

1984, chapter 41
AN ACT TO AMEND THE SECURITIES ACT

Bill 7

Introduced by Mr Yves L. Duhaime, Minister of Finance

Introduced: 14 November 1984

Passage in principle: 12 December 1984

Passage: 21 December 1984

Assented to: 21 December 1984

Coming into force: 21 December 1984, except paragraph 2 of section 1 and sections 8, 14 to 16, 19, 20, 33, 36, 37, 40, 53 and 54, which will come into force by proclamation of the Government

Act amended:

Securities Act (R.S.Q., chapter V-1.1)



CHAPTER 41

An Act to amend the Securities Act

[Assented to 21 December 1984]

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

c. V-1.1,
s. 3, am.

1. Section 3 of the Securities Act (R.S.Q., chapter V-1.1) is amended

(1) by replacing the first three lines by the following:

Exemptions

“3. The following forms of investment are exempt from the application of Titles II to VIII, except that mentioned in paragraph 10, which remains subject to Titles V and VII:”;

(2) by replacing paragraph 2 by the following paragraph:

“(2) a security issued by a closed company in conformity with its constituting documents, except in the case described in section 114 where a closed company has an interest in a company whose securities are traded on an organized market;”.

c. V-1.1,
s. 5, am.

2. Section 5 of the said Act is amended

(1) by replacing the definition of “adviser” by the following definition:

“adviser”

““adviser” means any person who advises another person as to the purchase or disposition of securities or to participation in a securities transaction, or who, under a mandate, manages a portfolio of securities, or who solicits persons as part of his activities as adviser or manager;”;

(2) by replacing the definition of “dealer” by the following definition:

“dealer”

““dealer” means any person

(1) carrying on the activities of intermediary in the trading of securities;

(2) trading in securities as principal, whether as his main activity or only as a secondary activity;

(3) distributing a security for his own or another's account;

(4) soliciting persons as part of his activities described in subparagraphs 1 to 3;";

(3) by adding, after the definition of "senior executive", the following definition:

"solicitation"

"“solicitation” means the activities of a person who regularly seeks to meet persons in their places of residence or work or in public places or who regularly uses the telephone, letters or circulars to propose that they purchase or dispose of securities or participate in a securities transaction, or to offer them services or advice for such purposes;”;

(4) by replacing subparagraph 1 in the definition of "associate" by the following definition:

"(1) any company in which the person owns securities assuring him of more than 10% of a class of shares to which are attached voting rights or an unlimited right to participate in earnings and in the assets upon winding-up;”;

(5) by striking out the definition of "person";

(6) by replacing the definition of "distribution" by the following definition:

"distribution"

"“distribution” means

(1) the endeavour to obtain, or the obtaining, by an issuer, of subscribers for his securities;

(2) the endeavour to obtain, or the obtaining, by a firm underwriter, of purchasers for securities he has underwritten;

(3) the endeavour to obtain, or the obtaining, by a subscriber or purchaser of securities which he acquired under an exemption provided under sections 43 to 56, of purchasers for such securities without the benefit of a final exemption from a prospectus;

(4) the endeavour to obtain, or the obtaining, by a subscriber or purchaser of securities which he acquired through a transaction for which no prospectus was prepared as required by law and no exemption was granted, of purchasers for such securities;

(5) the endeavour to obtain, or the obtaining, by a subscriber or purchaser of securities which he acquired outside Québec, of purchasers for such securities in Québec, except on a stock exchange or on the over-the-counter market;

(6) the endeavour to obtain, or the obtaining, of purchasers for securities of a formerly closed company that have not previously been the subject of a prospectus;

(7) the endeavour to obtain, or the obtaining, by an agent, of subscribers or purchasers of securities being distributed in accordance with subparagraphs 1 to 6;

(8) the giving in guarantee by an issuer of securities issued by him for that purpose;";

(7) by replacing the definition of "closed company" by the following definition:

"closed
company"

""closed company" means a company, other than a mutual fund, whose constituting documents provide for restrictions on the free transfer of shares, prohibit any distribution of securities to the public and limit the number of its shareholders to 50, exclusive of present or former employees of the company or of a subsidiary;".

c. V-1.1,
ss. 6-9,
replaced

3. Sections 6 to 9 of the said Act are replaced by the following sections:

Patri-
monium en-
dowed with
autonomy

"6. In the case of a patrimonium endowed with a certain degree of autonomy, such as a retirement fund, civil partnership, trust or group without legal personality, this Act applies as if the patrimonium had such personality, but its observance is the responsibility of the persons in charge of the patrimonium, and both civil and penal actions connected with this Act may be brought against them for acts relating to such patrimonium.

Civil
partnership

In the case of a civil partnership, actions referred to in the first paragraph may also be brought against the partnership or against the partners.

Unincor-
porated
mutual fund

"7. As an instance of the rule of section 6, the required disclosure in the case of an unincorporated mutual fund relates to the fund, and it is the responsibility of the person in charge of management of the fund to make the disclosure.

Investment
contract

In the case of an investment contract, the required disclosure relates to the venture and it is the responsibility of the promoter of the venture and the persons in charge of it to make the disclosure, unless the Commission specially designates a person in virtue of section 66 or 104.

Control of company **“8.** The person owning securities entitling him to elect in all cases a majority of the directors of a company has the control of that company.

Subsidiary **“9.** A company is the subsidiary of another company when it is controlled by it or by companies controlled by it.

Sub-subsidiary A subsidiary of a company that is itself a subsidiary of another company is deemed to be a subsidiary of that other company.

Affiliates Two companies are affiliates if one is the subsidiary of the other or if both are subsidiaries of the same company or are controlled by the same person.”

c. V-1.1,
ss. 10.1-
10.5, added **4.** The said Act is amended by inserting, after section 10, the following sections:

Transfer of ownership **“10.1** For the purposes of application of this Act, the transfer of ownership in any purchase or disposition is deemed accomplished upon acceptance of the subscription or of the offer of sale or purchase.

Book-based system **“10.2** The transfer or pledge of a security entered in the book entry system of a clearing house approved by the Commission may be made by book entries in the accounts maintained by such clearing house. Such book entries in the accounts may show merely a quantity or the amount of the securities transferred or pledged or the balance of the securities after clearing.

Possession against third persons **“10.3** Subject to the right of an issuer to deem the person in whose name the securities are registered in its registers to be the holder, the transferee or pledgee acquires, by reason of such entry, possession available against third persons even though the securities are not distinguished from other like securities.

Issue of certificate **“10.4** In the case of a pledge by a person who does not have an account with the clearing house, the member of the clearing house who has caused the book entry to be made shall give to the person who has created the pledge, upon request, a certificate which constitutes proof of such pledge.

Certificate obtained from the Commission **“10.5** The person who does not have an account with the clearing house may obtain, from the Commission, a certificate concerning the book entries relating to the securities that belong to him.”

c. V-1.1,
s. 11, am. **5.** Section 11 of the said Act is amended by adding the following paragraph:

Firm-underwriting “Notwithstanding the foregoing, in the case of a distribution made by a dealer acting as firm underwriter, the issuer is responsible for preparing the prospectus.”

c. V-1.1,
s. 18, am.

6. Section 18 of the said Act is amended by striking out the words “or the equivalent requirements imposed by the Act replaced by this Act” in subparagraph 2.

c. V-1.1,
s. 18.1,
added

7. The said Act is amended by inserting, after section 18, the following section:

Incorpo-
rated
documents

“18.1 In addition to its own content, a simplified prospectus includes, as integral parts, all the documents which, by regulation, are required to be incorporated with it, and any other documents to be incorporated with it under its own terms.”

c. V-1.1,
Div. III.1,
ss. 24.1,
24.2, added

8. The said Act is amended by inserting, after section 24, the following division:

“DIVISION III.1

“SHELF PROSPECTUS

Shelf
prospectus

“24.1 An eligible issuer may prepare a shelf prospectus, being a special type of preliminary simplified prospectus. In its final version, the prospectus shall be composed of the shelf prospectus and a supplement, unless it reiterates and supplements the information disclosed in the shelf prospectus, and brings it up to date.

Rules deter-
mined by
regulation

“24.2 The issuers eligible to prepare a shelf prospectus, the information such a document shall contain and the exceptions that may be made to the ordinary rules on the simplified prospectus and the preliminary prospectus are determined by regulation.”

c. V-1.1,
s. 27, am.

9. Section 27 of the said Act is amended by replacing the second paragraph by the following paragraph:

Receipt

“The amendments require a receipt from the Commission under the same conditions as the prospectus thereby amended, except where, in the case of the prospectus in its final version, the Commission decides to issue or to refuse a receipt within the next two working days. This period is inoperative in the case of a continuous distribution.”

c. V-1.1,
s. 28,
replaced

10. Section 28 of the said Act is replaced by the following section:

Distribution
interrupted

“28. Where the Commission refuses to issue a receipt for the amendment, the distribution is interrupted. However, a continuous distribution is interrupted in every case from the filing of the amendment until the obtention of a receipt for the amendment.

Prospectus
sent with
amendment

Once a receipt is obtained for the amendment, the prospectus may be sent only if accompanied with the amendment.”

c. V-1.1,
s. 40, am.
in French

11. The French text of section 40 of the said Act is amended by replacing the words “y tenant lieu” in the fourth line by the words “en tenant lieu”.

c. V-1.1,
s. 40.1,
replaced

12. Section 40.1 of the said Act, enacted by section 44 of chapter 56 of the statutes of 1983, is replaced by the following section:

Language
used in
documents

“40.1 Every prospectus of any type, document authorized by the Commission for use in lieu of a prospectus, offering notice or offering memorandum contemplated in this Act or the regulations and permanent information record contemplated in Title III, as well as every take-over bid circular, take-over bid, circular of a board of directors and notice of a senior executive contemplated in Title IV, shall be drawn up in French only or in French and English.”

c. V-1.1,
s. 41, am.

13. Section 41 of the said Act is amended by replacing subparagraph *c* of paragraph 2 by the following subparagraph:

“(c) a public establishment or regional council within the meaning of the Act respecting health services and social services (R.S.Q., chapter S-5), or the Corporation d’hébergement du Québec, incorporated under Part III of the Companies Act (R.S.Q., chapter C-38);”.

c. V-1.1,
s. 47,
replaced
Seed
capital

14. Section 47 of the said Act is replaced by the following sections:

“47. No prospectus is required of a non-reporting issuer where he distributes his securities to not more than 25 subscribers, if the transaction meets the following conditions:

(1) each subscriber is acting for his account;

(2) the securities are distributed only to persons able to evaluate the prospective investment by virtue of their financial experience or of advice received from a registered person other than the promoter, to senior executives of the issuer or of an affiliated company, or to persons associated with such executives;

(3) each transaction is evidenced in writing and the contract contains the provisions prescribed by regulation;

(4) the distribution is completed within 6 months;

(5) the distribution is made without advertisement and without any distribution or promotional expenses apart from professional fees and the remuneration paid to a registered dealer;

(6) the promoter of the transaction, except a registered dealer, has not taken part in a distribution under this exemption within the previous 12 months;

(7) the issuer has never before availed himself of this exemption.

Subsequent
transfers

Similarly, no prospectus is required for a subsequent transfer between persons who subscribed for the securities. Nor is it required for transfers to associates of the subscribers, provided the Commission is given five days' prior notice of the transaction.

Notice of
distribution

The issuer shall notify the Commission at least ten days before the distribution begins and after its completion, in the form prescribed by regulation.

Restriction

"47.1 The exemptions provided for in this division are not available for the distribution of shares of a mutual fund or units of an unincorporated mutual fund."

c. V-1.1,
s. 48,
replaced

15. Section 48 of the said Act is replaced by the following sections:

Tax-shelter
securities

"48. No prospectus is required of a non-reporting issuer where he distributes tax-shelter securities, that is, securities that give entitlement to tax exemptions, to not more than 50 subscribers, if the transaction meets the conditions set forth in subparagraphs 1 to 5 of the first paragraph of section 47.

Subsequent
transfers

Similarly, no prospectus is required for a subsequent transfer between persons who subscribed for the securities. Nor is it required for transfers to associates of the subscribers, provided the Commission is given five days' prior notice of the transaction.

Agreement
of the
Commission

"48.1 Exemption under section 48 applies only if the Commission agrees thereto or raises no objection within 15 days of receiving the offering memorandum.

Offering
memo-
randum

The issuer shall prepare an offering memorandum in the form prescribed by regulation, submit it to the Commission for examination under the terms of the first paragraph, and transmit it to the prospective purchasers of the securities before accepting any undertaking from them.

Restriction

"48.2 No issuer making a distribution of tax-shelter securities may avail himself of the exemption provided for in section 47."

c. V-1.1,
s. 49,
replaced

16. Section 49 of the said Act is replaced by the following section:

Notice
of the
distribution

"49. An issuer making a distribution under an exemption by virtue of section 48 shall, within ten days of its completion, notify the Commission in the form prescribed by regulation."

c. V-1.1,
s. 51,
replaced

17. Section 51 of the said Act is replaced by the following section:

Block of
\$150 000

“51. No prospectus is required for the distribution of securities without advertisement where the total cost of subscription or purchase is at least \$150 000 per person, provided that each person is acting for his own account. The person making the distribution shall give the notice provided for in section 46.

Restriction

This exemption is not available in the case of securities distributed to a company established solely to acquire securities under this exemption.”

c. V-1.1,
s. 52, am.

18. Section 52 of the said Act is amended

(1) by replacing the French text of paragraph 5 by the following:

“5° le placement de ses propres titres auprès de ses salariés et dirigeants, ou de ceux d’une société du même groupe, sous réserve que l’acquisition des titres ne soit pas une condition d’embauche ou de maintien dans l’emploi.”;

(2) by adding a second paragraph, as follows:

Conditions

“These exemptions are available only where the distribution is made without any expenditures for distribution or promotion other than the professional fees and remuneration paid to a registered dealer.”

c. V-1.1,
s. 56.1,
added

19. The said Act is amended by inserting, after section 56, the following section:

Delinquent
issuer

“56.1 The exemptions provided for in this division are not available for the distribution of securities by an issuer who is in contravention of this Act or the regulations.

Irregular
distribution

The same rule applies to the distribution by a person of securities subscribed or purchased during a distribution made in contravention of this Act or the regulations.”

c. V-1.1,
s. 57,
replaced

20. Section 57 of the said Act is replaced by the following section:

“gilt-edged
securities”

“57. The Government, by regulation, shall determine which securities qualify as “gilt-edged securities”.”

c. V-1.1,
s. 58, am.

21. Section 58 of the said Act is amended

(1) by inserting, after the word “issuer” in the second to last line of the first paragraph, the words “where the seller is an insider of the issuer,”;

(2) by replacing subparagraph 2 of the second paragraph by the following subparagraph:

“(2) 12 months in the case of other securities.”;

(3) by striking out subparagraph 3 of the second paragraph.

c. V-1.1,
s. 59.1,
added

22. The said Act is amended by inserting, after section 59, the following section:

Holding
period

“**59.1** The Commission may require any person invoking the benefit of an exemption in virtue of section 58 or 59 to prove that the securities were held for the required period.”

c. V-1.1,
s. 65,
repealed

23. Section 65 of the said Act is repealed.

c. V-1.1,
s. 68, am.

24. Section 68 of the said Act is amended

(1) by replacing subparagraph 2 of the second paragraph by the following subparagraph:

“(2) its securities, offered as consideration in a take-over bid by way of an exchange of securities, have been described in a circular filed with the Commission;”;

(2) by replacing subparagraph 4 of the second paragraph by the following subparagraph:

“(4) its existence is the result of a combination to which a reporting issuer was a party;”;

(3) by replacing subparagraph 6 of the second paragraph by the following subparagraph:

“(6) it is contemplated in section 68.1 or 338.”

c. V-1.1,
s. 68.1,
added

25. The said Act is amended by inserting, after section 68, the following section:

Issuer
becoming
reporting
issuer
on appli-
cation

“**68.1** An issuer subject to equivalent continuous disclosure requirements established by another legislative authority may apply to the Commission to become a reporting issuer and to have the period for which it has fulfilled the requirements taken into account.

Required
documents

The issuer shall attach to its application the continuous disclosure documents already filed in the other province, since the beginning of the last financial year, with the competent authorities, and a certificate from them establishing that it is subject to the continuous disclosure

requirements and the number of years for which it has fulfilled the requirements.

Effect on
final
prospectus
exemptions

Upon approval of the application, holders of securities of the issuer may avail themselves of the exemptions in virtue of sections 58 to 61. If the issuer has already filed a prospectus in the regular form in another province of Canada, and has been meeting the continuous disclosure requirements of that province for one year, the Commission may authorize it to prepare a simplified prospectus, provided the additional information required by the Commission is included therein.”

c. V-1.1,
s. 69, am.

26. Section 69 of the said Act is amended by adding the following paragraph:

Securities
registered
in the name
of a dealer

“The Commission may require the issuer to provide a statement attesting that the securities registered in the name of a dealer do not belong to holders resident in Québec.”

c. V-1.1,
s. 75, am.

27. Section 75 of the said Act is amended by replacing the figure “90” in the first line by the figure “140”.

c. V-1.1,
s. 76, am.

28. Section 76 of the said Act is amended by replacing the figure “45” in the first line by the figure “60”.

c. V-1.1,
s. 78, am.

29. Section 78 of the said Act is amended by replacing the figure “45” in the first line by the figure “60”.

c. V-1.1,
s. 80,
replaced
Rules
applicable
to financial
statements

30. Section 80 of the said Act is replaced by the following section:

“**80.** The financial statements provided for in this Act or the regulations must be drawn up in accordance with the relevant provisions of this Act and the regulations, with generally accepted accounting principles and with any additional requirements prescribed by the policy statements.

Rules
applicable
to the audi-
tor's report

The auditor's report must be drawn up in accordance with any relevant provision of the regulations, with generally accepted auditing standards and with any additional requirements prescribed by the policy statements.”

c. V-1.1,
s. 82, am.

31. Section 82 of the said Act is amended by striking out the third paragraph.

c. V-1.1,
s. 82.1,
added

32. The said Act is amended by inserting, after section 82, the following section:

Sending of
the circular

“**82.1** The management of the reporting issuer must send the circular described in section 82 in all cases, even when, pursuant to

a prohibition imposed by the law of the place of its incorporation, it does not solicit proxies.

Addressees

The management shall send the circular to all its registered security holders other than holders of debt securities and holders of non-voting preferred shares.”

c. V-1.1,
s. 85, am.

33. Section 85 of the said Act is amended by replacing paragraph 1 by the following paragraph:

“(1) the annual information form containing the information prescribed by regulation;”.

c. V-1.1,
s. 89, am.

34. Section 89 of the said Act is amended by replacing paragraph 2 by the following paragraph:

“(2) any person who exercises control over more than 10% of a class of shares of a reporting issuer to which are attached voting rights or an unlimited right to a share of the profits and in its assets in case of winding-up, other than securities that were the object of a firm underwriting and are in the course of distribution;”.

c. V-1.1,
s. 93,
repealed

35. The said Act is amended by repealing section 93.

c. V-1.1,
ss. 99, 100,
replaced

36. The said Act is amended by replacing sections 99 and 100 by the following sections:

Report not
required

“99. A report under sections 96 and 97 is not required where the facts to be reported have already been disclosed in a report under section 147.17 or 147.18.

Disclosure
exemption

“100. The senior executives of a mutual fund or of an unincorporated mutual fund are exempt from any disclosure requirements to which they would be subject under sections 96 and 97 by reason only of their capacity as such.”

c. V-1.1,
s. 101,
repealed
c. V-1.1,
s. 103.1,
added

37. The said Act is amended by repealing section 101.

38. The said Act is amended by inserting in Title III, after the heading of Chapter V, the following section:

Simplified
continuous
disclosure

“103.1 An issuer incorporated under the law of a state other than Canada or a province of Canada and that is a reporting issuer only because one of its securities is listed on a recognized stock exchange as a self-regulatory organization is eligible for a simplified continuous disclosure scheme defined by the Commission in a policy statement. The Commission shall determine the classes of issuers eligible for the simplified scheme.”

c. V-1.1,
s. 108, am.

39. Section 108 of the said Act is amended by adding, at the end, the following sentence: “In all other respects, the permanent information record is subject to the general scheme set forth in sections 84 to 88.”

c. V-1.1,
Title IV,
replaced

40. Title IV of the said Act is replaced by the following title:

“TITLE IV

“TAKE-OVER BIDS AND ISSUER BIDS

“CHAPTER I

“GENERAL PROVISIONS

Take-over
bid

“110. A person proposing to make a purchase for cash of securities of a company whereby he would obtain or increase an interest of 20% or more of a class of voting securities shall proceed by way of a take-over bid.

Determina-
tion of
interest

“111. A person’s interest is determined as the sum of the securities owned or controlled by the person and by joint actors of the person, including, in particular, securities controlled by virtue of the power to exercise the voting rights attaching to them.

Joint actors

Companies affiliated with and persons associated or acting in concert with a person are deemed to be joint actors of the person.

Presump-
tion

A person who, pursuant to an agreement with the offeror or one of his joint actors, acquires securities of the class offered or who intends to exercise the voting rights attaching to the securities in concert with the offeror or one of his joint actors is deemed to act in concert with the offeror.

Convertible
securities

“112. In calculating a person’s interest, any security or right permitting the person to acquire a security of a particular class within 60 days by a single transaction or a series of linked transactions is also deemed to be a security of the particular class.

Calculation

Securities and rights described in the first paragraph are added to the securities of the person and to the securities of the particular class.

Conditions
of
application

“113. A take-over bid is subject to this title if the offeror intends to acquire securities of the class which is the subject of the bid from at least one security holder having a connection with Québec by his address, as shown on the records of the offeree company, by his residence or by his presence in the territory at any time during the bid.

Indirect
acquisition

“114. Where a person acquires securities issued by a company which are not traded on an organized market and as a consequence obtains an interest securing his control over the company, which itself has an interest in another company whose securities are traded on an organized market, the person is deemed to acquire from the vendor securities of the second company up to the percentage of the securities acquired by the person in the first company, and for a fraction of the consideration equal to the ratio between the securities of the second company and the assets of the first company.

“organized
market”

In this title, the expression “organized market” means any market on which securities are traded if the prices at which they are traded are regularly published in the press.

Applica-
bility to
non-voting
shares

“115. Non-voting shares that carry an unlimited right to participate in earnings and in the assets upon winding-up, must, in the same circumstances as voting shares, be the subject of a take-over bid if the securities are traded on an organized market.

Powers
of the
Commission

“116. The Commission may, of its own initiative or at the request of an interested person, take any appropriate measure to ensure compliance with the requirements of this title.

Possible
measures

The Commission may, in particular, require amendments to information documents being distributed, prohibit the distribution of a document or order that an amendment be distributed.

Series of
securities

“117. The requirements of this title apply to securities grouped in series as if they were classes.

Exchange
of securities

“118. A person proposing to acquire securities of the offeree company by way of an exchange of securities, with the result described in section 110, shall proceed by way of a take-over bid of that type.

Rules
applicable

A take-over bid under the first paragraph is subject to the requirements of a take-over bid, *mutatis mutandis*.

“CHAPTER II

“EXEMPTIONS

Take-over
bid through
a stock
exchange

“119. An offeror who makes a take-over bid to all security holders through a stock exchange recognized by the Commission for the purposes of this section and in accordance with the rules of that exchange is exempt from the requirements of Chapters III and IV.

Purchase on
a stock
exchange

“120. The purchase, on a stock exchange recognized by the Commission for the purposes of this section, of not more than 5% of the securities of a class over a period of 90 days by a person and his associates is exempt from Chapters III and IV.

Securities
in excess
of 5%

If, however, the purchaser intends to avail himself of the exemption more than once over a period of 12 months, he shall report the fact each time, five working days before he acquires securities in excess of 5%, to the Commission, to the issuer and to the stock exchanges on which the security is listed. The report is made in the form prescribed by regulation.

Modifica-
tion of
exemption

Every stock exchange recognized as a self-regulatory organization may modify the rules regarding exemption under this section. New rules apply only from their approval by the Commission, after a public hearing.

Take-over
bid subject
to equiva-
lent rules

“121. The offeror who makes a take-over bid in accordance with the rules established by another legislative authority that are deemed equivalent by the Commission is exempt from the requirements of Chapters III and IV, to the extent that the following conditions are met:

(1) there are fewer than 50 holders resident in Québec according to the addresses entered in the records of the offeree company or in the records of dealers acting as nominee;

(2) the holders resident in Québec own less than 2% of the securities of that class;

(3) the offeror has sent to the holders resident in Québec and has filed with the Commission all the documents prescribed under the applicable law;

(4) the offeror has made the offer to the holders resident in Québec on the same conditions as to other holders.

Verification
of address

The offeror has an obligation to ascertain the address of each beneficial owner of the securities from the dealers and the dealers have an obligation to make the required information available to the offeror.

Securities
issued by
company
that is not a
reporting
issuer

“122. The acquisition of securities issued by a company that is not a reporting issuer and which are not traded on an organized market is exempt from Chapters III and IV provided that there are not more than 50 security holders resident in Québec according to the addresses entered in the records of the company, excluding holders who are or have been employees of the company or of an affiliate of the company.

Block
purchase

“123. The purchase, without a general offer to all the holders, of securities from not more than five holders by way of block purchase

at a price that may vary by not over 15% from the average market price is exempt from Chapters III and IV.

Calculation
of the aver-
age market
price

The price paid includes brokerage fees and commissions. The average market price is obtained by averaging the closing prices for the 20 days of market activity preceding the date of the transaction, or, if the market only gives the highest and the lowest prices, the weighted average of the daily prices over the same period, the daily prices being defined as the average between the highest and lowest prices.

Approval of
average
market
price

Where it is impossible to obtain a reliable average market price, the proposed average market price and the method used to obtain it require the approval of the Commission.

Securities
acquired for
resale

"124. In the case of securities acquired within the preceding two years for resale under the exemption provided in section 123, the vendors from whom the securities were acquired are counted as so many holders.

Declaration
of holders

"125. A purchaser who intends to avail himself of the exemption provided for in section 123 shall require the holders to declare under oath or by solemn affirmation the particulars by which he can evaluate his position with regard to the number of holders. The declaration must disclose every agreement to use a nominee in connection with the securities in question, each principal being then counted as a holder.

Acquisition
of 5%
of the secu-
rities

"126. A person who acquires not more than 5% of the securities of the class is exempt from Chapters III and IV, provided that neither he nor his joint actors, within any twelve-month period, acquire under this exemption, an exemption under section 120 and an exemption under section 123 more than 5% of the securities of the class that are outstanding at the beginning of the period.

Restriction

In the case of securities traded on an organized market, the exemption does not apply if the securities are acquired at a price higher than the price on that market on the day of the transaction.

"CHAPTER III

"INFORMATION TO SECURITY HOLDERS

"DIVISION I

"SENDING OF TAKE-OVER BID AND CIRCULAR

Take-over
bid made to
residents

"127. A take-over bid is binding on the offeror in respect of all the holders of securities of the class sought by the bid and in respect of holders of securities carrying the right to purchase, during the offer,

securities of that class, if they are resident in Québec according to the addresses entered in the records of the offeree company or are resident there in fact.

Sending of
take-over
bid and
circular

“128. The offeror shall send the take-over bid, with a take-over bid circular prepared in the form prescribed by regulation, to the holders of securities of the class sought by the bid and to the holders of securities carrying the right to purchase, during the offer, securities of that class, if they are resident in Québec according to the addresses entered in the records of the offeree company or are resident in Québec in fact and make a request therefor.

Filing

He shall file the documents referred to in the first paragraph with the Commission and send them to the offeree company not later than the day they are sent to the security holders.

Authoriza-
tion of the
offeror

“129. The contents of the documents referred to in section 128 and the distribution thereof must be authorized by the offeror in the manner prescribed by regulation.

Notification
of change

“130. Where the initial terms of a take-over bid are varied and where a change has occurred, either during the bid or after the offer is closed, but before the expiry of the period allotted for withdrawal of the securities, in the facts on which the circular is based and the change is such that it may affect the holders' decision to accept or refuse the offer, the offeror is bound to notify the holders of securities that have not been deposited or taken up, the Commission, and the offeree company.

Form of the
notice

“131. The notice provided for in section 130 shall be drawn up in the form prescribed by regulation. It shall, in particular, inform the holders that they have a right of withdrawal pursuant to paragraph 2 of section 147.5.

Take-over
bid by way
of an
exchange
of securities

“132. Notwithstanding the foregoing, in the case of a take-over bid by way of an exchange of securities, a change not resulting from an act of the offeror or of an affiliate gives rise to the notice provided for in section 130 only if it constitutes a material change that is likely to affect the value or the market price of the securities offered in exchange.

Mail or
personal
delivery

“133. A take-over bid and the related documents mentioned in this title must be sent by mail, by personal delivery or in any other manner approved by the Commission.

Effective
date

A take-over bid and the related documents become effective on the day they are sent.

"DIVISION II

"CIRCULARS OF THE BOARD OF DIRECTORS AND
SENIOR EXECUTIVESSending of
circular

"134. The board of directors of the offeree company shall cause a circular prepared in the form prescribed by regulation to be sent not later than ten days from the date the take-over bid is made, to the holders of securities of the class sought by the bid and to the holders of securities carrying the right to purchase, during the offer, securities of that class, if they are resident in Québec according to the addresses entered in the records of the offeree company or are resident in Québec in fact and make a request therefor.

Recommen-
dation to
holders

The circular may contain a substantiated notice recommending that the security holders accept or reject the offer they have received. If, however, the board decides not to make a recommendation, the absence of any recommendation must be explained.

Content of
the circular

"135. The circular of the board of directors shall contain a summary of the reports or opinions it has seen fit to mention, having regard to the professional credibility of the author of the opinion.

Proposed
recommen-
dation

"136. Where the board of directors of an offeree company is considering making a recommendation after the sending of the circular provided for in section 134, it shall mention that fact in the circular. It may then recommend that the security holders not tender their securities until further communication is received from the board.

Substan-
tiated
recommen-
dation

Where the board recommends that holders await further communication, it shall, not later than seven days before the bid expires, communicate to them its substantiated recommendation or, if it decides not to make a recommendation, its reasons therefor.

Notice of
senior
executive

"137. Any senior executive of an offeree company may include with the circular of the board of directors, with any amendment to the circular or with the communication provided for in section 136 a separate notice prepared in the form prescribed by regulation, in which he may recommend the acceptance or rejection of the take-over bid or indicate his disagreement with the documents prepared by the board.

New
circular

"138. Where the offeror, in accordance with section 130, notifies the holders of a variation in the terms of the take-over bid or of a change in the facts, the board of directors of the offeree company shall send a new circular within five days after the notice.

Notification
of change

"139. The board of directors or the senior executive is bound to notify the security holders and the Commission of any change that has occurred, either during the take-over bid or after the closing of the

offer but before the expiry of the time allotted for withdrawal of the securities, in the facts on which the circular is based and which is likely to affect the holders' decision to accept or reject the offer.

Filing **"140.** The board of directors and senior executives shall file with the Commission the documents provided for in sections 134 to 139 and send them to the offeror as soon as they are sent to the security holders.

"CHAPTER IV

"PROCEDURE OF TAKE-OVER BIDS

"DIVISION I

"RELATED TRANSACTIONS OF THE OFFEROR

Acquisition according to terms of the bid **"141.** From the opening of the take-over bid until its expiry, the offeror and his joint actors are prohibited from acquiring securities that increase their interest otherwise than according to the terms of the bid; they are also prohibited from accepting undertakings that would enable them to increase their interest on conditions other than those of the bid.

Purchase on a stock exchange **"142.** An offeror having declared in the take-over bid circular that he intends to acquire securities under the exemption provided for in section 120 may do so from the third working day following the opening of the bid, subject to a ceiling of 5% for purchases so effected by the offeror and his joint actors.

Daily declaration of purchase The offeror shall declare the purchases effected by him or his joint actors each day, when the market closes, by way of a press release in the form prescribed by regulation. The release is filed forthwith with the Commission and transmitted to the stock exchanges on which the security is listed.

Sale of securities prohibited **"143.** Neither the offeror nor his joint actors may, during the bid, sell securities so as to reduce their interest or accept undertakings that would enable them to sell the securities with the same result but the joint actors may deposit securities in response to the offer.

Exemptions not applicable **"144.** Within 20 working days following the expiry of the take-over bid, neither the offeror nor his joint actors, nor the holder of an interest that exceeds 20% in the class that was sought by the bid, nor any associate or affiliate of any of them may acquire securities of the same class by way of a block purchase effected under the exemption provided for in section 120 or 123.

"DIVISION II

"OBLIGATIONS OF THE OFFEROR

Equal
treatment

"145. The offeror and his joint actors shall offer the same conditions to all the holders of securities of the class that is the subject of a take-over bid. Both the offeror and his joint actors are prohibited from making any agreement that would have the effect of creating disparity among the holders.

Increased
price

"146. Where there is an increase in price, the offeror shall pay the increased price even for securities already paid for.

Availability
of funds

"147. The offeror shall make adequate arrangements to ensure that the required funds are available to effect payment for all securities that are the subject of the take-over bid. The Commission may require the offeror to furnish a guarantee of payment for the securities.

Securities
purchased
independ-
ently of
the take-
over bid

"147.1 Securities purchased by the offeror during a take-over bid but not as a result of the bid are taken into account in determining whether or not the minimum number of securities has been tendered under the bid, except where the number of securities deposited in response to the bid exceeds the number that the offeror is bound or willing to take up.

Prorata
reduction

"147.2 If the number of securities deposited in response to the bid is greater than the number the offeror is bound or willing to take up, he shall reduce the number of securities deposited by each holder *pro rata*, taking into account the necessary adjustments.

"DIVISION III

"TIME LIMITS

Duration

"147.3 The period of time during which holders of securities may deposit them pursuant to a bid shall not be less than twenty-one days from the date thereof.

Prohibited
purchase

"147.4 For 21 days from the date of the bid, the offeror is prohibited from purchasing securities deposited in response to the bid.

Withdrawal
of deposited
securities

"147.5 Securities deposited in response to a take-over bid may be withdrawn by giving notice in writing to the depositary within the following time limits:

(1) for all securities, before the expiry of 21 days from the date of the bid;

(2) for securities not taken up by the offeror, before the expiry of 10 days from the notice provided for in section 130, and after 45 days from the date of the bid.

Taking up
and
payment

“147.6 The offeror is bound, if the terms of the bid are met, to take up and pay for the securities within 10 days from the expiry of the bid.

Taking up
before
expiry
of bid

The offeror shall, nevertheless, pay within 10 days for any security taken up before the expiry of the bid.

Payment

“147.7 Once the offeror has begun taking up securities, he shall take up and pay for all securities deposited thereafter, within 10 days of their deposit.

Expiry of
bid in case
of change
in the terms

“147.8 Where the terms of a bid are varied, the bid must not expire less than 10 days after the notice, except in the case of an increase in price, or in the case of waiver of a condition to a take-over bid other than by way of exchange.

Extension

“147.9 An offeror who wishes to extend the duration of a bid for which all the terms have been met shall first take up all the securities deposited.

Result of
the bid

“147.10 Within 20 days of the expiry of the bid, the offeror shall file with the Commission a notice indicating the result of the bid and, if it was favourably received, the number of securities acquired.

“CHAPTER V

“VARIOUS REPORTS

Interest
of 10% or
more

“147.11 A person whose interest in a class of voting securities issued by a reporting issuer increases to 10% or more shall, upon completing the transaction, issue a press release giving an accurate account of his interest and file the release with the Commission.

Report

Within two working days, the person shall send to the Commission, the issuer of the securities and, as the case may be, the stock exchanges on which the security is listed, a report of the information prescribed by regulation.

Change in
the report

“147.12 Any material change in the information furnished in the report must be filed as an amendment to the report and be transmitted to the same persons and within the same time limit as in section 147.11.

Additional
multiple
of 2%

More particularly, a person whose interest as declared under section 147.11 increases to any additional multiple of 2%, or more, is bound to file an amendment to the initial report.

Interest
of less
than 20%

“147.13 An acquirer is bound by the requirements of sections 147.11 and 147.12 only if, after the transaction, his interest in the class of securities is less than 20%.

Prohibition
to acquire

“147.14 From the event giving rise to a report or to an amendment, neither the person interested nor any of his joint actors may acquire or offer to acquire securities that increase his interest in the class before the day after the next working day following the completion of the formalities prescribed in sections 147.11 and 147.12.

Interest of
5% or more

“147.15 Every person other than the offeror who, during a takeover bid, acquires, alone or jointly with his joint actors, securities giving him an interest of at least 5% in the class that is the subject of the offer, shall issue a press release in the form prescribed by regulation, file it with the Commission and send it to the stock exchanges on which the security is listed, before 10 o'clock in the morning of the next working day after the transaction.

Increase
of 2.5%

“147.16 A person issuing a press release under section 147.15 shall issue and file with the Commission, within the time limit prescribed in that section, a new press release each time that, through new acquisitions made by him or by his joint actors during the bid, the previously reported interest is increased by 2.5%.

Press re-
lease sent
to stock
exchanges

He shall also send a new press release to the stock exchanges on which the security is listed.

Acquisition
under
exemptions

“147.17 Every person who acquires, under an exemption other than the exemption provided in section 119, securities which, added to those that he already owns, give him an interest of 20% or more in a class of voting securities of a reporting issuer shall file a report with the Commission, on the next working day after the transaction, in the form prescribed by regulation.

Increase
of 5%

“147.18 Every person who owns an interest equal to 20% or more in a class of voting securities of a reporting issuer shall file a report with the Commission, within the time limit prescribed in section 147.17, and in the form prescribed by regulation, each time he acquires securities that cause his interest to increase to an additional multiple of 5%, or more.

“CHAPTER VI

“ISSUER BIDS

Issuer bids

“147.19 An issuer who intends to acquire securities issued by him, except debt securities not convertible into securities representing an interest in his share capital, shall proceed by way of an issuer bid.

Provisions applicable **“147.20** Sections 111 to 113, 115 to 119, 121, 122, 127 to 133, 141 and 145 to 147.18 apply to an issuer bid, *mutatis mutandis*.

Exemptions **“147.21** An issuer who intends to acquire securities issued by him is exempt from the requirements under this title where

(1) the securities are acquired in accordance with conditions in writing at the time of issue or determined subsequently in accordance with the constituting Act;

(2) the issuer, following the publication of a notice of intention in the form prescribed by regulation, acquires, over a twelve-month period, less than 5% of the class of securities in question outstanding at the commencement of the period.

Notice of senior executive **“147.22** Every senior executive of an issuer may include with an issuer bid a notice similar to the notice provided for in section 137.

Acquisitions according to the terms of the bid **“147.23** From the opening of the bid to its expiry, the issuer, his associates and every holder having an interest of over 20% of the class that is the subject of the bid are prohibited from acquiring securities that increase their interest otherwise than according to the terms of the bid; they are also prohibited from accepting undertakings that would enable them to increase their interest on terms other than those of the bid. However, the issuer may redeem securities pursuant to the exemption provided for in paragraph 1 of section 147.21.”

c. V-1.1, s. 151, am. **41.** Section 151 of the said Act is amended by replacing paragraph 2 by the following paragraph:

“(2) the candidate is solvent and, in the case of a legal person, has adequate financial resources to ensure the viability of his business.”

c. V-1.1, s. 153, am. **42.** Section 153 of the said Act is amended by replacing the first paragraph by the following paragraph:

Surrender of registration **“153.** A registrant wishing to cease carrying on business shall apply to the Commission to surrender his registration.”

c. V-1.1, s. 154, am. **43.** Section 154 of the said Act is amended by replacing, at the end of paragraph 1, the words “to the extent that its part in securities transactions is merely to forward unsolicited orders to a dealer” by the following words: “to the extent that its activities as a dealer are merely to execute on an exchange or on the over-the-counter market, through a registered dealer, orders received without solicitation or advertisement;”.

c. V-1.1, s. 155.1, added **44.** The said Act is amended by inserting, after section 155, the following section:

Exemption
from regis-
tration as a
dealer

“155.1 Registration as a dealer is not required by the following:

(1) a person who limits his activities as a dealer to the distribution, through a registered dealer, of securities of his own issue or securities subscribed or acquired by him with the benefit of a prospectus exemption;

(2) an issuer that limits its activities as a dealer to the distribution, with the benefit of a prospectus exemption under sections 41 to 56, of securities of its own issue, provided that such distributions are only a secondary activity of the issuer;

(3) a person who limits his activities as a dealer to the distribution of securities to sophisticated purchasers with the benefit of an exemption under section 43, provided that such distributions are only a secondary activity of the person;

(4) a person referred to in paragraph 1 of section 154 who makes a distribution or sale of securities contemplated in paragraph 3 of section 41;

(5) a person who, having a mandate which includes the sale of property of other persons, is required to sell securities at or upon a judicial sale, a bankruptcy or a winding-up.”

c. V-1.1,
s. 187, am.

45. Section 187 of the said Act is amended by striking out the words “a security of” in the first line.

c. V-1.1,
s. 188, am.

46. Section 188 of the said Act is amended by replacing paragraph 2 by the following paragraph:

“(2) he must disclose the information in the course of business, having no ground to believe it will be used or disclosed contrary to section 187, 189 or 189.1 or to this section.”

c. V-1.1,
s. 189, am.

47. Section 189 of the said Act is amended

(1) by replacing paragraph 3 by the following paragraph:

“(3) the person responsible for the management of a mutual fund or an unincorporated mutual fund, for giving it advice on financial matters or for distributing its shares or units, and any person who is an insider of such a person;”;

(2) by replacing paragraph 4 by the following paragraph:

“(4) every person who has acquired privileged information in the course of his relations with or of working for the reporting issuer, as a result of that person’s functions or of his engaging in business or professional activities;”;

(3) by inserting, after paragraph 5, the following paragraphs:

“(6) every person who has acquired privileged information that he knows to be such concerning a reporting issuer;

“(7) every person who is an associate of the reporting issuer, of an insider of the latter or of a person contemplated in this section.”

c. V-1.1,
s. 189.1,
added

48. The said Act is amended by inserting, after section 189, the following section:

Indirect use
of privi-
leged infor-
mation

“**189.1** No person prohibited from trading in securities of a reporting issuer by the effect of section 187 or 189 may use the privileged information in any other manner unless he is justified in believing that the information is generally known to the public. Thus, no such person may trade in options concerning the securities of the issuer. Nor may the person trade in the securities of another issuer, in options or in futures contracts concerning an index, once their market prices are likely to be influenced by the price fluctuations of the issuer’s securities.”

c. V-1.1,
s. 195.1,
added

49. The said Act is amended by inserting, after section 195, the following section:

Representa-
tive who is
not reg-
istered

“**195.1** Every registered dealer or adviser who employs as his representative a person who is not registered with the Commission as a representative of that dealer or adviser is guilty of an offence.”

c. V-1.1,
s. 209, am.

50. Section 209 of the said Act is amended by adding, at the end, the following paragraph:

Service out-
side Québec

“Service on a natural person having neither a residence nor an place of business in Québec or on a legal person having neither its head office nor any place of business in Québec nor any agent established in the judicial district where the offence was committed is made by registered or certified mail addressed to the residence, head office or place of business outside Québec of the interested person.”

c. V-1.1,
Title VIII,
replaced in
French

51. The French text of the heading of Title VIII of the said Act is replaced by the following heading:

“SANCTIONS CIVILES”.

c. V-1.1,
s. 221, am.
in French

52. Section 221 of the said Act is amended

(1) by replacing, in the French text, the words “recours établis” by the words “sanctions établies”;

(2) by replacing paragraph 2 by the following paragraph:

“(2) the offering memorandum or the offering notice provided for in Title II or prescribed by regulation;”.

c. V-1.1,
s. 222, am.

53. Section 222 of the said Act is amended by adding, at the end of the first paragraph, the following: “, whether the circular is prepared in application of this Act or in accordance with the exemption in virtue of section 119.”

c. V-1.1,
s. 225, am.

54. Section 225 of the said Act is amended by replacing the words and figures “sections 121 to 123” in the second line by the words and figures “sections 134 to 139”.

c. V-1.1,
s. 226,
replaced

55. Section 226 of the said Act is replaced by the following section:

Responsi-
bility

“**226.** Every person who carries out a transaction contrary to section 187, 189, 189.1 or 190 is responsible for the harm suffered by the other party to the transaction.”

c. V-1.1,
s. 228,
replaced
Recoverable
benefit

56. Section 228 of the said Act is replaced by the following section:

“**228.** Every person using privileged information contrary to section 187, 189, 189.1 or 190 is also accountable for the benefit accruing to him from the prohibited transactions, after repairing the harm caused, to the following persons:

(1) the issuer of the securities concerned, in the case of an offence under section 187, 189 or 189.1;

(2) the mutual fund or the client for whom the portfolio is managed, in the case of an offence under section 190.”

c. V-1.1,
s. 233, am.
in French

57. The French text of section 233 of the said Act is amended by replacing the word “recours” by the word “droits”.

c. V-1.1,
chap. III.1,
added

58. The said Act is amended by inserting, after section 233, the following chapter:

“CHAPTER III.1

“IRREGULAR TAKE-OVER BIDS OR ISSUER BIDS

Motion to
the court

“**233.1** The offeree company, the offeror, their senior executives and persons holding their securities at the time of the transaction or action may move that the court make any order of such a nature as to rectify the consequences of a contravention of the Act or the regulations regarding a take-over bid or issuer bid.

Possible
measures

They may in particular move that the court cancel a transaction or an issue, order a party to dispose of securities purchased during a bid or prohibit a holder from exercising voting rights attached to securities purchased during a bid.”

c. V-1.1,
s. 237, am.

59. Section 237 of the said Act is amended by replacing the last paragraph by the following paragraph:

Delegation
of powers

“In the case of members of a self-regulatory organization, of their senior executives and of their representatives subject to registration, the Commission may, on the conditions it determines, delegate its powers under this section and section 238 to the self-regulatory organization.”

c. V-1.1,
s. 241, am.

60. Section 241 of the said Act is amended by inserting, after the word “investigation” in the second line, the words “or being examined under oath”.

c. V-1.1,
s. 247,
replaced

61. Section 247 of the said Act is replaced by the following section:

Appoint-
ment of
investigator

“**247.** The Commission shall designate a member of its personnel to carry out the investigation.

Appoint-
ment out-
side the
personnel
of the
Commission

The Commission may also appoint a person who is not a member of its personnel to carry out the investigation. The appointed person must be sworn before a judge of the Provincial Court or before a member of the Commission in the manner provided in section 2 of the Act respecting public inquiry commissions (R.S.Q., chapter C-37), *mutatis mutandis*.”

c. V-1.1,
s. 269.1,
added

62. The said Act is amended by inserting, after section 269, the following section:

Interest
of the
Commission

“**269.1** The Commission has an interest to bring any action provided for by section 233.1 in the name and in behalf of the person contemplated therein.”

c. V-1.1,
s. 283,
replaced

63. Section 283 of the said Act is replaced by the following section:

Immunity

“**283.** Neither a member of the Commission or of its personnel, its appointed agent nor any person exercising a delegated power may be prosecuted for official acts done in good faith in the exercise of his functions.”

c. V-1.1,
s. 314,
replaced

64. Section 314 of the said Act is replaced by the following section:

Provisions
applicable

“**314.** Sections 240 to 243, 245 and 246 apply to any hearing of the Commission, *mutatis mutandis*.”

c. V-1.1,
s. 326, am.

65. Section 326 of the said Act is amended by replacing the second paragraph by the following paragraph:

Sending
of copies

“The secretary shall send four copies of the decision appealed from to the office.”

c. V-1.1,
s. 328, am.
in French

66. The French text of section 328 of the said Act is amended by replacing the word “pratique” in the first line by the word “procédure”.

c. V-1.1,
s. 330,
replaced
Appeal
with leave

67. Section 330 of the said Act is replaced by the following section:

“**330.** The decision of the three judges of the Provincial Court may be appealed to the Court of Appeal with leave of a judge of the latter court.”

c. V-1.1,
s. 331, am.

68. Section 331 of the said Act is amended

(1) by replacing paragraph 1 by the following paragraph:

“(1) prescribe the form of the documents and certificates provided for in this Act or the regulations as to both content and presentation;”;

(2) by striking out paragraph 4;

(3) by replacing paragraph 15 by the following paragraph:

“(15) prescribe the issuers who may prepare a shelf prospectus and the exceptions to the regular scheme for the simplified prospectus and the preliminary prospectus;”;

(4) by replacing the word and figure “section 119” in paragraph 22 by the word and figure “section 129”.

c. V-1.1,
s. 335,
replaced

69. Section 335 of the said Act is replaced by the following section:

Publication
of draft
regulations

“**335.** The Government shall publish draft regulations in the *Gazette officielle du Québec*, with a notice that they may be adopted, with or without amendment, on the expiry of 45 days from the publication. The draft regulations and the notice shall also be published in the *Bulletin* of the Commission.

Coming into
force of the
regulations

The regulations come into force fifteen days after their publication in the *Gazette officielle du Québec* or on any later date fixed therein. The regulations shall also be published in the *Bulletin* of the Commission.”

c. V-1.1,
s. 339,
added

70. The said Act is amended by inserting, after section 338, the following section:

Regulariza-
tion of
irregular
distribution

“338.1 In the case of distributions made before 6 April 1983 without observing the formalities prescribed by the Act applicable at the time of the transaction, the Commission may regularize the situation of the securities so distributed if it deems that the Commission would have issued a receipt for the prospectus if it had been submitted or would have granted a prospectus exemption if it had been applied for.”

c. V-1.1,
s. 351, am.

71. Section 351 of the said Act is amended by replacing the word and roman numeral “Title VII” by the word and roman numeral “Title VI”.

Securities
acquired
before 21
December
1984

72. The period for which securities must be held and for complying with the disclosure requirements referred to in section 58 of the Securities Act amended by section 21 apply even to securities acquired before 21 December 1984.

Exception

73. This Act shall operate notwithstanding the provisions of sections 2 and 7 to 15 of the Constitution Act, 1982 (Schedule B of the Canada Act, chapter 11 in the 1982 volume of the Acts of the Parliament of the United Kingdom).

Coming into
force

74. This Act comes into force on 21 December 1984, except paragraph 2 of section 1 and sections 8, 14 to 16, 19, 20, 33, 36, 37, 40, 53 and 54, which will come into force, in whole or in part, on the dates fixed by proclamation of the Government.