



THE MANITOBA
SECURITIES
COMMISSION

MSC NOTICE 2005-32

Supplemental Notice to MI 45-106 *Prospectus and Registration Exemptions*

Background

This notice deals with certain matters relevant to Manitoba in connection with proposed National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106") and Companion Policy 45-106CP *Prospectus and Registration Exemptions* ("NI 45-106CP") and should be read in conjunction with the MSC Notice 2005-30 concerning the adoption of NI 45-106 as a rule and of NI 45-106CP as a policy which is being published at the same time.

Exemptions Retained

As noted in MSC Notice 2005-30, Manitoba will be retaining a number of local exemptions. These exemptions are specific to Manitoba and not available elsewhere. If an issuer relying on a Manitoba exemption is approaching potential purchasers outside of the province, the issuer will need to comply with the applicable securities laws in the jurisdiction in addition to the requirements of the Manitoba local exemptions.

The Commission has, after consultation with the Securities Advisory Committee, decided to retain the exemptions contained in section 91 of *The Securities Regulation* which permit sales to related purchasers, informed purchasers and sophisticated purchasers.

The Commission will recommend the Government retain the provisions of 19(1)(c) of *The Securities Act* concerning sales to exempt purchasers which have been recognized by the Commission.

In addition, the Commission will recommend the exemptions contained in sections 19(2)(g) *Cooperatives* and 19(2)(h) *Credit Unions* will be retained.

Exemptions for Repeal

Staff will recommend that the Commission request the Government of Manitoba repeal or amend the following provisions found in our securities legislation:

The Securities Act

- Repeal s. 19(1) of the Act subject to retaining the exemption relevant to exempt purchasers;
- Repeal s. 19(2) of the Act subject to retaining the exemptions contained in ss. 19(2)(g) and 19(2)(h);
- Repeal s. 19(3) of the Act;
- Amend s. 58(1)(a) to retain the exemption for exempt purchasers recognized by the Commission only;
- Repeal ss. 58(1)(b) and (c);
- Repeal s. 58(2)
- Repeal ss. 58(3)(a), (b), and (c).

Securities Regulation

- Amend s. 7 to apply only to exempt purchasers;
- Repeal s. 90.

Staff will also recommend that the Commission revoke the following rules, policies and blanket rulings effective the same date that NI 45-106 comes into force:

Rules

- Local Rule 44-501 *Keystone Companies*

Policies

- Local Policy 3.01 Parts I, III, IV, V, XIV
- Local Policy 3.13

If you have any questions or concerns about the contents of this notice please contact:

Chris Besko
Deputy Director – Legal
Manitoba Securities Commission
1130 – 405 Broadway
WINNIPEG MB R3C 3L6

July 8, 2005