

REGULATION TO AMEND REGULATION 45-102 RESPECTING RESALE OF SECURITIES

Securities Act

(R.S.Q., c. V-1.1, s. 331.1, par. (11) and (34))

1. Section 1.1 of Regulation 45-102 respecting Resale of Securities (chapter V-1.1, r. 20) is amended by inserting, after the definition of the expression “exchangeable security”, the following:

““executive officer” means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a chief executive officer or a chief financial officer,
- (c) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
- (d) performing a policy-making function in respect of the issuer;”;

““foreign issuer” means an issuer that is not incorporated or organized under the laws of Canada, or a jurisdiction of Canada, unless one or more of the following apply:

- (a) the issuer has its head office in Canada;
- (b) the majority of the executive officers or directors of the issuer ordinarily reside in Canada;
- (c) the majority of the consolidated assets of the issuer are located in Canada;”.

2. Section 2.14 of the Regulation is repealed.

3. The Regulation is amended by inserting, after section 2.14, the following:

“2.14.1. First Trades in Securities of a Non-Reporting Foreign Issuer Distributed under a Prospectus Exemption

(1) The prospectus requirement does not apply to the first trade of a security distributed under an exemption from the prospectus requirement if all of the following apply:

- (a) the issuer of the security was a foreign issuer on the distribution date;
- (b) the issuer of the security
 - (i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada on the date of the trade;
- (c) the trade is made
 - (i) through an exchange, or a market, outside of Canada, or
 - (ii) to a person outside of Canada;

(d) if the selling security holder is an insider of the issuer of the security, no unusual effort is made to prepare the market or to create a demand in Canada for the security that is the subject of the trade.

(2) The prospectus requirement does not apply to the first trade of an underlying security if all of the following apply:

(a) the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed under an exemption from the prospectus requirement;

(b) the issuer of the underlying security was a foreign issuer on the distribution date;

(c) the issuer of the underlying security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of trade;

(d) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person outside of Canada;

(e) if the selling security holder is an insider of the issuer of the underlying security, no unusual effort is made to prepare the market or to create a demand in Canada for the security that is the subject of the trade.”.

4. Appendix D of the Regulation is amended by inserting, in section 1 and after “as well as the following local exemptions from the prospectus requirement”, the following:

“- section 2.4 of Ontario Securities Commission Rule 72-503 *Distributions Outside of Canada*”.

5. This Regulation comes into force on (*insert here the date of coming into force of this Regulation*).