

Securities Act Amendments

In March 2005, Nova Scotia entered into an agreement with Canada's other provinces and territories (with the exception of Ontario) to harmonize and streamline securities laws and develop a passport system of securities regulation. The proposed amendments represent our continuing commitment and also ensure the Act remains an up-to-date and effective vehicle for investor protection and efficient capital markets.

Highlights of the amendments follow.

Investor Protection

Claims for Financial Loss

Under this legislation a claim may be made to the Director of the Nova Scotia Securities Commission for repayment of money lost through illegal or improper trading of securities.

Compensation for financial loss, up to \$100,000, may be ordered following a Commission hearing if there is evidence to support financial loss and wrongdoing.

Secondary Market Civil Liability

Secondary market is the term used when an investor purchases an existing investment product through, for example, a broker or investment dealer.

Amendments in this legislation will make it possible for investors to sue in instances where public companies fail to make timely disclosure or where misrepresentation exists in continuous disclosure material.

These changes mirror recent amendments in Ontario, Alberta, Manitoba, and British Columbia legislation.

Tougher Penalties

Currently this legislation provides for fines up to \$1 million and imprisonment of not more than two years. Amendments are being made to provide for fines of up to \$5 million and imprisonment of up to five years less a day.

Harmonization and Passport Tools

Harmonization

Changes are being made as per the province's commitments under the Provincial-Territorial Memorandum of Understanding Regarding Securities Regulation (2005).

The result of the agreement is the move toward highly harmonized securities laws and regulations across Canada.

The amendments include the harmonization and streamlining of, among other things, definitions, registration procedures, prospectus requirements, proxy requirements, continuous disclosure materials, takeover bid processes, and insider reporting.

Passport System Tools

A passport system of securities regulation refers to a system that allows public companies single window access to capital markets in Canada. Through this system, public companies need only deal with their principal regulator (home province) to comply with all other participating provincial regulators.

Changes being made to this Act will serve to strengthen and clarify delegation and mutual recognition powers to allow the operation of a Passport System.

Housekeeping Amendments

The following housekeeping changes are being made:

- increasing the Commission board members from six to eight
- adding a section that allows the Minister to request various reports from the Commission as he or she deems necessary
- amending Section 150A such that the Minister, not Cabinet, will have the power to object to Rules made by the Commission
- replacing references to Trial Division of Supreme Court and Appeal Division of Supreme Court, to the Supreme Court of Nova Scotia and the Nova Scotia Court of Appeal