

Summary of Amendments to The Securities Act, 1988

On March 27, 2001 *The Securities Amendment Act, 2001* was given first reading in the Saskatchewan legislation. The amendment act will make the following changes to *The Securities Act, 1988*:

Registration provisions

The following provisions are repealed:

- the registration renewal requirement for dealers and salespersons;
- the underwriter registration requirement and
- the requirement that registrants give the Commission notice of certain changes;

The Canadian Securities Administrators (“CSA”) is developing a permanent registration system for dealers and salespersons who sell securities. Under this system they would not have to apply for renewal of registration each year. Instead they would be subject to annual reporting and filing requirements that are uniform as to date and content in all provinces.

In addition, the underwriter registration requirements is being repealed to streamline the categories of registration and to be consistent with other provinces. It largely overlaps with the dealer registration category. A provision which requires registrants to give notice of specified changes is also being repealed. It will be replaced by a national instrument which will deal with all ongoing reporting requirements that apply to registrants.

Prepaid mail requirements

The “prepaid mail” delivery requirements in the Act are substituted with clearer requirements that documents be “delivered” or “sent”.

Several provisions in the Act require that documents be delivered to security holders by prepaid mail. For example, a dealer must send a prospectus to a purchaser by prepaid mail. The proxy provisions in the Act also require that documents be sent by prepaid mail. These specific requirements should be replaced by a general delivery requirement so that documents can be delivered electronically following the principles in *The Electronic Information and Documents Act, 2000* and “National Policy 11-201 Delivery of Documents by Electronic Means”.

Information sharing

A provision is introduced which would permit the Commission to provide personal information about market participants to other regulators and law enforcement agencies, subject to complying with regulations which will specify the conditions on which the Commission may share the information.

The Freedom of Information and Privacy Act prohibits the Commission from sharing personal information about individuals. This prohibition would prevent the Commission from participating in the National Registration Database, a national electronic system on which firms and individuals can apply for and maintain registration in all provinces. It also prevents the Commission from sharing investigative information with other securities regulators who may be investigating the same matter. A new provision will allow the Commission to share personal information with other regulators and law enforcement agencies, subject to conditions that will be set out in regulations.

Anti-touting provision

The amendment act includes a provision which prohibits anyone, with the intent of making a trade, from making a statement which contains a misrepresentation.

The Act currently contains prohibitions against making a misrepresentation in written material filed with the Commission or provided to investors. The new provision, which prohibits anyone from making a statement which contains a misrepresentation with the intent of effecting a trade, will close a regulatory gap and enhance investor protection.

Repeal of first trade provisions

Certain provisions known as first trade provisions are repealed for the purpose of restating similar provisions in a national instrument to allow for consistency among provinces.

The Act currently contains detailed provisions which apply restrictions to the first trade of securities acquired under a statutory exemption. Securities legislation in other provinces contains similar, but not identical provisions. The Commission, along with other provincial securities regulators intends to adopt National Instrument 45-102 Resale of Securities which prescribes one set of resale restrictions. The provisions currently in the Act will be redundant and should be repealed.

Insider trading

The insider reporting provision are amended, to allow for a shorter reporting period to be prescribed by regulation.

The Act currently requires insiders to file an insider report within 10 days after a trade. The CSA is developing a national electronic filing system by which insiders can file their reports over the Internet with all provinces. Because electronic filing is more efficient, the CSA may shorten the reporting period so that the market gets more current information. If the reporting period can be prescribed in the regulations, the change can be effected without amending the Act.

Disciplinary action

The period for which disciplinary action can be brought against a former registrant is extended from one to two years.

Under current provisions, the Commission can take disciplinary action against former registrants for up to one year after they cease to be registered. The proposal is to extend the period to two years because investigations are taking longer due to workload pressures and the complexity of cases.

Regulation-making authority

The regulation-making authority under the Act is modified to allow for regulations that:

- prescribe distributions that are deemed to be distributions outside Saskatchewan;
- specify when a trade is a distribution for the purposes of the Act;
- prescribe the period for filing insider reports;
- deem a person or company to be a reporting issuer, thereby making that person subject to the provisions of the Act;

- prescribe documents that must be filed; and
- prescribe the conditions the Commission must comply with before it discloses personal information.

These new provisions add to the Commission's regulation-making authority so that it can adopt proposed national instruments being developed with other provincial security regulators.

March 27, 2001

Contact:

Barbara Shourounis
Director
(306) 787-5842