deemed to own beneficially, voting securities of the mutual fund or its management company or its distribution company, are by reason of the investment deemed to own beneficially voting securities of the issuer.

109(1) No mutual fund shall make any investment in consequence of which a related person or company of the mutual fund will receive any fee or other compensation except fees paid pursuant to a contract that is disclosed in any preliminary prospectus or prospectus or any amendment to either of them, that is filed by the mutual fund and is accepted by the Director.

(2) The Commission may, upon the application of a mutual fund and if it is satisfied that it would not be prejudicial to the public interest to do so, order, subject to such terms and conditions as it may impose, that subsection (1) does not apply to the mutual fund.

110(1) Every person or company responsible for the management of a mutual fund shall exercise the powers and perform the duties of its office honestly, in good faith and in the best interests of the mutual fund, and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

(2) For the purposes of subsection (1), a person or company is responsible for the management of a mutual fund if he or it has legal power or right to control the mutual fund or if in fact he or it is able to do so.

111(1) Every management company shall file a report prepared in accordance with the regulations of

108 Exception to section 104(d).

109 Fees on investment.

110 Standard of care for management of mutual funds.

111 Filing by management companies and relieving orders.

- (a) every transaction of purchase or sale of securities between the mutual fund and any related person or company,
- (b) every loan received by the mutual fund from or made by the mutual fund to any of its related persons or companies,
- (c) every purchase or sale effected by the mutual fund through any related person or company with respect to which the related person or company received a fee either from the mutual fund or from the other party to the transaction or from both, and
- (d) any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies,

in respect of each mutual fund to which it provides services or advice, within 30 days after the end of the month in which it occurs.

(2) The Commission may, upon the application of the management company of a mutual fund and if it is of the opinion that it would not be prejudicial to the public interest to do so, order, subject to such terms and conditions as it may impose, that subsection (1) does not apply to any transaction or class of transactions.

112(1) In this section, “responsible person” means a portfolio manager and every individual who is a partner, director or officer of a portfolio manager together with every affiliate of a portfolio manager and every individual who is a director, officer or employee of the affiliate or who is an employee of the portfolio manager, if the affiliate or the individual participates in the formulation of or has access prior to implementation to investment decisions made on behalf of or the advice given to the client of the portfolio manager.

(2) The portfolio manager shall not knowingly cause any investment portfolio managed by it to

- (a) invest in any issuer in which a responsible person or an associate of a responsible person is an officer or director unless that specific fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase,
- (b) purchase or sell the securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager, or
- (c) make a loan to a responsible person or an associate of a responsible person or the portfolio manager.

112 Portfolio managers.

(3) If the Commission determines that a portfolio manager or a class of portfolio managers is subject to regulations imposed by a self-regulatory organization that are substantially of the same effect as the requirements set out in subsection (2), the Commission may, subject to such terms and conditions as the Commission may impose, exempt the portfolio manager or class of portfolio managers from the requirements of subsection (2).

113 No person or company who has access to information concerning the investment program of a mutual fund or the investment portfolio managed for a client by a portfolio manager shall purchase or sell securities of an issuer for his or its account if the portfolio securities of the mutual fund or the investment portfolio managed for a client by a portfolio manager include securities of that issuer and if the information is used by the person or company for his or its direct benefit or advantage.

114 Reports filed with the Commission under section 100 or 101 are open to public inspection at the offices of the Commission during the normal business hours of the Commission and any person may make extracts from the reports.

115(1) If the laws of the jurisdiction in which the reporting issuer is incorporated, organized or continued require substantially the same reports in that jurisdiction as are required by this Part, the filing requirements of this Part may be complied with by filing the reports required by the laws of the other jurisdiction manually signed or certified in accordance with the regulations.

(2) Subject to subsection (1), the Commission may,

(a) upon the application of an interested person or company, if

(i) a requirement of this Part conflicts with a requirement of the laws of the jurisdiction under which the reporting issuer is incorporated, organized or continued, or

(ii) it is otherwise satisfied in the circumstances of the particular case that there is adequate justification for so doing,

or

(b) of its own motion,

make an order on such terms and conditions as seem to the Commission just and expedient, exempting in whole or in part,

113 Trades by mutual fund insiders.

114 Publication of summaries of reports.

115 Filing in another jurisdiction and exempting orders.

a person or company, class of persons or companies or class of transactions from the requirements of this Part.

PART 16

ENFORCEMENT

116(1) Any person or company who

(a) makes a statement in any material, evidence or information submitted or given under this Act or the regulations to the Commission, its representative, the Director or any person appointed to make an investigation or audit under this Act that, at the time and in the light of the circumstances under which it is made, is a misrepresentation,

(b) makes a statement in any application, release, report, preliminary prospectus, prospectus, return, financial statement, information circular, take-over bid circular, issuer bid circular or other document required to be filed or furnished under this Act or the regulations that, at the time and in the light of the circumstances under which it is made, is a misrepresentation,

(c) contravenes this Act or the regulations, or

(d) fails to observe or to comply with any direction, decision, ruling, order or other requirement made under this Act or the regulations,

is guilty of an offence and is liable on summary conviction,

(e) in the case of a company or a person, other than an individual, to a fine of not more than \$25 000, and

(f) in the case of an individual, to a fine of not more than \$2000 or to imprisonment for a term of not more than one year or to both fine and imprisonment.

(2) No person or company is guilty of an offence under subsection (1)(a) or (b) if he or it, as the case may be, did not know, and in the exercise of reasonable diligence could not have known, that the statement was a misrepresentation.

(3) If a company or a person other than an individual is guilty of an offence under subsection (1), every director or officer of the company or person who authorized, permitted or acquiesced in the offence is also guilty of an offence and on summary conviction is liable to a fine of not more than \$2000 or to imprisonment for a term of not more than one year or to both fine and imprisonment.

117 No proceedings under section 116 shall be instituted except with the consent or under the direction of the Attorney General.

116 General offences and penalties.

117 Attorney General's consent to prosecutions.

118 An information in respect of any contravention of this Act or the regulations may be for one or more offences and no information, summons, warrant, conviction or other proceeding in any prosecution is objectionable or insufficient by reason of the fact that it relates to 2 or more offences.

119(1) If a provincial judge, magistrate or justice of another province of Canada issues a warrant for the arrest of any person on a charge of contravening any provision of a statute or regulation of that province similar to this Act or the regulations, any provincial judge or justice of Alberta within whose jurisdiction that person is or is suspected to be, may, upon satisfactory proof of the handwriting of the provincial judge, magistrate or a justice who issued the warrant, make an endorsement on it in the form prescribed by the regulations, and a warrant so endorsed is sufficient authority to the person bringing the warrant and to all other persons to whom it was originally directed and to all peace officers within the territorial jurisdiction of the provincial judge or justice so endorsing the warrant to execute it within that jurisdiction and to take the person arrested under it either out of or anywhere in Alberta and to re-arrest the person anywhere in Alberta.

(2) Any peace officer of Alberta or of any other province of Canada who is passing through Alberta having in his custody a person arrested in another province under a warrant endorsed under subsection (1) is entitled to hold, take and re-arrest the accused anywhere in Alberta under the warrant without proof of the warrant or the endorsement of it.

120(1) If it appears to the Commission that any person or company has failed to comply with or is contravening any provision of this Act or the regulations, notwithstanding the imposition of any penalty in respect of the non-compliance or contravention and in addition to any other rights it may have, the Commission may apply to the Supreme Court of Alberta by way of originating notice for an order directing the person or company to comply with the provision or for an order restraining the person or company from contravening the provision, and the Court may make such order or such other order as it thinks fit.

(2) The originating notice shall be served at least 2 days before the day named in the notice for hearing the application.

(3) An appeal lies to the Appellate Division of the Court from an order made under subsection (1).

121(1) The Commission may, if in its opinion such action is in the public interest, order, subject to such terms and conditions as it may impose, that trading cease in respect of any securities for such period as is specified in the order.

118 Information containing more than one offence.

119 Execution of warrant issued in another Province.

120 Order for compliance.

121 Cease trading order.

(2) The Commission may issue a cease trading order under subsection (1) notwithstanding the delivery of a report to it pursuant to section 72(3).

(3) No order shall be made under subsection (1) or (2) without a hearing unless in the opinion of the Commission the length of time required for a hearing could be prejudicial to the public interest, in which event the Commission may make a temporary order, which shall not be for longer than 15 days from the date of the making of it, but the order may be extended for such period as the Commission considers necessary if satisfactory information is not provided to the Commission within the 15-day period.

122(1) The Commission may, if in its opinion the action is in the public interest, order, subject to such terms and conditions as it may impose, that any or all of the exemptions contained in sections 32, 69, 70 and 86 do not apply to the person or company named in the order.

(2) No order shall be made under subsection (1) without a hearing unless in the opinion of the Commission the length of time required for a hearing could be prejudicial to the public interest, in which event a temporary order may be made which shall not be for longer than 15 days from the date of the making of it unless the hearing is commenced, in which case the Commission may extend the order until the hearing is concluded.

(3) Notice of a temporary order made under subsection (2) shall be given forthwith together with the notice of the hearing under subsection (2) to every person or company who in the opinion of the Commission is directly affected by it.

123(1) No proceedings under this Part shall be commenced in a court more than one year after the facts upon which the proceedings are based first came to the knowledge of the Commission.

(2) No proceedings under this Act shall be commenced before the Commission more than 2 years after the facts upon which the proceedings are based first came to the knowledge of the Commission.

122 Commission's power to remove exemptions.

123 Limitation period.

PART 17

CIVIL LIABILITY

124(1) If a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered by it during the period of distribution or distribution to the public shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages against

- (a) the issuer or a selling security holder on whose behalf the distribution is made,
- (b) each underwriter of the securities who is required to sign the certificate required by section 56,
- (c) every director of the issuer at the time the prospectus or the amendment to the prospectus was filed,
- (d) every person or company whose consent has been filed pursuant to a requirement of the regulations but only with respect to reports, opinions or statements that have been made by them, and
- (e) every person or company who signed the prospectus or the amendment to the prospectus other than the persons or companies included in clauses (a) to (d),

or, if the purchaser purchased the security from a person or company referred to in clause (a) or (b) or from another underwriter of the securities, he may elect to exercise a right of rescission against the person, company or underwriter, in which case he shall have no right of action for damages against the person, company or underwriter.

(2) No person or company is liable under subsection (1) if he proves that the purchaser purchased the securities with knowledge of the misrepresentation.

(3) No person or company, other than the issuer or selling security holder, is liable under subsection (1) if he proves

- (a) that the prospectus or the amendment to the prospectus was filed without his knowledge or consent and that on becoming aware of its filing he forthwith gave reasonable general notice that it was so filed;
- (b) that, after the issue of a receipt for the prospectus and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the prospectus or an amendment to the prospectus he withdrew his consent to it and gave reasonable general notice of the withdrawal and the reason for it;

124 Civil liability.

(c) that, with respect to any part of the prospectus or the amendment to the prospectus purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, he had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the prospectus or the amendment to the prospectus did not fairly represent the report, opinion or statement of the expert or was not a fair copy of or extract from the report, opinion or statement of the expert;

(d) that, with respect to any part of the prospectus or the amendment to the prospectus purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert but that contains a misrepresentation attributable to failure to represent fairly his report, opinion or statement as an expert,

(i) he had, after reasonable investigation, reasonable grounds to believe and did believe that the part of the prospectus or the amendment to the prospectus fairly represented his report, opinion or statement, or

(ii) on becoming aware that the part of the prospectus or the amendment to the prospectus did not fairly represent his report, opinion or statement as an expert, he forthwith advised the Commission and gave reasonable general notice that use had been made of it and that he would not be responsible for that part of the prospectus or the amendment to the prospectus;

(e) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document, and he had reasonable grounds to believe and did believe that the statement was true.

(4) No person or company, other than the issuer or selling security holder, is liable under subsection (1) with respect to any part of the prospectus or the amendment to the prospectus purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert unless he

(a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

(5) No person or company, other than the issuer or selling security holder, is liable under subsection (1) with respect to

any part of the prospectus or the amendment to the prospectus not purporting to be made on the authority of an expert and not purporting to be a copy of or an extract from a report, opinion or statement of an expert unless he

(a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

(6) No underwriter is liable for more than the total public offering price represented by the portion of the distribution underwritten by him.

(7) In an action for damages pursuant to subsection (1), the defendant is not liable for all or any portion of the damages that he proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon.

(8) All or any one or more of the persons or companies specified in subsection (1) are jointly and severally liable, and every person or company who becomes liable to make any payment under this section may recover a contribution from any person or company who, if sued separately, would have been liable to make the same payment but the court may deny the right to recover contribution if, in all the circumstances of the case, it is satisfied that to permit recovery of contribution would not be just and equitable.

(9) In no case shall the amount recoverable under this section exceed the price at which the securities were offered to the public.

(10) The right of action for rescission or damages conferred by this section is in addition to and without derogation from any other right the purchaser may have at law.

125(1) If a take-over bid circular sent to the offerees of an offeree company as required by Part 14 contains a misrepresentation, each of those offerees shall be deemed to have relied on the misrepresentation and may elect to exercise a right of action for rescission or damages against the offeror or a right of action for damages against

(a) every person who at the time the circular was signed was a director of the offeror,

(b) every person or company whose consent has been filed pursuant to a requirement of the regulations but only with respect to reports, opinions or statements that have been made by them, and

125 Liability for misrepresentation.

(c) each person who signed a certificate in the circular other than the persons included in clause (a).

(2) If a directors' circular or a director's or officer's circular sent to the offerees of an offeree company as required by Part 14 contains a misrepresentation, each of those offerees shall be deemed to have relied on the misrepresentation and have a right of action for damages against every director or officer who signed the circular.

(3) The provisions of subsection (1) apply with all necessary modifications if an issuer bid circular contains a misrepresentation.

(4) No person or company is liable under subsection (1), (2) or (3) if he proves that the offeree had knowledge of the misrepresentation.

(5) No person or company, other than the offeror, is liable under subsection (1), (2) or (3) if he proves that

(a) the take-over bid circular, issuer bid circular, directors' circular or director's or officer's circular, as the case may be, was sent without his knowledge or consent and that, on becoming aware of it, he forthwith gave reasonable general notice that it was so sent;

(b) after the sending of the take-over bid circular, issuer bid circular, directors' circular or director's or officer's circular, as the case may be, on becoming aware of any misrepresentation in the take-over bid circular, issuer bid circular, directors' circular or director's or officer's circular, he withdrew his consent to it and gave reasonable general notice of the withdrawal and the reason for it;

(c) with respect to any part of the circular purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, he had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the circular did not fairly represent the report, opinion or statement of the expert or was not a fair copy of or extract from the report, opinion or statement of the expert;

(d) with respect to any part of the circular purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert, but that contains a misrepresentation attributable to failure to represent fairly his report, opinion or statement as an expert,

(i) he had, after reasonable investigation, reasonable grounds to believe and did believe that the part of the

circular fairly represented his report, opinion or statement as an expert, or

(ii) on becoming aware that the part of the circular did not fairly represent his report, opinion or statement as an expert, he forthwith advised the Commission and gave reasonable general notice that use had been made of it and that he would not be responsible for that part of the circular;

(e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, it was a correct and fair representation of the statement or copy of or extract from the document and he had reasonable grounds to believe and did believe that the statement was true.

(6) No person or company, other than the offeror, is liable under subsection (1), (2) or (3) with respect to any part of the circular purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert unless he

(a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

(7) No person or company, other than the offeror, is liable under subsection (1), (2) or (3) with respect to any part of the circular not purporting to be made on the authority of an expert and not purporting to be a copy of or an extract from a report, opinion or statement of an expert unless he

(a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

(8) All or any one or more of the persons or companies specified in subsection (1), (2) or (3) are jointly and severally liable, and every person or company who becomes liable to make any payment under this section may recover a contribution from any person or company who, if sued separately, would have been liable to make the same payment but that the court may deny the right to recover contribution if, in all the circumstances of the case, it is satisfied that to permit recovery of contribution would not be just and equitable.

(9) In an action for damages pursuant to subsection (1), (2) or (3) based on a misrepresentation affecting a security offered by the offeror company in exchange for securities of the offeree

company, the defendant is not liable for all or any portion of the damages that he proves do not represent the depreciation in value of the security as a result of the misrepresentation.

(10) If the offeror,

(a) in a take-over bid exempted from the provisions of Part 14 by section 86(2)(a), or

(b) in an issuer bid exempted from the provisions of Part 14 by section 86(2)(c),

is required by the by-laws, regulations or policies of the stock exchange through the facilities of which the take-over bid or issuer bid is made, to file with it or to deliver to offerees a disclosure document, the disclosure document shall be deemed, for the purposes of this section, to be a take-over bid circular or issuer bid circular, as the case may be, sent to the offerees as required by Part 14.

(11) The right of action for rescission or damages conferred by this section is in addition to and without derogation from any other right the offeree may have at law.

126 In determining what constitutes reasonable investigation or reasonable grounds for belief for the purposes of sections 124 and 125, the standard of reasonableness shall be that required of a prudent man in the circumstances of the particular case.

127 An offeror who does not

(a) make the offer to purchase required to be made by section 89(1) at a consideration having a value at least equal to that required in that subsection, or

(b) does not take up securities duly deposited under the offer referred to in clause (a),

is liable to pay to the security holders entitled to receive the offer to purchase or whose duly deposited securities were not taken up, a consideration per security equal in value to the minimum consideration at which the offer is required by section 89(1) to be made, or to the excess of that minimum consideration over the value of the consideration actually offered, together with damages, if any.

128 A purchaser of a security to whom a prospectus was required to be sent or delivered but was not sent or delivered in compliance with section 68(1) or an offeree to whom a take-over bid circular or issuer bid circular was required to be communicated but was not communicated in compliance with

126 Standard of reasonableness.

127 Liability for failure to make follow up offer or to take up securities.

128 Liability of dealer or offeror.

section 90 has a right of action for rescission or damages against the dealer or offeror who failed to comply with the applicable requirement.

129(1) Every person or company in a special relationship with a reporting issuer who sells the securities of the reporting issuer with knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed and every person in a special relationship with the reporting issuer who, directly or indirectly, informs the vendor of the material fact or material change other than in the necessary course of business is liable to compensate the purchaser of the securities for damages as a result of the trade unless

(a) the vendor or informer, as the case may be, had reasonable grounds to believe that the material fact or material change had been generally disclosed,

(b) the material fact or material change was known or ought reasonably to have been known to the purchaser, or

(c) the vendor or informer, as the case may be, proves that the vendor did not make use of knowledge of the material fact or material change in selling the securities.

(2) Every person or company in a special relationship with a reporting issuer who purchases the securities of a reporting issuer with knowledge of a material fact or material change with respect to the reporting issuer that has not been generally disclosed and every person in a special relationship with the reporting issuer who, directly or indirectly, informs the purchaser of the material fact or material change other than in the necessary course of business is liable to compensate the vendor of the securities for damages as a result of the trade unless

(a) the purchaser or informer, as the case may be, had reasonable grounds to believe that the material fact or material change had been generally disclosed,

(b) the material fact or material change was known or ought reasonably to have been known to the vendor, or

(c) the purchaser or informer, as the case may be, proves that the purchaser did not make use of knowledge of the material fact or material change in purchasing the securities.

(3) Any person or company who has access to information concerning the investment program of a mutual fund in Alberta or the investment portfolio managed for a client by a portfolio manager or by a registered dealer acting as a portfolio manager and uses that information for his or its direct benefit or advantage to purchase or sell securities of an issuer for his or its account, if the portfolio securities of the mutual fund or the

129 Liability of vendor and informer when a material fact or change is not disclosed.

investment portfolio managed for the client by the portfolio manager or registered dealer include securities of that issuer, is accountable to the mutual fund or the client of the portfolio manager or registered dealer, as the case may be, for any benefit or advantage received or receivable as a result of the purchase or sale.

(4) Every

(a) vendor or informer referred to in subsection (1), and

(b) purchaser or informer referred to in subsection (2),

who is also an insider of the reporting issuer or who is an associate or affiliate of the insider is, in addition to the liability imposed by subsection (1) or (2), accountable to the reporting issuer for any benefit or advantage received or receivable by the insider or associate or affiliate, as the case may be.

(5) The liability of

(a) the vendor and any informer under subsection (1), and

(b) the purchaser and any informer under subsection (2),

is joint and several.

(6) In assessing damages under subsection (1) or (2), the court shall consider,

(a) if the plaintiff is a purchaser, the price that he paid for the security less the average market price of the security in the 20 trading days following general disclosure of the material fact or material change, or

(b) if the plaintiff is a vendor, the average market price of the security in the 20 trading days following general disclosure of the material fact or material change less the price that he received for the security,

but the court may instead consider such other measure of damages as may be relevant in the circumstances.

(7) For the purposes of this section, a person or company is in a special relationship with a reporting issuer if

(a) the person or company is an insider or an affiliate of the reporting issuer,

(b) the person is a director, officer or employee of the reporting issuer or of a company that is an insider or an affiliate of the reporting issuer,

(c) the person or company has engaged, is engaging in or proposes to engage in any business or professional activities

with or on behalf of the reporting issuer and has by those activities acquired knowledge of the material fact or material change, or

(d) the person or company is an associate of the reporting issuer or of any person or company referred to in clause (a), (b) or (c).

130(1) Upon application by the Commission or by any person or company who was at the time of a transaction referred to in section 129(1) or (2) or is at the time of the application a security holder of the reporting issuer, a judge of the Appellate Division may, if satisfied that

(a) the Commission or the person or company has reasonable grounds for believing that the reporting issuer has a cause of action under section 129(4), and

(b) either

(i) the reporting issuer has refused or failed to commence an action under section 129 within 60 days after receipt of a written request from the Commission or the person or company to do so, or

(ii) the reporting issuer has failed to prosecute diligently an action commenced by it under section 129,

make an order, upon such terms as to security for costs and otherwise as to the judge seems fit, requiring the Commission or authorizing the person or company or the Commission to commence or continue an action in the name of and on behalf of the reporting issuer to enforce the liability created by section 129(4).

(2) Upon the application by the Commission or any person or company who was at the time of a transaction referred to in section 129(3) or is at the time of the application a security holder of the mutual fund, a judge of the Appellate Division may, if satisfied that

(a) the Commission or the person or company has reasonable grounds for believing that the mutual fund has a cause of action under section 129(3), and

(b) the mutual fund has either

(i) refused or failed to commence an action under section 129(3) within 60 days after receipt of a written request from the Commission or the person or company to do so, or

(ii) failed to prosecute diligently an action commenced by it under section 129(3),

130 Action by Commission on behalf of issuer.

make an order, upon terms as to security for costs or otherwise as to the judge seems fit, requiring the Commission or authorizing the person or company or the Commission to commence and prosecute or to continue an action in the name of and on behalf of the mutual fund to enforce the liability created by section 129(3).

(3) Where an action under section 129(3) or (4) is,

- (a) commenced,
- (b) commenced and prosecuted, or
- (c) continued,

by a board of directors of a reporting issuer, the trial judge or a judge of the Appellate Division may order that the costs properly incurred by the board of directors in commencing, commencing and prosecuting or continuing the action, as the case may be, shall be paid by the reporting issuer, if he is satisfied that the action was *prima facie* in the best interests of the reporting issuer and its security holders.

(4) When an action under section 129(3) or (4) is

- (a) commenced,
- (b) commenced and prosecuted, or
- (c) continued,

by a person or company who is a security holder of the reporting issuer, the trial judge or a judge of the Appellate Division may order that the costs properly incurred by that person or company in commencing, commencing and prosecuting or continuing the action, as the case may be, shall be paid by the reporting issuer, if he is satisfied that

- (d) the reporting issuer failed to commence the action or had commenced it but had failed to prosecute it diligently, and
- (e) the continuance of the action is *prima facie* in the best interests of the reporting issuer and the security holders of the reporting issuer.

(5) When an action under section 129(3) or (4) is

- (a) commenced,
- (b) commenced and prosecuted, or
- (c) continued,

by the Commission, the trial judge or a judge of the Appellate Division shall order the reporting issuer to pay all costs properly incurred by the Commission in commencing, commencing and prosecuting or continuing the action, as the case may be.

(6) In determining whether an action or its continuance is prima facie in the best interests of a reporting issuer and its security holders, the judge shall consider the relationship between the potential benefit to be derived from the action by the reporting issuer and its security holders and the cost involved in the prosecution of the action.

(7) Notice of every application under subsection (1) or (2) shall be given to the Commission, the reporting issuer, or the mutual fund, as the case may be, and each of them may appear and be heard.

(8) Every order made under subsection (1) or (2) requiring or authorizing the Commission to commence and prosecute or continue an action shall provide that the reporting issuer or mutual fund, as the case may be, shall co-operate fully with the Commission in the commencement and prosecution or continuation of the action, and shall make available to the Commission all books, records, documents and other material or information known to the reporting issuer or mutual fund or reasonably ascertainable by the reporting issuer or mutual fund relevant to the action.

(9) An appeal lies to the Appellate Division of the Supreme Court from any order made under this section.

131(1) If section 36(1) applies to a contract and it is not complied with, a person or company who has entered into the contract is entitled to rescission of it by mailing or delivering written notice of rescission to the registered dealer within 60 days of the date of the delivery of the security to or by the person or company, as the case may be, but, in the case of a purchase by the person or company, only if he is still the owner of the security purchased.

(2) If section 33(1)(c) applies to a contract and a registered dealer has failed to comply with it by not disclosing that he acted as principal, a person or company who has entered into the contract is entitled to rescission of it by mailing or delivering written notice of rescission to the registered dealer within 7 days of the date of the delivery of the written confirmation of the contract.

(3) For the purpose of subsection (2), a confirmation sent by prepaid mail shall be deemed to have been delivered to the person or company to whom it was addressed in the ordinary course of mail.

131 Rescission of contract.

(4) In an action respecting a rescission to which this section applies, the onus of proving compliance with section 33 or 36 is upon the registered dealer.

(5) No action respecting a rescission shall be commenced under this section after the expiration of a period of 90 days from the date of the mailing or delivering the notice under subsection (1) or (2).

132(1) Every purchaser of a security of a mutual fund in Alberta may, if the amount of the purchase does not exceed the sum of \$50 000, rescind the purchase by notice given to the registered dealer from whom the purchase was made within 48 hours after receipt of the confirmation for a lump sum purchase or within 60 days after receipt of the confirmation for the initial payment under a contractual plan but, subject to subsection (5), the amount the purchaser is entitled to recover on exercise of the right to rescind under this subsection shall not exceed the net asset value of the securities purchased, at the time the right is exercised.

(2) The right to rescind a purchase made under a contractual plan may be exercised only with respect to payments scheduled to be made within the time specified in subsection (1) for rescinding a purchase made under a contractual plan.

(3) The notice mentioned in subsection (1) shall be in writing, and may be given by prepaid mail, telegram or other means.

(4) A confirmation sent by prepaid mail shall be deemed to have been received in the ordinary course of mail by the person or company to whom it was addressed.

(5) Every registered dealer from whom the purchase was made shall reimburse the purchaser who has exercised his right of rescission in accordance with this section for the amount of sales charges and fees relevant to the investment of the purchaser in the mutual fund in respect of the shares or units of which the notice of exercise of the right of rescission was given.

133 Unless otherwise provided in this Act, no action shall be commenced to enforce a right created by this Part more than,

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or

(b) in the case of any action, other than an action for rescission, the earlier of,

(i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

132 Rescission of purchase of mutual fund security.

133 Limitation period.

(ii) 3 years after the date of the transaction that gave rise to the cause of action.

PART 18

GENERAL PROVISIONS

134 A statement as to

- (a) the registration or non-registration of any person or company,
- (b) the filing or non-filing of any document or material required or permitted to be filed,
- (c) any other matter pertaining to the registration, non-registration, filing or non-filing or to any person, company, document or material, or
- (d) the date the facts upon which any proceedings are to be based first came to the knowledge of the Commission,

purporting to be certified by the Commission or a member of it or by the Registrar is, without proof of the office or signature of the person certifying, admissible in evidence, so far as it is relevant, for all purposes in any action, proceeding or prosecution.

135(1) When this Act or the regulations require that material be filed, the filing shall be effected by depositing the material or causing it to be deposited, with the Commission and all material so filed shall, subject to subsection (2), be made available by the Commission for public inspection during the normal business hours of the Commission.

(2) Notwithstanding subsection (1), the Commission may hold material or any class of material required to be filed by this Act or the regulations in confidence so long as the Commission is of the opinion that the material so held discloses intimate financial, personal or other information and that the desirability of avoiding disclosure of it in the interests of any person or company affected outweighs the desirability of adhering to the principle that material filed with the Commission be available to the public for inspection.

136(1) No action or other proceeding for damages shall be instituted against the Commission or any member of it or any officer, servant or agent of the Commission for any act done in good faith in the performance or intended performance of any duty or in the exercise or the intended exercise of any power under this Act or the regulations or for any neglect or default in the performance or exercise in good faith of the duty or power.

134 Admissibility of certified statements.

135 Filing and inspection of material.

136 Immunities.

(2) No person or company has any rights or remedies and no proceedings lie or shall be brought against any person or company for any act or omission of the last-mentioned person or company done or omitted in compliance with this Act, the regulations or any direction, decision, order, ruling or other requirement made or given under this Act or the regulations.

(3) Subsection (1) does not, by reason of section 5(2) and (3) of *The Proceedings Against the Crown Act*, relieve the Crown of liability in respect of a tort committed by the Commission or any person referred to in subsection (1) to which the Crown would otherwise be subject and the Crown is liable under that Act for the tort in a like manner as if subsection (1) had not been enacted.

137 The Lieutenant Governor in Council may make regulations

(a) prescribing categories for persons and companies and the manner of allocating persons and companies to categories and prescribing the form and content of prospectuses, preliminary prospectuses, pro forma prospectuses and statements of material facts to be filed by, and financial conditions applicable to, persons and companies in accordance with their categories;

(a.1) designating mutual funds or a class or classes of them as private mutual funds;

(b) designating banking transactions for the purposes of section 1(1)(y)(iv);

(b.1) prescribing the form and content of financial statements and interim financial statements required to be filed under this Act;

(c) prescribing requirements respecting applications for registration and renewal of registration and providing for the expiration of registrations;

(c.1) classifying registrants into categories and prescribing the terms and conditions of registration of registrants in each category but no registrant shall be included in a category designated as

(i) investment dealer, unless he is a member of the Alberta District of the Investment Dealers' Association of Canada, or

(ii) broker, unless he is a member of a stock exchange in Alberta recognized by the Commission;

(d) regulating the listing and trading of securities and records relating to them;

137 Regulations.

(d.1) governing the furnishing of information to the public or to the Commission by a registrant in connection with securities or trades in securities;

(e) regulating the trading of securities other than on a stock exchange recognized by the Commission;

(e.1) governing the keeping of accounts and records, the preparation and filing of financial statements of the affairs of the security issuers and the audit requirements with respect to them;

(f) respecting fees payable by an issuer to a management company as consideration for investment advice, alone or together with administrative or management services, provided by the management company to the mutual fund;

(f.1) respecting sales charges imposed by a distribution company or contractual plan service company under a contractual plan on purchasers of shares or units of a mutual fund and commissions to be paid to salesmen of shares of units of a mutual fund;

(g) designating any person or company or any class of persons or companies who are not required to obtain registration as an adviser;

(g.1) prescribing the fees payable to the Commission including fees for filing, fees upon applications for registration, fees in respect of audits made by the Commission and other fees in connection with the administration of this Act and the regulations;

(h) prescribing the documents, certificates, reports, releases, statements, agreements and other information and the form, content and other particulars relating to them that are required to be filed, furnished or delivered under this Act and the regulations;

(h.1) prescribing the practice and procedure of investigations under sections 9 and 11;

(i) prescribing the forms for use under this Act and the regulations;

(j) prescribing trades or securities, in addition to the trades and securities referred to in section 32, in respect of which registration is not required;

(k) prescribing trades or securities, referred to in section 32 in respect of which there shall cease to be exemption from registration;

(l) prescribing trades or securities, in addition to the trades and securities referred to in sections 69 and 70, in respect of which section 50 does not apply;

(m) prescribing trades or securities in respect of which sections 50 and 59 are applicable notwithstanding sections 69 and 70;

(n) exempting any seller or class of sellers from the requirements of section 69(7)(b)(i) and (ii);

(o) prescribing terms and conditions that shall be contained in an escrow or pooling agreement with respect to securities issued for a consideration other than cash;

(p) prescribing the practice and procedure by which the Commission recognizes exempt purchasers under section 32(1)(d);

(q) exempting any category of registered advisers from the provisions of section 37 or varying the provisions of section 37, as they apply to any category of registered advisers;

(r) prescribing the information required or permitted to be distributed under section 62(2);

(s) respecting the matters referred to in section 58(2)(h) and, without limiting the generality of the foregoing, pertaining to requirements as to paid-up capital and surplus, liquidity of assets, ratios of debt to paid-up capital and surplus, audit procedures, the furnishing of interim financial statements and the provisions of trust indentures and the qualifications, rights, duties and obligations of trustees under them;

(t) respecting the content and distribution of written, printed or visual material and advertising that may be distributed or used by a person or company with respect to a security whether in the course of distribution or otherwise;

(u) prescribing the form and content of the reports to be filed under Part 15;

(v) respecting any other matter necessary or advisable to carry out effectively the intent and purpose of Part 14 or Part 15;

(w) prescribing the form and content of a take-over bid circular, issuer bid circular, directors' circular and a director's or officer's circular required by Part 14;

(x) prescribing a penalty for the early redemption of shares or units of a mutual fund;

(y) prescribing the form and content of proxies, information circulars and reports required by Parts 12 and 13;

(z) permitting the Commission or the Director to exempt any person or company from the regulations or any part of them or vary the regulations as they apply to any person or company.

138 The Commission or the Director may, if in its or his opinion to do so would not be prejudicial to the public interest, make an order on such terms and conditions as it or he may impose revoking or varying any decisions made by it or him under this Act or the regulations.

139 Every registration made and receipt for a prospectus issued under *The Securities Act*, and in effect immediately before the coming into force of this Act, continues in the same manner as if made or issued under this Act.

Consequential Amendments

140(1) *The Alberta Gas Trunk Line Company Act* is amended in section 31(1) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

(2) *The Alberta Insurance Act* is amended

(a) in section 161(14)(b) by striking out “section 79 of *The Securities Act*” and substituting “section 46 of *The Securities Act, 1978*,”

(b) in section 166(1)(i) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”, and

(c) in section 166(6.1) by striking out “Part 9 of *The Securities Act*” and substituting “Part 14 of *The Securities Act, 1978*”.

(3) *The Alberta Municipal Financing Corporation Act* is amended in section 43 by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

(4) *The Alberta Resources Railway Corporation Act* is amended in section 28 by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

(5) *The Cemeteries Act* is amended in section 37(6)(c) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978* or a predecessor of that Act”.

138 Commission's discretion to revoke or vary its decisions.

139 Transitional provision.

140 Consequential amendments.

(6) *The Companies Act is amended*

(a) in section 81(1)(g) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”,

(b) in section 82.1(1) by striking out “Part 9 of *The Securities Act*” and substituting “Part 14 of *The Securities Act, 1978*”,

(c) in section 93(1)(a) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”,

(d) in section 93(2) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”,

(e) in section 95(1) by striking out “Part 7 of *The Securities Act*” and substituting “Part 9 of *The Securities Act, 1978*”,

(f) in section 141(2)(b) by striking out “section 79 of *The Securities Act*” and substituting “section 46 of *The Securities Act, 1978*”, and

(g) in section 176(1) and (2) by striking out “Part 7 of *The Securities Act*” wherever it occurs and substituting “Part 9 of *The Securities Act, 1978*”.

(7) *The Credit Union Act is amended in sections 17 and 82(2)(c) by striking out “The Securities Act” wherever it occurs and substituting “The Securities Act, 1978”.*

(8) *The Credit Union Federation of Alberta Limited Act is amended in section 9 by striking out “The Securities Act, 1967” and substituting “The Securities Act, 1978”.*

(9) *The Deposits Regulation Act is amended in section 6(5) by striking out “section 21, subsections (4) and (6) of The Securities Act” and substituting “section 9(4) and (6) of The Securities Act, 1978”.*

(10) *The Investment Contracts Act is amended*

(a) in section 2(1)(a) by striking out “established under *The Securities Act*” and substituting “under *The Securities Act, 1978*”, and

(b) in section 44 by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

(11) *The Rural Mutual Telephone Companies Act is amended in section 35 by striking out “The Securities Act” and substituting “The Securities Act, 1978”.*

(12) *The Trust Companies Act is amended*

(a) in section 25(2)(b) by striking out “section 79 of *The Securities Act*” and substituting “section 46 of *The Securities Act, 1978*”,

(b) in section 72(1)(a) by striking out “section 2 of *The Securities Act*” and substituting “section 1 of *The Securities Act, 1978*”,

(c) in section 72(1)(h) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”,

(d) in section 73.1(1) by striking out “Part 9 of *The Securities Act*” and substituting “Part 14 of *The Securities Act, 1978*”, and

(e) in section 123(d)(ii) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

(13) *The Unfair Trade Practices Act* is amended in section 1(f)(iii) by striking out “*The Securities Act*” and substituting “*The Securities Act, 1978*”.

141 *The Securities Act* is repealed on a date or dates to be fixed by Proclamation.

142(1) This Act comes into force on a date or dates to be fixed by Proclamation.

141 Repeals Chapter 333 of RSA 1970.