

6.1.3 Notice of Commission Rule 45-801 Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants

ONTARIO SECURITIES COMMISSION NOTICE

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

The Ontario Securities Commission has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Commission Rule 45-801 *Implementing Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors, and Consultants* (the "Implementing Rule") as a rule under the Act.

The Implementing Rule and the material required by the Act to be delivered to the Minister of Finance were delivered on May 22, 2003. If the Minister does not reject the Implementing Rule or return it to the Commission for further consideration by July 21, 2003, or if the Minister approves the Implementing Rule, the Implementing Rule will come into force on August 15, 2003.

Substance, Purpose and Summary of the Implementing Rule

Multilateral Instrument 45-105 *Trade to Employees, Senior Officers, Directors, and Consultants* (the Multilateral Instrument) has been implemented, or is expected to be implemented, by the securities regulatory authorities in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, 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.

As a result of making the Multilateral Instrument as a rule, existing Commission Rule 45-503 *Trades to Employees, Executives and Consultants* ("Rule 45-503") will no longer be necessary. The Implementing Rule therefore revokes Rule 45-503. However, it preserves 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 Act do not apply. By maintaining this prohibition, the Commission ensures that the Multilateral Instrument will constitute a complete code for trades to employees.

The Implementing Rule also preserves the wording of section 7.1 of Rule 45-503. This section prevents the use of a company as a mechanism to avoid the registration and prospectus requirements through the transfer of the ownership of a company that has previously acquired securities under an exemption contained in the Multilateral Instrument.

Summary of Changes to the Implementing Rule

Section 1.3 of the Implementing Rule has been added to preserve the prohibition currently found in section 7.1 of Rule 45-501. In the view of the Commission, this change is not a material change to the Implementing Rule.

Summary of Comments Received

The Commission received no comments on the Implementing Rule.

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 Act provide the Commission with authority to make the Instrument:

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

Text of Implementing Rule

The text of the Implementing Rule follows.

June 6, 2003.