

**6.1.3 Notice and Request for Comments - Proposed Commission Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants**

**NOTICE AND REQUEST FOR COMMENTS**

**PROPOSED COMMISSION RULE 45-801 IMPLEMENTING MULTILATERAL INSTRUMENT 45-105  
TRADES TO EMPLOYEES, SENIOR OFFICERS,  
DIRECTORS, AND CONSULTANTS**

The Ontario Securities Commission is seeking public comment on the making of proposed Commission Rule 45-801 *Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants* (the Implementing Rule). A copy of the Implementing Rule is being published with this Notice and Request for Comments.

**Substance, Purpose and Summary of the Implementing Rule**

Proposed Multilateral Instrument 45-105 *Trade to Employees, Senior Officers, Directors, and Consultants* (the Multilateral Instrument) is being considered by the securities regulatory authorities in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, Nunavut and the Northwest Territories. The purpose of the Multilateral Instrument is to harmonize existing prospectus, registration and issuer bid requirements applicable to trades to employees, senior officers, directors and consultants.

If Multilateral Instrument is made a rule as proposed, existing Commission Rule 45-503 *Trades to Employees, Executives and Consultants* (Rule 45-503) will no longer be necessary. The Implementing Rule therefore proposes to revoke Rule 45-503. However, it will preserve the wording of section 2.1 of Rule 45-503, which provides that the registration and prospectus exemptions contained in paragraphs 35(1)19 and 72(1)(n) of the *Securities Act* (Ontario) do not apply. By maintaining this prohibition, the Commission ensures that the Multilateral Instrument will constitute a complete code for trades to employees.

**Regulations or Rules to be Revoked or Amended**

No regulations will be revoked or amended in connection with making the Implementing Rule.

**Alternatives Considered**

No alternatives to the Implementing Rule were considered.

**Anticipated Costs and Benefits**

The Implementing Rule facilitates the making of the Multilateral Instrument as a rule in Ontario. The Implementing Rule will not impose additional costs upon issuers or other market participants. The Commission therefore believes that the benefits outweigh the costs.

**Unpublished Studies, Etc.**

In preparing the Implementing Rule, the Commission did not rely upon any significant unpublished study, report or other written materials.

**Authority for the Instrument**

The following provisions of the *Securities Act* (Ontario) provide the Commission with authority to make the Instrument:

- paragraph 143(1)8 authorizes the OSC to provide for exemptions from the registration requirements under the Ontario Act or for the removal of exemptions from those requirements; and
- paragraph 143(1)20 authorizes the OSC to provide for exemptions from the prospectus requirements under the Ontario Act and for the removal of exemptions from those requirements.

**How to Provide Your Comments**

Please deliver two copies of your comments to the address below by January 30, 2003.

John Stevenson  
Secretary to the Commission

## **Request for Comments**

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Ontario Securities Commission  
20 Queen Street West  
19th Floor, Box 55  
Toronto, Ontario  
Fax: (416) 593-2318  
e-mail: [jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

Please note that we cannot keep submissions confidential because the *Securities Act* (Ontario) requires that a summary of the written comments received during the comment period be published.

### **Questions**

Please refer your questions to:

Michael Brown, Legal Counsel  
Ontario Securities Commission  
Phone: (416) 593-8266  
Fax: (416) 593-8244  
email: [mbrown@osc.gov.on.ca](mailto:mbrown@osc.gov.on.ca)

### **Text of Implementing Rule**

The text of the Implementing Rule follows.

November 1, 2002.

**ONTARIO SECURITIES COMMISSION  
RULE 45-801  
IMPLEMENTING MULTILATERAL INSTRUMENT 45-105  
TRADES TO EMPLOYEES, SENIOR OFFICERS, DIRECTORS, AND CONSULTANTS**

- 1.1 **Revocation of Rule 45-503** – Ontario Securities Commission Rule 45-503 *Trades to Employees, Executives and Consultants* is revoked.
- 1.2 **Removal of Exemption for Trades under Paragraph 35(1)19 and Clause 72(1)(n) of the Act** – The exemptions contained in paragraph 35(1)19 and clause 72(1)(n) of the *Securities Act* (Ontario) are not available for a trade.
- 1.3 **Effective Date** – This rule comes into force on •.