



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FOURTH LEGISLATURE

Bill 32

An Act to amend the Securities Act

Introduction

**Introduced by
Madam Louise Robic
Minister for Finance**

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EXPLANATORY NOTES

The object of this bill is to amend the Securities Act in order to clarify the application of some of its provisions, in particular those relating to the time at which a distribution is terminated and the time at which funds must be guaranteed available in the case of a take-over bid.

The bill provides for new regulatory powers, first to permit specification of the conditions of availability of the exemption from the requirement to provide a prospectus, and second, as regards fees, to permit expressly the imposition of a fee for securities transactions.

The bill restricts the conditions of availability of the exemption from the requirement to provide a prospectus for certain distributions, and removes the continuous disclosure requirements in respect of a holder who fails to notify a change of address.

In addition, it revises the amounts of the fines imposable for offences against the Act or the regulations. It enables the Commission to authorize certain agreements within the framework of a take-over bid and grants an exemption from registration as a dealer for issuers making a take-over bid by way of exchange.

Finally, the bill provides that disciplinary matters under the jurisdiction of a self-regulatory organization will be heard in a public sitting, unless an in camera hearing is ordered.

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. Section 33 of the Securities Act (R.S.Q., chapter V-1.1), amended by section 6 of chapter 77 of the statutes of 1990, is again amended by adding, after the first paragraph, the following paragraph:

“However, where the prospectus indicates an earlier date for termination of the distribution, the distribution must be terminated on that date.”

2. Section 51 of the said Act, amended by section 11 of chapter 77 of the statutes of 1990, is again amended by replacing the first paragraph by the following paragraph:

“**51.** No prospectus is required for the distribution of securities without advertisement where the total cost of subscription or purchase per person exceeds the sum fixed by regulation, provided that each person is acting for his own account. This exemption may be accompanied with other conditions imposed by regulation. The person making the distribution shall give the notice provided for in section 46.”

3. Section 54 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“However, this exemption is available only to the extent that the promoter of the transaction has not availed himself thereof in the preceding 12 months.”

4. Section 67 of the said Act is amended by adding, after the second paragraph, the following paragraph:

“This section shall apply only in the case of securities issued by a clearing house, a stock exchange or a body considered by the Commission to be of the same nature.”

5. The said Act is amended by inserting, after section 80.1 enacted by section 18 of chapter 77 of the statutes of 1990, the following section:

“80.2 The sending of documents referred to in this division or in Division III to the holder ceases to be required when documents sent to the address indicated have been returned to the sender.

The holder may again become entitled to receive such documents upon notifying the sender in writing of his new address.”

6. Section 121 of the said Act is amended by replacing the words “The offeror who makes a take-over bid” in the first line of the first paragraph by the words “A take-over bid made”, and by replacing the word “requirements” in the third line of the first paragraph by the word “provisions”.

7. Section 145 of the said Act is amended by adding, after the first paragraph, the following paragraph:

“The Commission has the power to authorize the offeror to enter into an agreement with one of the holders of securities which are the subject of the take-over bid where it considers that the agreement is not made for the purpose of increasing the consideration paid to that holder.”

8. Section 147 of the said Act is amended by inserting the words “, before the bid,” after the word “shall” in the first line.

9. Section 155.1 of the said Act is amended by inserting, after paragraph 2, the following paragraph:

“(2.1) an issuer that limits its activities as a dealer to the distribution of securities within the framework of a take-over bid by way of exchange made with a take-over bid circular in conformity with the provisions of Title IV or with the benefit of the exemption under section 121;”.

10. The said Act is amended by inserting, after section 182, the following section:

“182.1 A recognized organization which hears a disciplinary matter must do so in a public sitting.

However, it may, of its own initiative or on request, order that the hearing be held *in camera* or ban the publication or release of any information or documents it indicates, in the interest of morality or public order.”

11. Section 202 of the said Act, amended by section 897 of chapter 4 of the statutes of 1990, is again amended

(1) by replacing the word “Every” in the first line of the first paragraph by the words “Unless otherwise specified, every”;

(2) by replacing the word and figures “\$500 to \$10 000” in the third line of the first paragraph by the word and figures “\$1 000 to \$20 000”;

(3) by replacing the word and figures “\$500 to \$25 000” in the third and fourth lines of the first paragraph by the word and figures “\$1 000 to \$50 000”.

12. Section 204 of the said Act, amended by section 898 of chapter 4 of the statutes of 1990, is again amended

(1) by striking out the first paragraph;

(2) by replacing the words “, the fine shall be not less than \$5 000 nor more than \$100 000” in the first and second lines of the second paragraph by the words “and in the case of a distribution without a prospectus in contravention of section 11, the fine shall be not less than \$5 000 nor more than \$1 000 000”.

13. Section 212 of the said Act is amended by adding, at the end of the first paragraph, the words “, according to the tariff established by regulation”.

14. Section 308 of the said Act is amended by adding, after the first paragraph, the following paragraph:

“In addition, the Commission has sole authority to exercise the powers granted to it under sections 269 and 269.1.”

15. Section 323.1 of the said Act, enacted by section 54 of chapter 77 of the statutes of 1990, is amended by inserting the figure “182.1,” after the word “sections” in the first line.

16. Section 331 of the said Act, amended by section 57 of chapter 77 of the statutes of 1990, is again amended

(1) by adding, at the end of paragraph 19.2, the words “and define the conditions attached to an exemption under section 51”;

(2) by inserting, after paragraph 26, the following paragraph:

“(26.1) establish the tariff of investigation costs mentioned in section 212;”;

(3) by adding, after paragraph 27, by the following paragraph:

“(27.1) prescribe the fees exigible from investors in the event of transactions of securities and the terms and conditions of collection and payment of such fees to the Commission;”.

17. Paragraph 3 of section 16 has effect from 25 September 1991.

18. The provisions of this Act will come into force on (*insert here the date of assent to this Act*), except section 13, which will come into force on the date fixed by the Government.
