

Disclaimer:

This Consultation Draft is intended to facilitate dialogue on the changes proposed in it. If a decision is made to proceed with the proposal, the comments received during consultation will be considered during final preparation of the regulation. The content, structure, form and wording of both language versions of the draft regulation are subject to change as a result of the consultation process and as a result of review by the Office of Legislative Counsel. If proposed, any regulation amendment would be subject to decision by the Lieutenant Governor in Council.

**- CONSULTATION DRAFT -**

**ONTARIO REGULATION**

proposed to be made under the

**SECURITIES ACT**

Amending Reg. 1015 of R.R.O. 1990

(GENERAL)

**1. (1) Subsection 175 (1) of Regulation 1015 of the Revised Regulations of Ontario, 1990 is revoked and the following substituted:**

(1) A company or person, other than an individual, that purchases or sells securities of an issuer with knowledge of a material fact or material change with respect to the issuer that has not been generally disclosed is exempt from subsection 76 (1) of the Act and from liability under section 134 of the Act if the company or person proves that no individual who made or participated in making the decision to purchase or sell the securities,

- (a) had knowledge of the material fact or material change; or
- (b) was given advice with respect to the purchase or sale of the securities by an individual who had that knowledge.

(1.1) A company or person, other than an individual, that, with knowledge of a material fact or material change with respect to an issuer that has not been generally disclosed, recommends or encourages another person or company to purchase or sell securities of the issuer is exempt from subsection 76 (3.1) of the Act if the company or person proves that no individual involved in making the decision to recommend or encourage the purchase or sale,

- (a) had knowledge of the material fact or material change; or
- (b) was acting on the recommendation or encouragement of an individual who had that knowledge.

**(2) Subsection 175 (2) of the Regulation is amended by striking out “of a reporting issuer” and substituting “of an issuer” and by striking out “with respect to the reporting issuer” and substituting “with respect to the issuer” in the portion before clause (a).**

**(3) Subsection 175 (3) of the Regulation is amended by striking out “subsection (1)” and substituting “subsection (1) or (1.1)” and by striking out “subsection 76 (1) of the Act by persons making or influencing investment decisions on its behalf” and substituting “subsections 76 (1) and (3.1) of the Act”.**

**(4) Subsection 175 (4) of the Regulation is amended by striking out “of a reporting issuer” and substituting “of an issuer”.**