

### 1.1.2 Notice of Amendments to the Securities Act and Commodity Futures Act

#### NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On December 9, 2002 the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (formerly Bill 198) received Royal Assent. The act contains amendments to the *Securities Act* and the *Commodity Futures Act* that are intended to bolster the protection of Ontario investors and improve investor confidence in the integrity of Ontario's capital markets. *The Securities Act* and *Commodity Futures Act* amendments are not yet in effect and will come into force on a day to be named by proclamation of the Lieutenant Governor.

Among the most significant changes being made to the *Securities Act* are amendments to:

- Enshrine in the legislation the concept of reviews of the continuous disclosure record of a reporting issuer.
- Increase the maximum penalties that can be imposed by the court for offences under section 122 of the *Securities Act* from a fine of \$1 million and imprisonment for two years to a fine of \$5 million and imprisonment for five years less a day.
- Create express prohibitions against securities fraud, market manipulation and making misleading or untrue statements.
- Give the Commission the power to impose an administrative fine of up to \$1 million where there has been non-compliance with Ontario securities law.
- Give the Commission the power to order a person or company to disgorge amounts obtained as a result of non-compliance with Ontario securities law.
- Create a statutory right of action for investors in the secondary market to sue companies and other responsible persons for misrepresentations (written or oral) or a failure to make timely disclosure.
- Give the Commission rule making authority to require reporting issuers to appoint audit committees and to prescribe requirements relating to the functions and responsibilities of audit committees, including independence requirements.
- Give the Commission rule making authority to require reporting issuers to establish and maintain internal controls and disclosure controls and procedures and requiring chief executive officers and chief financial officers to provide certifications related to internal controls and to disclosure

controls and procedures. The Commission's current rule making authority would permit it to address other aspects of the certification regime as appropriate.

Parallel amendments are also being made, where appropriate, to the *Commodity Futures Act*.

The relevant portions of the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* were previously published by the Commission in the Bulletin on November 15, 2002<sup>1</sup> and may also be viewed on the Ontario Legislative Assembly's web site at [www.ontla.on.ca](http://www.ontla.on.ca) and the Commission's web site at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

Questions may be referred to either of:

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<sup>1</sup> (2002) 25 OSCB 7697.