

1.1.3 Notice of Proposed Amendments to the Securities Act

NOTICE OF PROPOSED AMENDMENTS TO THE SECURITIES ACT

On November 2, 2005, proposed amendments to the *Securities Act* were introduced by the Minister of Finance as part of the Government's Fall 2005 Budget Bill. The proposed amendments are included in Bill 18, *Budget Measures Act, 2005 (No. 2)*.

Many of the proposed amendments are based on the recommendations contained in the March 2003 Final Report of the Minister of Finance's Five Year Review Committee (chaired by Purdy Crawford) and the October 2004 report of the Standing Committee on Finance and Economic Affairs which reviewed the priority recommendations of the Five Year Review Committee. Part of the Five Year Review Committee's mandate was to ensure that securities legislation in Ontario is up to date and enables the Commission to proactively enforce clear standards to protect investors and foster a fair and efficient marketplace.

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

- Empower a standing or select committee of the Assembly to review the Commission's annual report and to report the committee's opinion and recommendations to the Assembly.
- Prohibit a person or company from carrying on business as a clearing agency unless recognized by the Commission.
- Give the Commission rulemaking authority to prescribe activities that are not included in the definition of "solicit" and "solicitation" for purposes of Part XIX of the *Securities Act – Proxies and Proxy Solicitation*.
- Give the Commission rulemaking authority to exempt persons or companies making a solicitation, otherwise than by or on behalf of management of a reporting issuer, from sending an information circular to security holders whose proxy is solicited.
- Give the Commission rulemaking authority to regulate the governance of reporting issuers more generally (e.g. prescribing requirements related to the composition of a reporting issuer's board of directors and qualifications for membership on the board; the establishment of board committees; the mandate, functioning and responsibilities of such

committees, and the qualifications of committee members; and procedures to regulate conflicts of interest of the reporting issuer and those of its directors and officers).

- Clarify the Commission's rulemaking authority to require investment funds to establish and maintain a body for the purposes of overseeing the activities of the investment fund manager and to prescribe the oversight body's powers and duties and requirements relating to the mandate and functioning of the body.
- Give the Commission the power to order that acquisitions of any securities by a particular person or company is prohibited, permanently or for such other period specified by the Commission.
- Give the Commission the power to order that a person resign as a director or officer of a registrant or an investment fund manager and order that a person is prohibited from becoming or acting as a director or officer of a registrant or an investment fund manager.
- Give the Commission the power to order that a person or company is prohibited from becoming or acting as a registrant, an investment fund manager or as a promoter.

All of the proposed *Securities Act* amendments (with the exception of the amendment dealing with mandatory recognition of clearing agencies) will come into force on Royal Assent of Bill 18. The amendments dealing with mandatory recognition of clearing agencies will come into force on a day to be proclaimed by the Lieutenant Governor in Council.

The relevant portions of Bill 18 are reprinted in Chapter 9 and may also be viewed on the Ontario Legislative Assembly's website at www.ontla.on.ca.

Questions may be referred to either of:

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