

1991 BILL 30

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Third Session, 22nd Legislature, 40 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 30**

**SECURITIES AMENDMENT ACT, 1991**

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THE MINISTER OF CONSUMER AND CORPORATE AFFAIRS

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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# BILL 30

1991

## SECURITIES AMENDMENT ACT, 1991

(Assented to , 1991)

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

*1 The Securities Act is amended by this Act.*

*2 Section 1 is amended*

*(a) in clause (a) by adding "or exchange contracts" after "securities";*

*(b) in clause (d) by adding "or exchange contracts" after "securities";*

*(c) by adding the following after clause (g):*

(g.01) "exchange contract" means a futures contract or an option where

(i) its performance is guaranteed by a clearing agency, and

(ii) it is traded on an exchange pursuant to standardized terms and conditions set forth in the by-laws, rules or regulations of that exchange at a price agreed on when the futures contract or option is entered into on the exchange,

and includes any instrument or class of instruments that

(iii) meets the requirements referred to in subclauses (i) and (ii), and

(iv) is designated as an exchange contract by an order of the Board;

*(d) by renumbering the clause defining "extra-provincial*

## Explanatory Notes

**1** This Bill will amend chapter S-6.1 of the Statutes of Alberta, 1981.

**2** Section 1(a), (d), (g.1), (k.1), (q), (t.1), (u), (v) and (x) presently read:

*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 with respect to investing in or the buying or selling of securities;*

*(d) "dealer" means a person or company that trades in securities as principal or agent;*

*(g.1) "extra-provincial commission" means a board, commission or other agency established by another jurisdiction that performs a similar function in that jurisdiction that the Alberta Securities Commission performs in Alberta;*

*(k.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;*

*(q) "private mutual fund" means*

*(i) a mutual fund that is operated as an investment club,*

*(A) the shares or units of which are held by not more than 50 persons,*

commission” as clause (g.11);

(e) *by adding the following after clause (h):*

(h.01) “futures contract” means a contract to make delivery or take delivery on a specified date or during a specified period

(i) of a specified asset, or

(ii) of a specified cash equivalent of the subject-matter of the contract;

(f) *in clause (k.1) by adding “or by senior management of the issuer who believe that confirmation of the decision by the board of directors is probable” after “directors of the issuer”;*

(g) *in clause (q)(i)(C) by adding “or exchange contracts” after “securities”;*

(h) *in clause (t.1)(iii) by striking out “a stock exchange” and substituting “an exchange”;*

(i) *in clause (u) by adding “or exchange contracts” after “securities”;*

(j) *in clause (v)*

(i) *by adding the following after subclause (xv):*

(xvi) any item or thing not referred to in subclauses (i) to (xv) that is a futures contract or option but is not an exchange contract,

(ii) *by adding “, but does not include an exchange contract” after “or proposed issuer”;*

(k) *in clause (x)*

(i) *by adding the following after subclause (i):*

(i.1) any entering into an exchange contract;

(ii) *by repealing subclause (ii) and substituting the following:*

(ii) any participation as a trader in any transaction in a security or an exchange

*(B) the indebtedness of which has never been offered to the public,*

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

*(D) all of the members of which are required to make contributions in proportion to the shares or units each holds for the purpose of financing the club's operations,*

*or*

*(ii) a mutual fund that consists of*

*(A) a pooled fund maintained solely to serve registered retirement savings plans, registered home ownership savings plans, retirement income funds, deferred profit sharing plans, pension plans, or other such plans registered under the Income Tax Act (Canada),*

*(B) a common trust fund as defined by section 102(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 a right to participate in the pooled fund,*

*that is administered by a trust company and that, but for the applicability of an exemption under this Act or the regulations, would be registered as a portfolio manager, or that is administered by a trust company and*

*(D) has no promoter other than a trust company or an affiliate of a trust company, and*

*(E) has no manager other than a trust company, an affiliate of a trust company or a person or company who is a portfolio manager;*

*(t.1) "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*

contract on the floor of or through the  
facilities of an exchange;

- (iii) *in subclause (iii) by adding "or an exchange  
contract" after "security".*

*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 a stock exchange in Alberta recognized by the Board 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 one company merges with one or more other companies,*

*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) a contract of insurance issued by an insurance company, or*

*(B) an evidence of deposit issued by a financial institution;*

*(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 other than a contract issued by an insurance company that provides for payment at maturity of an amount of not less than 3/4 of the premiums paid by the purchaser for a benefit payable at maturity;*

*(vii) any agreement under which 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;*

*(xiv) any investment contract;*

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

*whether or not any of them relate to an issuer or proposed issuer;*

*(x) "trade" includes*

*(i) any sale or disposition of a security for valuable consideration, whether the terms of payment are on margin, instalment or otherwise but does not include*

*(A) a purchase of a security, or*

**3** *Section 18 is repealed and the following is substituted:*

**18(1)** The Board or the Chief of Securities Administration may engage persons to provide services and to advise, or to inquire into and report back on matters referred to that person by, the Board or the Chief of Securities Administration.

**(2)** The Board or the Chief of Securities Administration

- (a)** may submit any documents, records or things to one or more persons engaged under subsection (1) for examination, and
- (b)** may
  - (i)** summon and enforce the attendance of witnesses before, and
  - (ii)** compel witnesses to produce documents, records and things to

a person engaged under subsection (1) in the same manner as if the Board or the Chief of Securities Administration were conducting a hearing.

**(3)** A person engaged under this section may be paid remuneration and living and travelling expenses in amounts determined by the Board or the Chief of Securities Administration, as the case may be.

**4** *The following is added after section 19:*

*(B) 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 on the floor of a 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 a control person for the purpose of giving collateral for a bona fide debt;*

*(v) any act, advertisement, solicitation, conduct or negotiation made directly or indirectly in furtherance of anything referred to in subclauses (i) to (iv);*

**3** Section 18 presently reads:

*18(1) The Board may engage the services of a person to advise it or to inquire into and report to it on matters referred to him by the Board.*

*(2) The Board may submit any documents, records or things to one or more persons appointed under subsection (1) for examination.*

*(3) The Board may*

*(a) summon and enforce the attendance of witnesses before, and*

*(b) compel witnesses to produce documents, records and things to*

*a person appointed under subsection (1) in the same manner as if the Board were conducting a hearing.*

*(4) A person whose services are engaged under this section may be paid remuneration and living and travelling expenses in amounts determined by the Board.*

**4** Referring matters to the Board by the Chief of Securities Administration.

**19.1(1)** The Chief of Securities Administration may at any time refer any matter to the Board for its consideration.

**(2)** On the referral of a matter to the Board under subsection (1), the Board may conduct a hearing into the matter and may make an order in respect of the matter or by order or otherwise give such advice and direction to the Chief of Securities Administration in respect of the matter as the Board considers appropriate in the circumstances.

**5** *Section 21 is repealed and the following is substituted:*

**21(1)** Notwithstanding anything in this Act, where

- (a)** this Act permits the Board or the Chief of Securities Administration to conduct a hearing or to make a decision after conducting a hearing or after giving a person or company an opportunity to have a hearing, and
- (b)** in the opinion of the Board or the Chief of Securities Administration before whom the hearing is to be held, the length of time required to conduct a hearing and render a decision could be prejudicial to the public interest,

the Board or the Chief of Securities Administration, as the case may be, may make an interim order at any time without conducting a hearing.

**(2)** An interim order expires 15 days from the day that it was made.

**(3)** Notwithstanding subsection (2), if

- (a)** an interim order is made under subsection (1), and
- (b)** the Board or the Chief of Securities Administration is of the opinion that it would not be prejudicial to the public interest to do so,

the Board or the Chief of Securities Administration may, without conducting a hearing, extend the interim order until a hearing is conducted and a decision is rendered.

**(4)** Where the Board or the Chief of Securities Administration makes an interim order, the Board or the Chief of Securities Administration, as the case may be, shall send

**5** Section 21 presently reads:

*21(1) Notwithstanding anything in this Act, where*

*(a) the Act permits the Board or the Chief of Securities Administration to conduct a hearing or to make a decision after conducting a hearing or after giving a person or company an opportunity to have a hearing, and*

*(b) in the opinion of the Board or the Chief of Securities Administration before whom the hearing is to be held, the length of time required for a hearing could be prejudicial to the public interest,*

*the Board or the Chief of Securities Administration, as the case may be, may make an interim order without a hearing.*

*(2) An interim order expires 15 days from the date that it was made.*

*(3) Notwithstanding subsection (2), if*

*(a) an interim order is made under subsection (1), and*

*(b) within 15 days from the day on which the interim order is made the hearing referred to in subsection (1)(a) is commenced,*

*the interim order may be extended until the hearing is concluded.*

- (a) a copy of the interim order, and
- (b) an accompanying notice of hearing,

to any person or company that, in the opinion of the Board or the Chief of Securities Administration, is substantially affected by the order.

**6 Section 28 is amended**

- (a) *by repealing subsection (1) and substituting the following:*

**28(1)** The Chief of Securities Administration may, by order, appoint a person to make any investigation that the Chief of Securities Administration considers necessary in respect of the following:

- (a) the administration of this Act and the regulations;
- (b) any matter relating to trading in securities or exchange contracts in Alberta;
- (c) any matter in Alberta relating to trading in securities or exchange contracts in any other jurisdiction.

- (b) *in subsection (4)(e)(v) by adding "or exchange contracts" after "securities".*

**7 Section 33 is amended**

- (a) *by repealing subsection (1) and substituting the following:*

**33(1)** Notwithstanding section 28, the Minister may, by order, appoint a person to make any investigation that the Minister considers necessary in respect of the following:

- (a) the administration of this Act and the regulations;
- (b) any matter relating to trading in securities or exchange contracts in Alberta;
- (c) any matter in Alberta relating to trading in securities or exchange contracts in any other jurisdiction.

**6** Section 28(1) and (4)(e)(v) presently read:

*28(1) The Chief of Securities Administration may, by order, appoint a person to make those investigations that the Chief of Securities Administration considers necessary*

*(a) in respect of the administration of this Act and the regulations, or*

*(b) into any matter relating to trading in securities.*

*(4) For the purposes of an investigation ordered under this section, the person appointed to make the investigation may with respect to the person or company that is the subject of the investigation, investigate, inquire into and examine*

*(e) the relationship that may at any time exist or have existed between that person or company and any other person or company by reason of*

*(v) the transfer, negotiation or holding of securities,*

**7** Section 33(1) and (4) presently read:

*33(1) Notwithstanding section 28, the Minister may, by order, appoint a person to make any investigation that the Minister considers necessary*

*(a) in respect of the administration of this Act and the regulations, or*

*(b) into any matter relating to trading in securities.*

*(4) A person appointed under subsection (3) shall*

*(a) examine documents, records, securities, contracts and things of the person or company whose affairs are being investigated, and*

- (b) *in subsection (4)(a) by adding “exchange contracts,” after “securities,”.*

**8** *Section 35 is repealed and the following is substituted:*

**35** Where the Chief of Securities Administration considers it in the public interest to do so, the Chief of Securities Administration may by order at any time authorize, on any terms or conditions that the Chief of Securities Administration considers appropriate in the circumstances, the release of information, testimony, records, documents or things obtained under this Act, or copies thereof, to

- (a) any person or company, or
- (b) any government, government agency or regulatory organization that is empowered by the laws of a jurisdiction to administer or regulate trading in securities or exchange contracts.

**9** *Section 37 is amended*

(a) *in subsection (1)*

- (i) *in clause (c) by adding “or trading in exchange contracts” after “issuer”;*
- (ii) *in clauses (d)(iv) and (e)(ii) by adding “or exchange contracts” after “securities”;*
- (iii) *in clauses (f), (g) and (h) by adding “, exchange contracts” after “securities” wherever it occurs;*

(b) *by repealing subsection (3)(b) and substituting the following:*

- (b) does not apply to
  - (i) funds, securities or exchange contracts in a clearing agency, or
  - (ii) securities in process of transfer by a transfer agent,

unless the order expressly so states.

(c) *in subsection (4)*



*(b) perform other duties,*

*as required by the person carrying out the investigation.*

**8** Section 35 presently reads:

*35 If the Chief of Securities Administration considers it in the public interest to do so, he may prior to the conclusion of an investigation under section 28, by order, release any information or evidence acquired pursuant to the investigation.*

**9** Section 37(1)(c), (d), (e), (f), (g) and (h), (3), (4) and (5) presently read:

*37(1) The Chief of Securities Administration,*

*(c) if*

*(i) he has reasonable grounds to believe that the Board is about to make, or*

*(ii) the Board has made,*

*an order under section 165 in respect of a person or company that trading in securities of an issuer shall cease,*

*(d) if*

*(i) he has reasonable grounds to believe that the Board is about to make, or*

*(ii) the Board has made,*

*a decision*

*(iii) suspending or cancelling the registration of any person or company, or*

*(iv) affecting the right of any person or company to trade in securities,*

- (i) *in clause (a) by adding “, exchange contracts” after “securities”;*
- (ii) *by adding “exchange contracts,” after “securities,”;*
- (d) *in subsection (5) by adding “, exchange contracts” after “securities”.*

*or*

*(e) if there is evidence of a contravention by a person or company of*

*(i) this Act or the regulations, or*

*(ii) of the provision of any statute, other than this Act, that relates to the trading of securities,*

*may make an order doing one or more of the following:*

*(f) directing a person or company having on deposit, under control or for safekeeping any funds, securities or other property of the person or company referred to in clauses (a) to (e) to hold the funds, securities or other property;*

*(g) directing a person or company referred to in clauses (a) to (e) to refrain from withdrawing its funds, securities or other property from any other person or company having any of them on deposit, under control or for safekeeping;*

*(h) directing a person or company referred to in clauses (a) to (e) to hold all funds, securities or other property of clients or others in his possession or control in trust for any interim receiver, custodian, trustee, receiver, receiver and manager or liquidator appointed under the Bankruptcy Act (Canada), the Judicature Act, the Companies Act, the Business Corporations Act, the Winding-up Act (Canada) or section 38 of this Act.*

*(3) An order under subsection (1)*

*(a) that is directed to a financial institution applies only to the offices, branches or agencies of the financial institution named in the order, and*

*(b) does not apply to funds or securities*

*(i) in a stock exchange clearing house, or*

*(ii) in process of transfer by a transfer agent,*

*unless the order expressly so states.*

*(4) A person or company in receipt of an order given under subsection (1) that is in doubt as to*

*(a) the application of the order to any funds, securities or other property, or*

*(b) a claim being made to that person or company by any person or company not named in the order,*

*10 Section 38(1) is amended*

- (a) in clause (c) by adding “or trading in exchange contracts” after “issuer”;*
- (b) in clauses (d) and (f)(ii) by adding “or exchange contracts” after “securities”.*

*11 The title to Part 4 is repealed and the following is substituted:*

**PART 4**  
**EXCHANGES**

*may apply to the Chief of Securities Administration for direction as to the disposition of the funds, securities, other property or claim.*

*(5) On the application of a person or company directly affected by a direction given in an order made under subsection (1)(f), (g) or (h), the Chief of Securities Administration may make an order revoking that direction or consenting to the release of any funds, securities or other property in respect of which the order was made under subsection (1)(f), (g) or (h).*

**10** Section 38(1)(c), (d) and (f) presently read:

*38(1) The Chief of Securities Administration may apply to the Court of Queen's Bench for the appointment of a receiver, receiver and manager, trustee or liquidator of the property of a person or company,*

*(c) if*

*(i) he has reasonable grounds to believe that the Board is about to make, or*

*(ii) the Board has made,*

*an order under section 165 that trading in securities of an issuer shall cease,*

*(d) if*

*(i) he has reasonable grounds to believe that the Board is about to make, or*

*(ii) the Board has made,*

*a decision suspending or cancelling the registration of the person or company or affecting the right of the person or company to trade in securities,*

*(f) if there is evidence of a contravention by the person or company of*

*(i) this Act or the regulations, or*

*(ii) of the provisions of any statute, other than this Act, that relates to the trading of securities.*

**11** The title to Part 4 presently reads:

**PART 4**

**STOCK EXCHANGES**

**12 Section 52 is amended**

- (a) by striking out “a stock exchange” wherever it occurs and substituting “an exchange”;**
- (b) in subsection (2) by adding the following after clause (e):**
  - (f) respecting any exchange contract that is trading on an exchange.**

**13 Section 54 is amended**

- (a) in subsection (1)(a) by adding “or an exchange contract” after “security”;**
- (b) in subsection (4) by striking out “sell securities” and substituting “trade in securities or exchange contracts”.**

**14 Section 55(2) is amended**

**12** Section 52 presently reads:

*52(1) No person or company shall carry on business as a stock exchange in Alberta unless it is recognized in writing by the Board as a stock exchange.*

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

*(a) that it considers is necessary to ensure that issuers whose securities are listed and posted for trading on a stock exchange comply with this Act and the regulations;*

*(b) respecting the manner in which a stock exchange carries on business;*

*(c) respecting any by-law, ruling, instruction or regulation of a stock exchange;*

*(d) respecting the trading on or through the facilities of a stock exchange;*

*(e) respecting any security that is listed and posted for trading on a stock exchange.*

*(3) A person or company directly affected by any direction, order or decision made under a by-law, rule or regulation of a stock exchange may appeal the direction, order or decision to the Board.*

*(4) Section 25 applies to an appeal made under subsection (3).*

**13** Section 54(1)(a) and (4) presently read:

*54(1) No person or company shall*

*(a) trade in a security unless the person or company is registered with the Chief of Securities Administration as*

*(i) a dealer,*

*(ii) a salesman, or*

*(iii) a partner or officer of a registered dealer that acts on behalf of the dealer,*

*(4) The Chief of Securities Administration may designate as "non-trading" any employee or class of employees of a registered dealer that does not usually sell securities.*

**14** Section 55(2) presently reads:

- (a) *by striking out “reinstatement” and substituting “reinstatement”;*
- (b) *by repealing clause (c) and substituting the following:*
  - (c) restrict the registration of an applicant to trades in certain securities or exchange contracts or a certain class of securities or exchange contracts.

*15 Section 62(2)(a) is amended by striking out “securities laws of a province” and substituting “laws of a province governing securities or exchange contracts”.*

*16 Section 65(1) is amended*

- (a) *by adding “in securities” after “following trades”;*
- (b) *in clause (e)(ii) by striking out “\$97 000” and substituting “an amount prescribed by regulation”;*
- (c) *in clause (s) by striking out “\$100 000” and substituting “an amount prescribed by regulation”;*
- (d) *in clause (v)(i) by striking out “a total of 50 purchasers” and substituting “the number of purchasers prescribed by regulation”;*
- (e) *in clause (v.1)(i) by striking out “a total of 50 purchasers” and substituting “the number of purchasers prescribed by regulation”;*
- (f) *in clause (v.4) by striking out “not more than 50”;*
- (g) *in clause (v.5) by striking out “not more than 50”;*
- (h) *in clause (y)(v)(A) by striking out “50 purchasers” and substituting “the number of purchasers prescribed by regulation”;*



*(2) The Chief of Securities Administration, in granting registration, renewal of registration, reinstatement of registration or amendment to registration, may do one or more of the following:*

*(a) restrict a registration of an applicant by imposing terms and conditions on the registration;*

*(b) restrict the duration of a registration of an applicant;*

*(c) restrict the registration of an applicant to trades in certain securities or a certain class of securities.*

**15** Section 62(2) presently reads:

*(2) Notwithstanding subsection (1), an individual may be registered if at the date the application is made that individual*

*(a) is registered in a capacity corresponding to that of a dealer, adviser, underwriter or salesman under the securities laws of a province, and*

*(b) has been so registered for a period of not less than one year immediately preceding the date the application is made.*

**16** Section 65(1)(e), (s), (v), (v.1), (v.4), (v.5), (y) and (y.1) presently read:

*65(1) Subject to the regulations, registration is not required in respect of the following trades:*

*(e) a trade if*

*(i) the purchaser purchases as principal, and*

*(ii) it is in a security which has an aggregate acquisition cost to the purchaser of not less than \$97 000;*

*(s) 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;*

*(v) a trade made by an issuer with a view to the sale of securities of its own issue if*

*(i) the sales made in all jurisdictions including Alberta are made to not more than a total of 50 purchasers;*

*(ii) all of the purchases are completed within a period of 6 months after the first purchase, but subsequent sales to the same purchasers may be carried out if made in*

- (i) in clause (y.1)**

  - (i) in the words preceding subclause (i) by striking out “a stock exchange” and substituting “an exchange”;**
  - (ii) in subclause (i) by striking out “stock exchange” wherever it occurs and substituting “exchange”;**
  - (iii) in subclause (iii) by striking out “securities legislation of a province of Canada” and substituting “laws of a province governing securities or exchange contracts”.**

*compliance with written agreements entered into during that 6-month period,*

*(iii) before an agreement of purchase and sale is entered into, each purchaser receives an offering memorandum that complies with the requirements of the regulations,*

*(iv) the issuer obtains from each purchaser a statutory declaration to the effect that the purchaser*

*(A) purchases as principal, and*

*(B) is a sophisticated purchaser as defined in the regulations,*

*(v) the offer and sale of the securities are not accompanied by an advertisement,*

*(vi) no selling or promotional expenses have been paid or incurred in connection with the offer or sale of the securities, except for professional services or for services performed by a registered dealer,*

*(vii) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer where*

*(A) that other issuer is trading or has traded in securities of its own issue pursuant to this exemption or a similar exemption in another jurisdiction within the previous 12 months, and*

*(B) the proceeds obtained by the issuer in this trade are used or intended to be used in respect of the same property, project or program as are the proceeds obtained by that other issuer in the trade referred to in paragraph (A),*

*and*

*(viii) the distribution is the first distribution by the issuer under this exemption;*

*(v.1) a trade made by an issuer with a view to the sale of securities of its own issue if*

*(i) the sales made in all jurisdictions including Alberta are made to not more than a total of 50 purchasers,*

*(ii) all of the purchases are completed within a period of 6 months after 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,*

*(iii) before an agreement of purchase and sale is entered into, each purchaser receives an offering memorandum that complies with the requirements of the regulations,*

*(iv) the issuer obtains from each purchaser a statutory declaration to the effect that the purchaser*

*(A) purchases as principal, and*

*(B) is a sophisticated purchaser as defined in the regulations,*

*(v) the offer and sale of the securities are not accompanied by an advertisement,*

*(vi) no selling or promotional expenses have been paid or incurred in connection with the offer or sale of the securities, except for professional services or for services performed by a registered dealer,*

*(vii) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer where*

*(A) that other issuer is trading or has traded in securities of its own issue pursuant to this exemption or a similar exemption in another jurisdiction within the previous 12 months, and*

*(B) the proceeds obtained by the issuer in this trade are used or intended to be used in respect of the same property, project or program as are the proceeds obtained by that other issuer in the trade referred to in paragraph (A),*

*and*

*(viii) a period of 12 months has elapsed since the completion of its distribution under the exemption contained in clause (v) or under this exemption;*

*(v.4) a trade in securities of an issuer previously disposed of pursuant to the exemption contained in clause (v) if each of the parties to the trade is one of the not more than 50 purchasers referred to in clause (v);*

*(v.5) a trade in securities of an issuer previously disposed of pursuant to an exemption contained in clause (v.1) if each of the parties to the trade is one of the not more than 50 purchasers referred to in clause (v.1);*



- (y) *a trade by an issuer with*
  - (i) *a senior officer or director of the issuer,*
  - (ii) *a senior officer or director of an affiliate of the issuer,*
  - (iii) *a spouse, parent, brother, sister or child of any person referred to in subclause (i) or (ii),*
  - (iv) *a company all of whose voting securities are beneficially owned by one or more of the persons referred to in subclause (i), (ii) or (iii), or*
  - (v) *close friends or business associates of a promoter of the issuer, or a company all of whose voting securities are beneficially owned by a single close friend or a single business associate of a promoter of the issuer where*
    - (A) *the trade is made with not more than 50 purchasers,*
    - (B) *there is not an invitation to the public to subscribe for the securities, and*
    - (C) *no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer if*
      - (I) *that other issuer has traded in securities of its own issue pursuant to this exemption within the previous 12 months, and*
      - (II) *the proceeds obtained by the issuer in this trade are used or intended to be used in respect of the same property, project or program as are the proceeds obtained by that other issuer in the trade referred to in subparagraph (I);*
- (y.1) *a trade made through the facilities of a stock exchange recognized by the Board for the purposes of this section if*
  - (i) *the trade is made in whole or in part by means of telephone or other telecommunications equipment linking the facilities of that stock exchange with the facilities of another stock exchange recognized by the Board for the purposes of this section,*
  - (ii) *the trade is made in a security of a class or type designated by the Board as exempt for the purposes of this section, and*
  - (iii) *each of the parties to the trade is registered as a*

*17 The following is added after section 66:*

**66.1** Subject to the regulations, registration is not required for the following trades in exchange contracts:

- (a) a trade in an exchange contract by a person or company acting solely through a registered dealer;
- (b) a trade resulting from an unsolicited order placed with an individual who is not a resident of and does not carry on business in Alberta;
- (c) a trade that may occasionally be transacted by employees of a registered dealer if the employees
  - (i) do not usually trade in exchange contracts, and
  - (ii) have been designated by the Chief of Securities Administration as “non-trading” employees, either individually or as a class;
- (d) a trade in respect of which the regulations provide that registration is not required.

*18 The title to Part 7 is repealed and the following is substituted:*

## **PART 7**

### **TRADING IN SECURITIES AND EXCHANGE CONTRACTS GENERALLY**

*19 Section 68 is repealed and the following is substituted:*

**68(1)** Subject to the regulations, every registered dealer who has acted as principal or agent in connection with any trade in a security or an exchange contract shall promptly send to the customer a written confirmation of the transaction.

**(2)** Every dealer who has acted as agent in connection with a trade in a security or an exchange contract shall, at the request of the Chief of Securities Administration, promptly



*dealer or in a similar capacity under the securities  
legislation of a province of Canada;*

**17** Exemptions of trades in exchange contracts by certain parties.

**18** The title to Part 7 presently reads:

*PART 7  
TRADING IN SECURITIES GENERALLY*

**19** Requirements for confirmation of trade of  
exchange contracts.

- (a) make a reasonable inquiry in order to provide to the Chief of Securities Administration particulars that are sufficient to identify, and
- (b) provide to the Chief of Securities Administration the name of and those particulars arising from the inquiry that are sufficient to identify,

the person or company from, to or through whom the security or exchange contract was bought or sold.

*20 Section 69(1) is amended by striking out "security or in any class of securities" and substituting "security or exchange contract or any class of securities or exchange contracts".*

*21 Section 70 is amended*

- (a) *in subsection (1) by striking out "or" at the end of clause (a) and by adding the following after clause (b):*
  - (c) refund all or any margin or premium paid in respect of an exchange contract, or
  - (d) assume all or part of an obligation under an exchange contract.
- (b) *by repealing subsection (3) and substituting the following:*

(3) No person or company, with the intention of effecting a trade in a security or an exchange contract, shall

  - (a) give any undertaking relating to the future value or price of the security or the exchange contract, or
  - (b) except with the written permission of the Chief of Securities Administration, make any representation

**20** Section 69(1) presently reads:

*69(1) The Chief of Securities Administration 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) attend at a residence, or*

*(b) call to a residence by telephone,*

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

**21** Section 70 presently reads:

*70(1) Unless otherwise permitted by the Chief of Securities Administration, no person or company shall represent that the person or company or any other person or company will*

*(a) resell or repurchase a security, or*

*(b) refund any purchase price of a security.*

*(2) Subsection (1) does not apply to a security that carries or is accompanied by*

*(a) an obligation of the issuer to redeem or repurchase the security, or*

*(b) a right of the owner of the security to require the issuer to redeem or repurchase the security.*

*(3) No person or company, with the intention of effecting a trade in a security, shall*

*(a) give any undertaking relating to the future value or price of the security, or*

- (i) that the security will be listed on any exchange, or
- (ii) that application has been or will be made to list the security on any exchange.

*22 The following is added after section 70:*

**70.1** No person or company shall, directly or indirectly, trade in or purchase a security or an exchange contract if the person or company knows or ought reasonably to know that the trade or purchase

- (a) creates or may result in a false or misleading appearance of trading activity in a security or an exchange contract, or
- (b) creates or may result in an artificial price for a security or an exchange contract.

*23 The following is added after section 74:*

**74.1** Subject to the regulations, a registered dealer or adviser shall provide a risk disclosure statement to a customer prior to opening an account for trading in exchange contracts in respect of that customer.

*24 Section 76(b) is amended by adding “, exchange contract” after “security”.*

*(b) except with the written permission of the Chief of Securities Administration, make any representation*

*(i) that the security will be listed on any stock exchange, or*

*(ii) that application has been or will be made to list the security on any stock exchange.*

*(4) No person shall represent that he is offering to trade in a security*

*(a) at the market price, or*

*(b) at a price related to the market price,*

*unless he reasonably believes that a market for the security exists that is not made, created or controlled by him, his employer or an affiliate or by a person or company for whom he is acting in the transaction.*

**22** Prohibited transaction or scheme.

**23** Provision of a risk disclosure statement.

**24** Section 76 presently reads:

*76 No person or company shall make any representation that the Commission, the Board, a member of the Board, the Executive Director, a person employed for the Board, the Agency, the Chief of Securities Administration, a Deputy Chief of Securities Administration, a Registrar or a person employed for the Agency*

25 *The following is added after section 80:*

#### **PART 7.1**

##### **TRADING IN EXCHANGE CONTRACTS**

**80.1** No person or company shall trade in an exchange contract on an exchange in Alberta unless

- (a) the exchange is recognized by the Board under section 52, and
- (b) the form of the exchange contract has been accepted by the Board.

**80.2(1)** For the purposes of section 80.1(b) the Board, on application by an exchange, may by order accept the form of an exchange contract.

(2) The Board shall not refuse to accept the form of an exchange contract without giving the applicant an opportunity to have a hearing before the Board.

**80.3** A registrant shall not trade in an exchange contract on behalf of another person or company on an exchange located outside of Alberta unless the exchange is recognized by the Board.

**80.4(1)** For the purposes of section 80.3 the Board, on application by an exchange or on the Board's own motion, may by order recognize an exchange located outside of Alberta.

(2) The Board shall not refuse to recognize an exchange under subsection (1) without giving the applicant an opportunity to have a hearing before the Board.

26 *Section 107(1) is amended*

- (a) *in clause (d) by striking out "\$97 000" and substituting "an amount prescribed by regulation";*

*has in any manner expressed an opinion or passed judgment on*

*(a) the financial standing, fitness or conduct of a registrant,  
or*

*(b) the merits of a security or issuer.*

**25** Trading in exchange contracts, the recognition of exchange contracts and the recognition of exchanges located outside of Alberta.

**26** Section 107(1)(d), (l), (p), (q), (t), (t.1) and (z) presently read:

*107(1) Subject to the regulations, sections 81 and 97 do not  
apply to a distribution where*

*(d) the purchaser purchases as principal and the trade is in*

- (b) *in clause (l) by striking out “\$100 000” and substituting “an amount prescribed by regulation”;*
- (c) *in clause (p)(i) by striking out “a total of 50 purchasers” and substituting “the number of purchasers prescribed by regulation”;*
- (d) *in clause (q)(i) by striking out “a total of 50 purchasers” and substituting “the number of purchasers prescribed by regulation”;*
- (e) *in clause (t) by striking out “not more than 50”;*
- (f) *in clause (t.1) by striking out “not more than 50”;*
- (g) *in clause (z)(v)(A) by striking out “50 purchasers” and substituting “the number of purchasers prescribed by regulation”.*



*a security which has an aggregate acquisition cost to the purchaser of not less than \$97 000;*

*(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, where the fair value of the assets purchased is not less than \$100 000;*

*(p) the trade is made by an issuer with a view to the sale of securities of its own issue if*

*(i) the sales made in all the jurisdictions including Alberta are made to not more than a total of 50 purchasers,*

*(ii) all of the purchases are completed within a period of 6 months after 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,*

*(iii) before an agreement of purchase and sale is entered into, each purchaser receives an offering memorandum that complies with the requirements of the regulations,*

*(iv) the issuer obtains from each purchaser a statutory declaration to the effect that the purchaser*

*(A) purchases as principal, and*

*(B) is a sophisticated purchaser as defined in the regulations,*

*(v) the offer and sale of the securities are not accompanied by an advertisement,*

*(vi) no selling or promotional expenses have been paid or incurred in connection with the offer or sale of the securities, except for professional services or for services performed by a registered dealer,*

*(vii) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer where*

*(A) that other issuer is trading or has traded in securities of its own issue pursuant to this exemption or a similar exemption in another jurisdiction within the previous 12 months, and*

*(B) the proceeds obtained by the issuer in this trade are used or intended to be used in respect of the same property, project or program as are the proceeds*



*obtained by that other issuer in the trade referred to in paragraph (A),*

*and*

*(viii) the distribution is the first distribution by the issuer under this exemption;*

*(q) the trade is made by an issuer with a view to the sale of securities of its own issue if*

*(i) the sales made in all jurisdictions including Alberta are made to not more than a total of 50 purchasers,*

*(ii) all of the purchases are completed within a period of 6 months after 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,*

*(iii) before an agreement of purchase and sale is entered into, each purchaser receives an offering memorandum that complies with the requirements of the regulations,*

*(iv) the issuer obtains from each purchaser a statutory declaration to the effect that the purchaser*

*(A) purchases as principal, and*

*(B) is a sophisticated purchaser as defined in the regulations,*

*(v) the offer and sale of the securities are not accompanied by an advertisement,*

*(vi) no selling or promotional expenses have been paid or incurred in connection with the offer or sale of the securities, except for professional services or for services performed by a registered dealer,*

*(vii) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer where*

*(A) that other issuer is trading or has traded in securities of its own issue pursuant to this exemption or a similar exemption in another jurisdiction within the previous 12 months, and*

*(B) the proceeds obtained by the issuer in this trade are used or intended to be used in respect of the same property, project or program as are the proceeds obtained by that other issuer in the trade referred to*



*in paragraph (A),*

*and*

*(viii) a period of 12 months has elapsed since the completion of its distribution under the exemption contained in clause (p) or under this exemption;*

*(t) the trade is made in securities of an issuer previously disposed of pursuant to the exemption contained in clause (p) where each of the parties to the trade is one of the not more than 50 purchasers referred to in clause (p);*

*(t.1) the trade is made in securities of an issuer previously disposed of pursuant to an exemption contained in clause (q) where each of the parties to the trade is one of the not more than 50 purchasers referred to in clause (q);*

*(z) the trade is made by an issuer with*

*(i) a senior officer or director of the issuer,*

*(ii) a senior officer or director of an affiliate of the issuer,*

*(iii) a spouse, parent, brother, sister or child of any person referred to in subclause (i) or (ii),*

*(iv) a company all of whose voting securities are beneficially owned by one or more of the persons referred to in subclause (i), (ii) or (iii), or*

*(v) close friends or business associates of a promoter of the issuer, or a company all of whose voting securities are beneficially owned by a single close friend or single business associate of a promoter of the issuer, if*

*(A) the trade is with not more than 50 purchasers,*

*(B) there is not an invitation to the public to subscribe for the securities, and*

*(C) no promoter of the issuer, other than a registered dealer, has acted as a promoter of any other issuer where*

*(I) that other issuer has traded in securities of its own issue pursuant to this exemption within the previous 12 months, and*

*(II) the proceeds obtained by the issuer in this trade are used or intended to be used in respect of*

**27 Section 109(3) is amended**

- (a) in clause (a)**
  - (i) in subclause (i) by striking out “a stock exchange” and substituting “an exchange”;**
  - (ii) in subclause (ii) by striking out “section 63(1)(l) or (m)” and substituting “section 86(m) or (n)”;**
- (b) in clause (b)**
  - (i) in subclause (i) by striking out “section 63(1)(j)” and substituting “section 86(k)”;**
  - (ii) in subclause (ii) by striking out “section 63(1)(l)” and substituting “section 86(m)”;**
- (c) in clause (c)(i) by striking out “a stock exchange” and substituting “an exchange”.**

**28 Section 118 is repealed and the following is substituted:**

**118(1)** Subject to subsection (2), where a material change occurs in the affairs of a reporting issuer, the reporting issuer shall, subject to the regulations,

- (a) promptly issue and file with the Chief of Securities Administration a news release authorized by a senior officer disclosing the nature and substance of the material change, and**

*the same property, project or program as are the proceeds obtained by that other issuer in the trade referred to in subparagraph (I);*

**27** Section 109(3)(a), (b) and (c)(i) presently read:

*(3) Subsection (2) only applies to the following:*

*(a) securities that*

*(i) are listed and posted for trading on a stock exchange recognized for this purpose by the Board,*

*(ii) comply with the requirements of either section 63(1)(l) or (m) of the Canadian and British Insurance Companies Act (Canada), and*

*(iii) have been held for 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;*

*(b) securities that*

*(i) are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer and comply with the requirements of section 63(1)(j) of the Canadian and British Insurance Companies Act (Canada), or*

*(ii) are preferred shares of an issuer and comply with the requirements of section 63(1)(l) of the Canadian and British Insurance Companies Act (Canada),*

*and have been held for 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;*

*(c) securities that*

*(i) are listed and posted for trading on a stock exchange recognized for this purpose by the Board, or*

**28** Section 118 presently reads:

*118(1) Subject to subsection (3), if a material change occurs in the affairs of a reporting issuer, the reporting issuer shall, in accordance with the regulations, promptly*

*(a) prepare a notice of material change,*

*(b) file the notice of material change with*

- (b) prepare and file with the Chief of Securities Administration a report of the material change within 10 days from the day on which the change occurs.

(2) A reporting issuer may, in lieu of complying with subsection (1), promptly file on a confidential basis with the Chief of Securities Administration the report of the material change required under subsection (1) together with written reasons for the non-disclosure if

- (a) in the opinion of the reporting issuer, the disclosure required under subsection (1) would be unduly detrimental to the reporting issuer's affairs, or
- (b) the material change consists of a decision to implement a change made by the senior management of the reporting issuer and the senior management
  - (i) believes that confirmation of that decision by the board of directors of the reporting issuer is probable, and
  - (ii) has no reason to believe that any person with knowledge of the material change has made use of that knowledge in purchasing or selling securities of the reporting issuer.

(3) Where a report has been filed with the Chief of Securities Administration under subsection (2), the reporting issuer shall advise the Chief of Securities Administration in writing, within 10 days from the day of filing the initial report and within every 10-day period thereafter, that the reporting issuer believes that the report should continue to remain confidential until

- (a) the material change is generally disclosed in the manner referred to in subsection (1), or
- (b) if the material change consists of a decision of the type referred to in subsection (2)(b), the decision has been rejected by the board of directors of the reporting issuer.

(4) Notwithstanding subsections (2) and (3), the reporting issuer shall, not later than 180 days from the day that the material change became known to the reporting issuer or within such shorter period of time as may be determined by the Chief of



*(i) the Chief of Securities Administration, and*

*(ii) any stock exchange on which the securities are listed and posted for trading,*

*and*

*(c) publish the notice of material change.*

*(2) Subject to subsection (3), the reporting issuer shall file a report of a material change in accordance with the regulations within 10 days from the day on which the change occurs.*

*(3) If in the opinion of the reporting issuer, the timing of the disclosure required by subsections (1) and (2) would be unduly detrimental to its affairs, the reporting issuer may keep the material change confidential until the timing of its release or publication is no longer unduly detrimental to its affairs.*

*(4) Notwithstanding subsection (3) the reporting issuer shall file, issue and publish the material change under subsection (1) not later than 180 days from the day that the material change became known to the reporting issuer.*

Securities Administration,

- (a) issue and file with the Chief of Securities Administration a news release authorized by a senior officer disclosing the nature and substance of the material change, and
- (b) prepare and file with the Chief of Securities Administration a report of the material change.

*29 Section 133.1 is amended*

- (a) *by striking out “a stock exchange” and substituting “an exchange”;*
- (b) *by striking out “that stock exchange” and substituting “that exchange”.*

*30 Section 161(1)(e) is amended*

- (a) *by striking out “section 70;” and substituting the following:*  
section 70;  
section 70.1;
- (b) *by striking out “section 74(1) or (2);” and substituting the following:*  
section 74(1) or (2);  
section 74.1;
- (c) *by striking out “section 79(1), (2), (5) or (6);” and substituting the following:*  
section 79(1), (2), (5) or (6);  
section 80.1;  
section 80.3;

*31 Section 165(1) is repealed and the following is substituted:*

**165(1)** The Board may order one or both of the following:

- (a) that trading cease in respect of any security or exchange contract as is specified in the order;
- (b) that a person or company cease trading in securities, exchange contracts, specified securities

**29** Replaces the term “a stock exchange” with the term “an exchange” and replaces the term “that stock exchange” with the term “that exchange”.

**30** Adds sections 70.1, 74.1, 80.1 and 80.3 to the list of sections under section 161 in respect of which an offence may be committed.

**31** Section 165(1) presently reads:

*165(1) The Board may order one or both of the following:*

*(a) that trading cease in respect of any security for a period of time as is specified in the order;*

or a class of securities or exchange contracts as is specified in the order.

*32 Section 166(1) is amended by adding "66.1," after "66,".*

*33 The following is added after section 166:*

**166.1(1)** The Board may order one or both of the following:

- (a) that a person resign one or more positions that the person holds as a director or officer of an issuer;
- (b) that a person be prohibited from becoming or acting as a director or officer or as both a director and an officer of any issuer.

(2) The Board shall not make an order under subsection (1) without conducting a hearing.

(3) Where the Board is to conduct a hearing under this section it shall give to the Chief of Securities Administration

- (a) prior notice of the hearing, and
- (b) a copy of any order made arising out of the hearing.

**166.2** Where the Board has made a decision after conducting a hearing, the Board may at any time file a certified copy of that decision with the clerk of the Court of Queen's Bench, and on being filed with the clerk of the Court of Queen's Bench that decision has the same force and effect as if it were a judgment of the Court of Queen's Bench.

*34 Section 167 is repealed and the following is substituted:*

**167** No proceedings under this Part shall be commenced in a court or before the Board more than 6 years from the day of the occurrence of the event that gave rise to the proceedings.

*(b) that a person or company cease trading in securities or specified securities for a period of time as is specified in the order.*

**32** Section 166(1) presently reads:

*166(1) The Board may order that any or all of the exemptions contained in sections 65, 66, 107, 115, 116, 132 and 133 or in the regulations do not apply to the person or company named in the order.*

**33** Section 166.1 provides for the Board's power to remove an officer or director. Section 166.2 provides for the filing of the Board's decision in the Court of Queen's Bench.

**34** Section 167 presently reads:

*167(1) No proceedings under this Part shall be commenced in a court more than one year from the day that the facts upon which the proceedings are based first came to the knowledge of the Chief of Securities Administration.*

*(2) No proceedings under this Act shall be commenced before the Board more than 2 years from the day that the facts upon which*

*35 The following is added after section 167:*

**167.1(1)** If the Board or the Chief of Securities Administration, as the case may be, is satisfied that a person or company whose affairs were the subject of an investigation has not complied with, or is not complying with, any provision of this Act or the regulations, the Board or the Chief of Securities Administration, as the case may be, may, after conducting a hearing, order the person or company to pay, subject to the regulations, the costs of the investigation, including any costs incurred in respect of services provided by persons appointed or engaged under section 18, 28, 30 or 33 and the appearance of any witnesses under this Act.

(2) If after conducting a hearing the Board or the Chief of Securities Administration, as the case may be, is satisfied that a person or company whose affairs were the subject of the hearing has not complied with any provision of this Act or the regulations, the Board or the Chief of Securities Administration, as the case may be, may order the person or company to pay, subject to the regulations, the costs of or related to the hearing that are incurred by or on behalf of the Board or the Chief of Securities Administration, including any costs incurred in respect of services provided by persons appointed or engaged under section 18, 28, 30 or 33 and the appearance of any witnesses under this Act.

(3) Where a person or company is guilty of an offence under this Act or the regulations, the Chief of Securities Administration may order the person or company to pay, subject to the regulations, the costs of any investigation carried out in respect of that offence, including any costs incurred in respect of services provided by persons appointed or engaged under section 18, 28, 30 or 33 and the appearance of any witnesses under this Act.

(4) The Chief of Securities Administration may prepare and file with the clerk of the Court of Queen's Bench a certificate certifying the amount of the costs that the person or company is required to pay under subsection (1), (2) or (3).

(5) A certificate filed under subsection (4) with the clerk of the Court of Queen's Bench has the same force and effect as if it were a judgment of the Court of Queen's Bench for the recovery

*the proceedings are based first came to the knowledge of the Chief of Securities Administration.*

*(3) The Chief of Securities Administration may certify the day on which the facts referred to in subsection (1) or (2) first came to his knowledge.*

**35** Payment of costs.

of debt in the amount specified in the certificate together with costs of filing.

(6) The Rules of Court with respect to costs and the taxation of costs do not apply to costs referred to in this section.

*36 Section 188(3) is repealed and the following is substituted:*

(3) A document referred to in subsection (1) that is sent by the Board or the Chief of Securities Administration by prepaid post is deemed, unless the contrary is proved, to be served on the person to whom or the company to which it is sent on the 7th day from the day that the document is sent to that person or company.

*37 Section 195(1)(b) is amended by adding "and exchange contracts" after "securities".*

*38 Section 196 is amended*

- (a) in clause (h)(ii) by striking out "a stock exchange" and substituting "an exchange";*
- (b) by adding the following after clause (h.1):*
  - (h.2) regulating the trading in exchange contracts;*
- (c) in clause (i) by adding "and the trading of exchange contracts" after "securities";*
- (d) in clause (i.1) by striking out "or trades in securities" and substituting ", exchange contracts, trades in securities and trades in exchange contracts";*
- (e) by repealing clause (k) and substituting the following:*
  - (k) regulating the trading of securities and exchange contracts other than on an exchange recognized by the Board;*



**36** Section 188(3) presently reads:

*188(3) A document referred to in subsection (1) sent by the Board or the Chief of Securities Administration by prepaid post is deemed, unless the contrary is proved, to be served on the person or company to whom it is sent,*

*(a) 14 days from the day of sending, if the document is sent to an address in Alberta, or*

*(b) 28 days from the day of sending, if the document is sent to an address that is not in Alberta.*

**37** Section 195(1)(b) presently reads:

*195(1) The Board and the Chief of Securities Administration shall, after the end of the Commission's fiscal year, prepare and deliver to the Minister a general report consisting of*

*(b) a general commentary on the law concerning securities and on the practice and development of that law,*

**38** Section 196(h), (h.1), (i), (i.1), (k), (r.1), (s) and (s.1) presently read:

*(h) 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 Board;*

*(h.1) regulating the listing and trading of securities;*

*(i) prescribing records to be maintained with respect to the listing and trading of securities;*

*(i.1) governing the furnishing of information to the public or to the Board, the Agency, the Chief of Securities Administration or a Registrar by a registrant in connection with securities or trades in securities;*

- (f) *by repealing clause (o) and substituting the following:*
- (o) governing costs in respect of matters heard before the Board or the Chief of Securities Administration;
  - (o.01) governing costs in respect of investigations;
  - (o.02) governing costs in respect of services provided by persons appointed or engaged under section 18, 28, 30 or 33 and the appearance of witnesses under this Act;
- (g) *by adding the following after clause (r):*
- (r.01) prescribing the number of purchasers and monetary amounts where required for the purposes of section 65(1);
- (h) *by repealing clauses (r.1), (s) and (s.1) and substituting the following:*
- (r.1) prescribing trades, securities and exchange contracts, in addition to the trades, securities and exchange contracts referred to in sections 65, 66 and 66.1, in respect of which registration is not required;
  - (s) prescribing the practice and procedure by which the Board recognizes an exempt trade, exempt security or exempt exchange contract pursuant to section 65, 66 or 66.1;
  - (s.1) prescribing trades, securities and exchange contracts referred to in section 65, 66 or 66.1 in respect of which there shall cease to be exemption from registration;
  - (s.2) governing confirmations of transactions that are to be provided under section 68;
  - (s.3) prescribing the number of purchasers and monetary amounts where required for the purposes of section 107(1);
  - (s.4) determining for the purposes of section 70.1 what constitutes a false or misleading appearance of trading activity in a security or an exchange contract or an artificial price for a security or an exchange contract;

*(k) regulating the trading of securities other than on a stock exchange recognized by the Board;*

*(r.1) prescribing trades or securities, in addition to the trades and securities referred to in sections 65 and 66, in respect of which registration is not required;*

*(s) prescribing the practice and procedure by which the Board recognizes an exempt trade or exempt security pursuant to section 65 or 66;*

*(s.1) prescribing trades or securities, referred to in section 65 or 66, in respect of which there shall cease to be exemption from registration;*

(s.5) governing risk disclosure statements;

(i) *by adding the following after clause (y.3):*

(y.4) governing undertakings referred to in section 164 and agreements between the Chief of Securities Administration and any person or company;

(y.5) providing for the payment of money by a person or company pursuant to an undertaking referred to in section 164 or an agreement with the Chief of Securities Administration;

(y.6) governing the administration and disposition of money received pursuant to an undertaking referred to in section 164 or an agreement referred to in clause (y.5);

*39(1) The following provisions are amended by striking out “a stock exchange” wherever it occurs and substituting “an exchange”:*

section 110.1(b);  
section 112(1)(d)(ii);  
section 114(b);  
section 115(1)(c);  
section 132(1)(a);  
section 133(e) and (f).

*(2) The following provisions are amended by striking out “stock exchange” wherever it occurs and substituting “exchange”:*

section 49(2);  
section 50(3) and (6);  
section 53;  
section 112(1)(d)(vi);  
section 115(1)(b);  
section 134(3)(e);  
section 169(10).

*40(1) The following provisions are amended by adding “exchange contracts,” after “securities,” wherever it occurs:*

section 19(c)(iii) and (d);  
section 29;  
section 30(2)(a);  
section 47(2), (3) and (4);  
section 48(2)(b).

**39** Replaces “stock exchange” with “exchange”.

**40** Makes certain provisions applicable to exchange contracts.

*(2) The following provisions are amended by adding “or exchange contracts” after “securities” wherever it occurs:*

section 19(j);  
section 64(c);  
section 80(1), (3) and (5).

*41 This Act comes into force on Proclamation.*

**41 Commencement.**