

## Consequential Amendments to the *Securities Rules*

### PART 1

#### Interpretation

#### Amend section 1(1)

by repealing the following definitions:

“designated security”

“sophisticated purchaser”

### PART 6

#### Exemption from registration requirements

#### Repeal section 86 and replace it with:

#### Broker or investment dealer acting as portfolio manager

- 86** A broker or investment dealer, and a partner, director, officer or salesperson of the broker or investment dealer, is exempt from registration under section 34(1)(c) of the Act if
- (a) the broker, investment dealer, partner, director, officer or salesperson follows the bylaws, rules or other regulatory instruments or policies established by the Canadian Venture Exchange Inc. or the Investment Dealers Association of Canada relating to activities as a portfolio manager, and
  - (b) those bylaws, rules, or other regulatory instruments or policies
    - (i) have been filed by the Canadian Venture Exchange Inc. or the Investment Dealers Association of Canada before they take effect and
    - (ii) have not been objected to by the Commission in writing within 30 days after filing.

#### Repeal section 87 and replace it with:

#### Exemption from underwriter registration

- 87** A person is exempt from registration under section 34(1)(b) of the Act as an underwriter unless the person is acting as an underwriter in a distribution of securities made by way of:
- (a) prospectus,
  - (b) rights offering circular distributing rights under the prospectus exemption in section 74(2)(7) of the Act,
  - (c) offering memorandum distributing special warrants under an exemption from the prospectus requirement of the Act, or
  - (d) offering documents that the executive director specifies for purposes of this section.

#### Repeal section 88

#### Repeal section 89 (a) and (b)

#### Repeal section 89(c) and replace it with:

#### Securities for debt

- (c) the trade is made by a reporting issuer in its own securities to settle a genuine debt;

**Repeal section 89(d) and replace it with:**

**Trade under escrow agreement**

- (d) the trade is made by a person that beneficially owns securities that are subject to the terms of an escrow agreement, in the form required by
- (i) the Commission, or
  - (ii) the Canadian Venture Exchange Inc., the Bourse de Montréal Inc., or The Toronto Stock Exchange, and
- the trade is permitted by the escrow agreement and the transferee agrees to be subject to the terms of the escrow agreement;

**Repeal section 89(e) and replace it with:**

**Bonus or finder's fee**

- (e) the trade is made by a reporting issuer in its own securities as consideration for
- (i) a loan or loan guarantee, or
  - (ii) services performed by a person, that is not an insider or an associate of an insider of the issuer, in connection with
    - (A) arranging a loan or loan guarantee,
    - (B) the issuer acquiring or disposing of assets, other than proceeds of a distribution, or
    - (C) the issuer making a distribution under section 74(2) of the Act to persons not resident in British Columbia;

**Repeal section 89 (g) and (h)**

**Repeal section 90(1)**

**Repeal section 91**

**Repeal section 92 (2) and replace with:**

**Restrictions on Not for Profit Issuers**

The exemption under section 46(g) of the Act does not apply to a person making a trade of securities unless:

- (a) the person making the trade is the issuer,
- (b) the purchaser is the issuer or a security holder of the issuer, or
- (c) the person making the trade is not the issuer and, before the person makes the trade, the person
  - i. notifies the issuer of the proposed trade, and
  - ii. provides the purchaser with a copy of any applicable information statement and financial and other information concerning the issuer's affairs that the issuer provided to the person during the two years immediately preceding the proposed trade.

**PART 10**

**Exemptions from Prospectus Requirements**

**Repeal section 128(a) to (c)**

**Repeal section 128(e) and replace it with:**

**Securities for debt**

- (e) the trade is made by a reporting issuer in its own securities to settle a genuine debt;

**Repeal section 128(f) and replace it with:**

**Bonus or finder's fee**

- (f) the trade is made by a reporting issuer in its own securities as consideration for
  - (i) a loan or loan guarantee, or
  - (ii) services performed by a person, that is not an insider or an associate of an insider of the issuer, in connection with
    - (A) arranging a loan or loan guarantee
    - (B) the issuer acquiring or disposing of assets, other than proceeds of a distribution, or
    - (C) the issuer making a distribution under section 74(2) of the Act to persons not resident in British Columbia;

**Repeal section 128 (h) and (i)**

**Repeal section 129 (1)**

**Repeal section 130**

**Repeal section 131(2) and replace it with:**

**Restrictions on Not for Profit Issuers**

The exemption under section 46(g) of the Act does not apply to a person making a distribution of securities unless:

- (a) the person making the trade is the issuer,
- (b) the purchaser is the issuer or a security holder of the issuer, or
- (c) the person making the trade is not the issuer and, before the person makes the trade, the person
  - i notifies the issuer of the proposed trade, and
  - ii provides the purchaser with a copy of any applicable information statement and financial and other information concerning the issuer's affairs that the issuer provided to the person during the two years immediately preceding the proposed trade.

**Repeal section 133**

**Repeal section 134**

**Repeal section 135**

**Repeal section 138**

**Repeal section 139(1)**

**Repeal subsection 139 (2) and replace it with:**

- (2) Subject to subsection (4), if an issuer distributes a security under
  - (a) section 74(2)(2), (3), (5), (8) to (10), (11)(i), (14), (16)(i), (18) or (23) to (26) of the Act,
  - (b) section 128(e) to (g) of these rules, or
  - (c) section 2.1(2), 3.1(2) or 4.1(2) of Multilateral Instrument 45-103the issuer must file a report in the required form on or before the 10<sup>th</sup> day after the distribution.

**Repeal subsection 139(3)**

**Note -- We have not proposed amendments to or repeal of the sections that will be repealed as a result of MI 45-102 Resale of Securities.**

**Repeal the following Forms**

Repeal BCF 45-903F1, Acknowledgement of Individual Purchaser

Repeal BCF 45-903F2, Acknowledgement of Purchaser that is not an Individual

Repeal BCF 45-904F, Offering Memorandum