

MSC Notice 2001-27

**NOTICE OF RULE
UNDER THE SECURITIES ACT
MSC RULE 2001-18**

**LOCAL RULE 41-501
USE OF PROSPECTUS COMPLYING WITH
ONTARIO SECURITIES COMMISSION REQUIREMENTS**

Notice of Rule

The Commission has, under the Rule-Making Procedure Regulation, Regulation 246/97, under *The Securities Act* (“the Act”), made Local Rule 41-501 Use of Prospectus Complying with Ontario Securities Commission Requirements (the “MSC Rule”) as a Rule under the Act effective January 1, 2001.

Background

The Ontario Securities Commission (the “OSC”) approved OSC Rule 41-501, General Prospectus Requirements, Related Forms and a Companion Policy (together, the “OSC Rule”). The OSC Rule came into force in Ontario on December 31, 2000.

When the OSC Rule came into force, it significantly altered the requirements relating to long form prospectuses in Ontario. The Canadian Securities Administrators (the “CSA”) are working to develop a harmonized general prospectus instrument based on the OSC Rule. Until a harmonized instrument is in place, the Commission and other CSA members have implemented measures to minimize potential adverse consequences, for capital market participants, of inconsistencies in long form prospectus requirements.

Substance and Purpose of the Rule

The MSC Rule will eliminate potential adverse consequences of the coming into effect of the OSC Rule by enabling issuers to satisfy Manitoba requirements governing the form and content of a long form prospectus and the accompanying filings and deliveries to the Commission by applying the OSC Rule. The MSC Rule will facilitate multi-jurisdiction long form prospectus distributions of securities by permitting use of the same prospectus in Manitoba as in Ontario. In addition, because reliance on the MSC Rule is not conditional on a distribution having an Ontario element, the MSC Rule will permit issuers to apply the OSC Rule even for a Manitoba-only distribution.

The MSC Rule is permissive. It does not effect the general prospectus requirements of Manitoba securities laws in respect of the distribution under a long form prospectus for which the issuer does not elect to rely on the MSC Rule. Except to the extent specified in the MSC Rule, satisfaction of Manitoba prospectus requirements by reliance on the MSC Rule requires compliance with the requirements of the OSC Rule as a whole. The MSC Rule does not provide for the application of arbitrary combinations of elements of the OSC Rule and elements of Manitoba general prospectus requirements.

Summary of Rule

The MSC Rule designates that a prospectus, prepared and certified in accordance with the OSC Rule, is a prospectus for purposes of Section 37 of the Act. It also exempts prospectus filings prepared and certified in accordance with the OSC Rule from Section 47 of the Act. The MSC Rule also indicates how specific provisions of securities legislation of Ontario shall be interpreted as references to the corresponding provisions of securities legislation of Manitoba, as well as how certain forms referred to in the OSC Rule are to be varied.

Prior Publication and Public Comment

The Commission published the MSC Rule for comment on June 27, 2001 for a sixty day comment period.

No submissions or comments were received. Therefore, no material changes have been made to the MSC Rule.

Text of the MSC Rule

The text of the MSC Rule follows.

Date of Notice

August 29, 2001

Questions may be referred to:

The Manitoba Securities Commission
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Attention: R. B. Bouchard
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