

This document is an unofficial consolidation of all amendments to Ontario Securities Commission Rule 14-501 *Definitions*, current to **November 25, 2008**. This document is for reference purposes only and is not an official statement of the law.

## ONTARIO SECURITIES COMMISSION RULE 14-501 DEFINITIONS

- 1.1 (1)** Every term used in a rule that is
- (a) defined or interpreted in section 1 of the Act has the meaning ascribed to it in that section unless it is otherwise defined or interpreted in the rule or the context otherwise requires;
  - (b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection unless it is otherwise defined or interpreted in the rule or the context otherwise requires; and
  - (c) defined in subsection 1.1(3) of National Instrument 14-101 *Definitions* has the meaning ascribed to it in that subsection unless it is otherwise defined or interpreted in the rule or the context otherwise requires.
- (2)** In a rule, unless otherwise defined in the rule
- “AIF” means an annual information form filed under Ontario securities law;
- “broker” means a person or company that is registered under the Act in the category of broker;
- “business day” means any day other than a Saturday, a Sunday or a statutory holiday;
- “CFA” means the *Commodity Futures Act*;
- “Chair” means the Chair of the Commission;
- “clearing corporation” means an association or organization through which trades in options or futures contracts are cleared and settled;
- “Commission member” means a member of the Commission;
- “contractual right of action” means a right of action for rescission or damages, that
- (a) is against an issuer if it is selling securities,
  - (b) is against a selling securityholder,

- (c) is against an issuer and selling securityholder if they are both selling securities,
- (d) is available to an investor to whom an offering memorandum containing a misrepresentation is delivered by or on behalf of the seller of securities,
- (e) is exercisable on notice against the person or company that granted the right of action not later than 180 days after payment is made for the securities or after the initial payment, if a payment subsequent to the initial payment is made under a contractual commitment assumed before, or at the same time as, the initial payment,
- (f) reasonably corresponds to the rights provided in section 130 of the Act applicable to a prospectus and may be subject to any applicable defences or limitations available under that section, and
- (g) includes a provision stating that the right is in addition to any other right or remedy available at law to the investor;

“control person distribution” means a trade described in clause (c) of the definition of “distribution” in subsection 1(1) of the Act;

“convertible security” means a security that, by its terms, is convertible into, or exercisable or exchangeable for, or that carries the right to purchase or cause the purchase of, another security;

“custodian” means a person or company that holds securities for the benefit of another under a custodial agreement or other custodial arrangement;

“executive officer” means an individual who is or at any time during the most recently completed financial year was

- (a) a chair of the issuer, if that individual performed the functions of the office on a full time basis,
- (b) a vice-chair of the issuer, if that individual performed the functions of the office on a full time basis,
- (c) the president of the issuer,
- (d) a vice-president of the issuer in charge of a principal business unit, division, or function such as sales, finance, or production,
- (e) an officer of the issuer or any of its subsidiaries who performed a policy-making function in respect of the issuer, or
- (f) any other person who performed a policy-making function in respect of the

issuer;

“financial intermediary” has the meaning ascribed to that term in subsection 204(1) of the Regulation;

“financial intermediary dealer” means a financial intermediary that is registered under the Act in the category of financial intermediary dealer;

“fully registered dealer” has the meaning ascribed to that term in subsection 204(1) of the Regulation;

“international dealer” means a person or company that is registered under the Act in the category of international dealer;

“investment counsel” means a person or company that is registered under the Act in the category of investment counsel;

“investment dealer” means a person or company that is registered under the Act in the category of investment dealer;

“limited market dealer” means a person or company that is registered under the Act in the category of limited market dealer;

“LSIF” means

- (a) a labour sponsored investment fund corporation as defined in the *Labour Sponsored Venture Capital Corporations Act, 1992*, or
- (b) a registered labour sponsored venture capital corporation as defined in the ITA;

“market intermediary” has the meaning ascribed to that term in subsection 204(1) of the Regulation;

“MD&A” means management’s discussion and analysis of financial condition and results of operations prepared in accordance with Ontario securities law;

“mutual fund dealer” means a person or company that is registered under the Act in the category of mutual fund dealer;

“networking arrangement” has the meaning ascribed to that term in subsection 219(1) of the Regulation;

“offeree issuer” has the meaning ascribed to that term in subsection 89(1) of the Act;

“offering memorandum” means a document purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision for a security being sold in a distribution to which section 53 of the Act would

apply but for the availability of one or more of the exemptions contained in Ontario securities law but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts;

“Ontario financial institution” means a bank listed in Schedule I or II to the *Bank Act* (Canada), a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies or an insurance company licensed under the *Insurance Act*;

“option” means an agreement that provides the holder with the right, but not the obligation, to do one or more of the following on terms or at a price established by or determinable by reference to the agreement at or by a time established by the agreement:

1. Receive an amount of cash determinable by reference to a specified quantity of the underlying interest of the option.
2. Purchase a specified quantity of the underlying interest of the option.
3. Sell a specified quantity of the underlying interest of the option;

“principal shareholder”, if used to indicate a relationship with a person or company, means a person or company that is the direct or indirect beneficial owner of or exercises control or direction over more than 10 percent of any class or series of voting securities of the person or company;

“published market” has the meaning ascribed to that term in subsection 89(1) of the Act;

“Regulation” means Regulation 1015 of the Revised Regulations of Ontario, 1990, as amended;

“related mutual fund securities” means, for a registrant, securities issued by a dealer managed mutual fund if the registrant is or is an affiliate of the dealer manager of the mutual fund;

“RESP” has the meaning ascribed to “registered education savings plan” in the ITA;

“RRIF” has the meaning ascribed to “registered retirement income fund” in the ITA;

“RRSP” has the meaning ascribed to “registered retirement savings plan” in the ITA;

“scholarship plan dealer” means a person or company that is registered under the Act in the category of scholarship plan dealer;

“securities adviser” means a person or company that is registered under the Act in the category of securities adviser;

“securities dealer” means a person or company that is registered under the Act in the

category of securities dealer;

“security issuer” means an issuer that is registered under the Act in the category of security issuer;

“selling group member” has the meaning ascribed to that term in subsection 219(1) of the Regulation;

“special relationship”, when used in reference to a person or company in a special relationship with a reporting issuer, shall be interpreted in accordance with subsection 76(5) of the Act;

“trust indenture” means a document by which an issuer issues securities and in which a trustee is appointed for the holders of the securities issued under the document;

“trustee” means a person or company named as trustee under a trust indenture;

“underlying interest” means, for a derivative, the security, commodity, financial instrument, currency, interest rate, foreign exchanges rate, economic indicator, index, basket, agreement or benchmark or any other financial reference, interest or variable, and, if applicable, the relationship between any of the foregoing, from, to or on which the market price, value, or any payment obligation of the derivative is derived, referenced, or based; and

“Vice-Chair” means a Vice-Chair of the Commission.

(3) For the purposes of the Act, the regulations and the rules,

“derivative” means an instrument, agreement or security, the market price, value or payment obligations of which is derived from, referenced to, or based on an underlying interest, other than a contract as defined for the purposes of the *Commodity Futures Act*;

“future-oriented financial information” has the meaning ascribed to the term “FOFI” in National Instrument 52-101 *Future-Oriented Financial Information*; and

“non-redeemable investment fund means an issuer

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest for the purpose of exercising effective control, seeking to exercise effective control, or being actively involved in the management of the issuers in which it invests, other than other mutual funds or non-redeemable investment funds; and
- (c) that is not a mutual fund.