

APPENDIX B

- 1** *Section 1 (1) of the Securities Rules, B.C. Reg. 194/97, is amended by repealing the definitions of “debt security”, “industrial issuer”, “investment fund”, “natural resource issuer”, and “non-redeemable investment fund”.*
- 2** *Section 3 (4) is repealed and the following substituted:*
 - (4) Subject to National Instrument 41-101 *General Prospectus Requirements*, National Instrument 81-101 *Mutual Fund Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions*, National Instrument 44-102 *Shelf Distributions* and section 144(3), a person that is required to file financial statements under Part 9 of the Act or the regulations relating to that Part must include an auditor’s report.
- 3** *Sections 95 to 99, 106 to 108, 111 to 114 and 116 to 119 are repealed.*
- 4** *Section 120 (1) is amended by striking out “section 69 of the Act.” and substituting “section 5.9 (1) of National Instrument 41-101.”*
- 5** *Section 120 (2) is repealed and the following substituted:*
 - (2) The executive director must not issue a receipt for a prospectus if it appears to the executive director that
 - (a) the prospectus or any document required to be filed with it
 - (i) does not comply in any substantial respect with any of the requirements of the Act or the regulations,
 - (ii) contains any statement, promise, estimate or forward-looking information that is misleading, false or deceptive, or
 - (iii) contains a misrepresentation,
 - (b) an unconscionable consideration has been paid or given, or is intended to be paid or given, for any services or promotional purposes or for the acquisition of property,
 - (c) the aggregate of
 - (i) the proceeds from the sale of the securities under the prospectus that are to be paid into the treasury of the issuer, and

(ii) the other resources of the issuer

is insufficient to accomplish the purpose of the issue stated in the prospectus,

- (d) the issuer cannot reasonably be expected to be financially responsible in the conduct of its business because of the financial condition of
- (i) the issuer,
 - (ii) any of the issuer's officers, directors, promoters, or control persons, or
 - (iii) the investment fund manager of the issuer or any of the investment fund manager's officers, directors or control persons,
- (e) the business of the issuer may not be conducted with integrity and in the best interests of the security holders of the issuer because of the past conduct of
- (i) the issuer,
 - (ii) any of the issuer's officers, directors, promoters or control persons, or
 - (iii) the investment fund manager of the issuer or any of the investment fund manager's officers, directors or control persons,
- (f) a person that has prepared or certified any part of the prospectus, or that is named as having prepared or certified a report or valuation used in connection with the prospectus, is not acceptable,
- (g) an escrow or pooling agreement in the form that the executive director considers necessary or advisable with respect to the securities has not been entered into,
- (h) adequate arrangements have not been made for the holding in trust of the proceeds payable to the issuer from the sale of the securities pending the distribution of the securities, or
- (i) the directors and officers of the issuer or the directors and officers of the investment fund manager of the issuer lack the knowledge

and expertise necessary to conduct the business of the issuer in the best interests of the security holders of the issuer.

6 *Section 120 is amended by repealing subsections (3) to (6).*

7 *Sections 121 to 126 are repealed.*

8 *Section 171 (1) (a) is repealed and the following substituted:*

- (a) a person whose profession gives authority to a statement made by the person in the person's professional capacity and includes a barrister and solicitor, a public accountant, an appraiser, an auditor, an engineer and a geologist, and .

9 *Section 181 (1) is repealed and the following substituted:*

- (1) In this Part:

“**securityholder**” has the same meaning as in section 116 of the Act;

“**solicit**” has the same meaning as in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.