

## REGULATION TO AMEND REGULATION 62-104 RESPECTING TAKE-OVER BIDS AND ISSUER BIDS

Securities Act

(chapter V-1.1, s. 331.1, par. (1), (3), (8), (11), (21) and (34))

1. Section 1.1 of Regulation 62-104 respecting Take-Over Bids and Issuer Bids (c. V-1.1, r. 35) is amended:

(1) by inserting, after the definition of the expression “Act”, the following:

““alternative transaction” means, for an issuer:

(a) an amalgamation, arrangement, consolidation, amendment to the terms of a class of equity securities or any other transaction of the issuer, as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder’s consent, regardless of whether the equity security is replaced with another security, but does not include

(i) a consolidation of securities that does not have the effect of terminating the interests of holders of equity securities of the issuer in those securities without their consent, through the elimination of post-consolidated fractional interests or otherwise, except to an extent that is nominal in the circumstances,

(ii) a termination of a holder’s interest in a security, under the terms attached to the security, for the purpose of enforcing an ownership or voting constraint that is necessary to enable the issuer to comply with legislation, lawfully engage in a particular activity or have a specified level of Canadian ownership, or

(iii) a transaction between the issuer and a subsidiary of the issuer,

(b) a transaction as a result of which a person, whether alone or with joint actors, would, directly or indirectly, acquire the issuer, or

(c) a sale, lease or exchange of all or substantially all the property of the issuer other than in the ordinary course of business of the issuer;”;

(2) by inserting, in paragraph (c) of the definition of the expression “associate” and after the words “or in a similar capacity,”, the word “or”;

(3) by inserting, after the definition of the expression “consultant”, the following:

““deposit period news release” means a news release issued by an offeree issuer in respect of a proposed or commenced take-over bid for the securities of the offeree issuer and stating an initial deposit period for the bid of not more than 120 days and not less than 35 days that is acceptable to the board of directors of the offeree issuer, expressed as a number of days from the date of the bid;”;

(4) by inserting, after the definition of the expression “equity security”, the following:

““initial deposit period” means the period, including any extension, during which securities may be deposited under a take-over bid but does not include a mandatory 10 day extension period or any extension period subsequent to a mandatory 10 day extension period;”;

(5) by inserting, after the definition of the expression “issuer bid”, the following:

““mandatory 10 day extension period” means the 10 day period referred to in paragraph 2.31.1(a);”;

(6) by inserting, after the definition of the expression “offeror’s securities”, the following:

““partial take-over bid” means a take-over bid for less than all of the class of securities subject to the bid;”.

2. Section 1.11 of the Regulation is amended by inserting, in paragraph (3) and after “section 4.1”, the words “and subsection 4.8(3)”.

3. Section 2.11 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

“(1.1) Despite paragraph (1)(b), an offeror is not required to send a notice of change to a security holder to whom paragraph 2.30(2)(a.1) applies.”;

(2) by inserting, after paragraph (4), the following:

“(5) If an offeror is required to send a notice of change pursuant to subsection (1) prior to the expiry of the initial deposit period, the initial deposit period must not expire before 10 days after the date of the notice of change.”.

4. Section 2.12 of the Regulation is amended:

(1) by replacing paragraph (1) with the following:

“(1) If there is a variation in the terms of a take-over bid or an issuer bid, including any reduction of the period during which securities may be deposited under the bid pursuant to section 2.28.2 or section 2.28.3, or extension of the period during which securities may be deposited under the bid, and whether or not that variation results from the exercise of any right contained in the bid, the offeror must promptly

(a) issue and file a news release, and

(b) send a notice of variation to every person to whom the bid was required to be sent under section 2.8 and whose securities were not taken up before the date of the variation.

“(1.1) Despite paragraph (1)(b), an offeror is not required to send a notice of variation to a security holder to whom paragraph 2.30(2)(a.1) applies.”;

(2) by inserting, after paragraph (3), the following:

“(3.1) If an offeror is required to send a notice of variation pursuant to subsection (1) prior to the expiry of the initial deposit period, the initial deposit period must not expire before 10 days after the date of the notice of variation.”;

(3) by replacing paragraph (4) with the following:

“(4) Subsections (1), (3) and (3.1) do not apply to a variation in the terms of a bid consisting solely of the waiver of a condition in the bid and any extension of the bid, other than an extension in respect of the mandatory 10 day extension period, resulting from the waiver where the consideration offered for the securities consists solely of cash, but in that case the offeror must promptly issue and file a news release announcing the waiver.”;

(4) by deleting, in paragraph (5), the words “a take-over bid or”;

(5) by inserting, after paragraph (5), the following:

“(6) A variation in the terms of a take-over bid, other than a variation to extend the time during which securities may be deposited under the bid or a variation to increase the consideration offered for the securities subject to the bid, must not be made after the offeror becomes obligated to take up securities deposited under the bid in accordance with section 2.32.1.”.

5. Section 2.17 of the Regulation is amended by replacing, in paragraph (3), the words “period during which securities may be deposited under the bid” with the words “initial deposit period”.

6. Section 2.26 of the Regulation is amended:

(1) by deleting, in paragraph (1), the words “a take-over bid or”;

(2) by deleting paragraph (4).

7. The Regulation is amended by inserting, after section 2.26, the following:

**“2.26.1. Proportionate take up and payment – partial take-over bids**

(1) If a greater number of securities is deposited under a partial take-over bid than the offeror is bound to acquire under the bid, the offeror must take up and pay for the securities proportionately, disregarding fractions, according to the number of securities deposited by each security holder.

(2) For the purposes of subsection (1), any securities acquired in a pre-bid transaction to which subsection 2.4(1) applies are deemed to have been deposited under the take-over bid by the person who was the seller in the pre-bid transaction.”.

8. Section 2.28 of the Regulation is replaced with the following:

**“2.28. Minimum deposit period**

An offeror must allow securities to be deposited under an issuer bid for a minimum deposit period of at least 35 days from the date of the bid.

**“2.28.1. Minimum deposit period – take-over bids**

An offeror must allow securities to be deposited under a take-over bid for an initial deposit period of at least 120 days from the date of the bid.

**“2.28.2. Shortened deposit period – deposit period news release**

(1) Despite section 2.28.1, if at or after the time an offeror announces a take-over bid, the offeree issuer issues a deposit period news release in respect of the offeror’s take-over bid, the offeror must allow securities to be deposited under its take-over bid for an initial deposit period of at least the number of days from the date of the bid as stated in the deposit period news release.

(2) Despite section 2.28.1, an offeror, other than an offeror under subsection (1), must allow securities to be deposited under its take-over bid for an initial deposit period of at least the number of days from the date of the bid as stated in the deposit period news release if either of the following applies:

(a) the offeror, prior to the issuance of the deposit period news release referred to in subsection (1), has commenced a take-over bid in respect of the securities of the offeree issuer that has yet to expire;

(b) the offeror, subsequent to the issuance of the deposit period news release referred to in subsection (1), commences a take-over bid in respect of the securities of the offeree issuer and the bid is made prior to one of the following:

(i) the date of expiry of the take-over bid referred to in subsection (1),

(ii) the date of expiry of a take-over bid referred to in paragraph (a).

(3) For the purposes of subsections (1) and (2), an offeror must not allow securities to be deposited under its take-over bid for an initial deposit period of less than 35 days from the date of the bid.

**“2.28.3. Shortened deposit period – alternative transaction**

Despite section 2.28.1, if an issuer issues a news release announcing that it has agreed to enter into, or determined to effect, an alternative transaction, an offeror must allow securities to be deposited under its take-over bid for an initial deposit period of at least 35 days from the date of the bid if either of the following applies:

(a) the offeror, prior to the issuance of the news release, has commenced a take-over bid in respect of the securities of the offeree issuer that has yet to expire;

(b) the offeror, subsequent to the issuance of the news release, commences a take-over bid in respect of the securities of the offeree issuer and the bid is made prior to one of the following:

(i) the date of completion or abandonment of the alternative transaction,

(ii) the date of expiry of a take-over referred to in paragraph (a).”.

9. Section 2.29 of the Regulation is amended by deleting the words “a take-over bid or”.

10. The Regulation is amended by inserting, after section 2.29, the following:

**“2.29.1. Prohibition on take up – take-over bids**

An offeror must not take up securities deposited under a take-over bid unless all of the following conditions are satisfied:

(a) 120 days, or the number of days determined in accordance with section 2.28.2 or section 2.28.3, have elapsed from the date of the bid,

(b) all terms and conditions of the bid have been complied with or waived,

(c) more than 50% of the outstanding securities of the class that are subject to the bid, excluding securities beneficially owned, or over which control or direction is exercised, by the offeror or by any person acting jointly or in concert with the offeror, have been deposited under the bid and not withdrawn.”.

11. Section 2.30 of the Regulation is amended:

(1) by inserting, after paragraph (1), the following:

“(1.1) Despite paragraph (1)(a), if an offeror that has made a partial take-over bid becomes obligated to take up securities under subsection 2.32.1(1), a security holder may not withdraw securities that have been deposited under the bid before the expiry of the initial deposit period but not taken up by the offeror in reliance on subsection 2.32.1(6) during the period

(a) commencing at the time the offeror became obligated to take up securities under subsection 2.32.1(1), and

(b) ending at the time the offeror becomes obligated to take up securities not taken up by the offeror in reliance on subsection 2.32.1(6) under subsection 2.32.1(7) or (8), as applicable.”;

(2) by replacing paragraph (2) with the following:

“(2) Despite paragraph (1)(b), a security holder may not withdraw securities that have been deposited under the take-over bid or issuer bid if

(a) the securities have been taken up by the offeror before the date of the notice of change or notice of variation,

(a.1) in the case of a partial take-over bid, the securities were deposited under the bid before the expiry of the initial deposit period and were not taken up by the offeror in reliance on subsection 2.32.1(6) and the date of the notice of change or notice of variation is after the date that the offeror became obligated to take up securities under subsection 2.32.1(1), or

(b) any of the following circumstances occur:

(i) a variation in the terms of a take-over bid or issuer bid consisting solely of an increase in consideration offered for the securities and an extension of the time for deposit to not later than 10 days after the date of the notice of variation;

(ii) a variation in the terms of a take-over bid or issuer bid consisting solely of the waiver of one or more of the conditions of the bid where the consideration offered for the securities subject to the take-over bid or the issuer bid consists solely of cash,

(iii) a variation in the terms of a take-over bid subsequent to the expiry of the initial deposit period consisting of either an increase in consideration offered for the securities subject to the bid or an extension of the time for deposit to not later than 10 days from the date of the notice of variation.”.

12. Section 2.31 of the Regulation is replaced with the following:

**“2.31. Effect of market purchases**

If an offeror purchases securities as permitted by subsection 2.2(3), those purchased securities must not be counted in determining whether the minimum tender requirement in paragraph 2.29.1(c) is satisfied and must not reduce the number of securities the offeror is bound to take up under the take-over bid.

**“2.31.1. Mandatory 10 day extension period – take-over bids**

If, at the expiry of the initial deposit period, an offeror is obligated to take up securities deposited under a bid pursuant to subsection 2.32.1(1), the offeror must

(a) extend the period during which securities may be deposited under the bid for a period of 10 days, and

(b) promptly issue and file a news release disclosing the following

(i) that the minimum tender requirement specified in paragraph 2.29.1(c) has been satisfied,

(ii) the number of securities deposited and not withdrawn as at the expiry of the initial deposit period,

(iii) that the period during which securities may be deposited under the bid is extended for the mandatory 10 day extension period, and

(iv) in the case of a take-over bid that

(A) is not a partial take-over bid, that the offeror will immediately take up the deposited securities and pay for securities taken up as soon as possible and in any event not later than 3 business days after the securities are taken up, or

(B) is a partial take-over bid, that the offeror will take up and pay for the deposited securities proportionately in accordance with applicable securities legislation and in any event not later than one day after the expiry of the mandatory 10 day extension period.

**“2.31.2. Time limit on extension – partial take-over bids**

A partial take-over bid must not be extended after the expiry of the mandatory 10 day extension period.”.

13. Section 2.32 of the Regulation is amended by deleting the words “a take-over bid or”, wherever they appear.

14. The Regulation is amended by inserting, after section 2.32, the following:

**“2.32.1. Obligation to take up and pay for deposited securities – take-over bids**

(1) An offeror must immediately take up securities deposited under a take-over bid if, at the expiry of the initial deposit period,

(a) the deposit period referred to in section 2.28.1, section 2.28.2 or section 2.28.3, as applicable, has elapsed,

(b) all the terms and conditions of the take-over bid have been complied with or waived, and

(c) the requirement in paragraph 2.29.1(c) is satisfied.

(2) An offeror must pay for any securities taken up under a take-over bid as soon as possible, and in any event not later than 3 business days after the securities deposited under the bid are taken up.

(3) In the case of a take-over bid that is not a partial take-over bid, securities deposited under the bid during the mandatory 10 day extension period, or an extension period subsequent to the mandatory extension period, must be taken up and paid for by the offeror not later than 10 days after the deposit of securities.

(4) In the case of a take-over bid that is not a partial take-over bid, an offeror must not extend its bid at any time subsequent to the expiry of the mandatory 10 day extension period unless the offeror first takes up all securities deposited under the bid and not withdrawn.

(5) Despite subsection (4), if the offeror extends the bid in circumstances where the rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, the bid must be extended without the offeror first taking up the securities which are subject to the rights of withdrawal.

(6) Despite subsection (1), an offeror that has made a partial take-over bid is only required to take up, by the time specified in that subsection, the maximum number of securities that the offeror can take up without contravening section 2.23 or section 2.26.1 at the expiry of the bid.

(7) In the case of a partial take-over bid, securities deposited before the expiry of the initial deposit period but not taken up by the offeror in reliance on subsection (6), and securities deposited during the mandatory 10 day extension period, must be taken up by the

offeror, in the manner required under section 2.26.1, not later than one day after the expiry of the mandatory 10 day extension period.

(8) Despite subsection (7), if at the expiry of the mandatory 10 day extension period rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, securities deposited before the expiry of the initial deposit period but not taken up by the offeror in reliance on subsection (6), and securities deposited during the mandatory 10 day extension period, must be taken up by the offeror, in the manner required under section 2.26.1, not later than one day after the expiry of the withdrawal period conferred by paragraph 2.30(1)(b).”.

15. Section 6.1 of the Regulation is replaced with the following:

**“6.1. Exemption – general**

(1) The regulator, except in Québec, or the securities regulatory authority may, under the statute referred to in Appendix B of Regulation 14-101 respecting Definitions (c. V-1.1, r. 3) opposite the name of the local jurisdiction, grant an exemption to this Regulation.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.”.

16. Section 6.2 of the Regulation is replaced with the following:

**“6.2. Exemption – collateral benefit**

(1) The regulator, except in Québec, or the securities regulatory authority may decide for the purposes of section 2.24 that an agreement, commitment or understanding with a selling security holder is made for reasons other than to increase the value of the consideration paid to a selling security holder for the securities of the selling security holder and that the agreement, commitment or understanding may be entered into despite that section.

(2) Despite subsection (1), in Ontario, only the regulator may make such a decision.”.

17. Form 62-104F1 of the Regulation is amended:

(1) by replacing, in the French text, paragraph (a) of Part 1 with the following:

**“a) Expressions définies**

Pour les expressions utilisées mais non définies dans la présente annexe, consulter la partie 1 du Règlement 62-104 sur les offres publiques d’achat ou de rachat (c. V-1.1, r. 35) (le « règlement ») et le Règlement 14-101 sur les définitions (c. V-1.1, r. 3).”;

(2) by inserting, after item 9, the following:

**“Item 9.1. Minimum Tender Requirement and Mandatory Extension Period**

State the following in italics and boldface type at the top of the cover page of the take-over bid circular:

*No securities tendered to this bid will be taken up until (a) more than 50% of the outstanding securities of the class sought (excluding those securities beneficially owned, or over which control or direction is exercised by the offeror or any person acting jointly or in concert with the offeror) have been tendered to the bid, (b) the minimum deposit period required under applicable securities laws has elapsed, and (c) any and all other conditions of the bid have been complied with or waived, as applicable. If these criteria are met, the offeror*

*will take up securities deposited under the bid in accordance with applicable securities laws and extend its bid for an additional 10 days to allow for further deposits of securities.”.*

**18.** Form 62-104F2 of the Regulation is amended:

(1) by replacing, in the French text, paragraph (a) of Part 1 with the following:

**“a) Expressions définies**

Pour les expressions utilisées mais non définies dans la présente annexe, consulter la partie 1 du Règlement 62-104 sur les offres publiques d’achat ou de rachat (c. V-1.1, r. 35) (le « règlement ») et le Règlement 14-101 sur les définitions (c. V-1.1, r. 3).”;

(2) by replacing, in the French text of item 8 of Part 2, the words “fractions arrondies vers le bas” with the words “sans tenir compte des fractions”.

**19.** Form 62-104F3 of the Regulation is amended:

(1) by replacing, in the French text, paragraph (a) of Part 1 with the following:

**“a) Expressions définies**

Pour les expressions utilisées mais non définies dans la présente annexe, consulter la partie 1 du Règlement 62-104 sur les offres publiques d’achat ou de rachat (c. V-1.1, r. 35) (le « règlement ») et le Règlement 14-101 sur les définitions (c. V-1.1, r. 3).”.

**20.** Form 62-104F4 of the Regulation is amended :

(1) by replacing, in the French text, paragraph (a) of Part 1 with the following:

**“a) Expressions définies**

Pour les expressions utilisées mais non définies dans la présente annexe, consulter la partie 1 du Règlement 62-104 sur les offres publiques d’achat ou de rachat (c. V-1.1, r. 35) (le « règlement ») et le Règlement 14-101 sur les définitions (c. V-1.1, r. 3).”;

(2) by replacing, the item 14, the word “revison” with the word “revision”.

**21.** Form 62-104F5 of the Regulation is amended:

(1) by replacing, in the French text, paragraph (a) of Part 1 with the following:

**“a) Expressions définies**

Pour les expressions utilisées mais non définies dans la présente annexe, consulter la partie 1 du Règlement 62-104 sur les offres publiques d’achat ou de rachat (c. V-1.1, r. 35) (le « règlement ») et le Règlement 14-101 sur les définitions (c. V-1.1, r. 3).”;

(2) by inserting, after subparagraph (a) of paragraph (2) of item 3, the following:

“(a.1) if one of the terms referred to in paragraph (a) is the mandatory 10 day extension period required pursuant to paragraph 2.31.1(a) of the Regulation, the number of securities deposited under the take-over bid and not withdrawn as at the date of the variation.”.

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