

## **MSC Notice 2001-20**

### **NOTICE OF PROPOSED RULE UNDER *THE SECURITIES ACT***

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

##### **Notice of Proposed Rule**

The Manitoba Securities Commission (the “Commission”) intends to make Rule 41-501, Use of Prospectus Complying with Ontario Securities Commission Requirements (the “Proposed Rule”), a Rule under Section 149.1 of *The Securities Act* (the “Act”). In accordance with the Rule-Making Procedure Regulation, Regulation 246/97, the Commission is publishing the Proposed Rule for a 60-day comment period.

##### **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, or intend to implement measures to minimize potential adverse consequences, for capital market participants, of inconsistencies in long form prospectus requirements.

##### **Substance and Purpose of the Rule**

In order to minimize the potential adverse consequences of the coming into effect of the OSC Rule, the Commission is publishing, for comment, the Proposed Rule, which is intended to provide issuers with the option of applying the OSC Rule in Manitoba. The Proposed Rule will enable 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 Proposed 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 Proposed Rule is not conditional on a distribution having an Ontario element, the Proposed Rule will permit issuers to apply the OSC Rule even for a Manitoba-only distribution.

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

When finalized, the Proposed Rule will have an effective date of January 1, 2001.

**Comment Period**

The comment period ends on August 26, 2001. Comments should be submitted to:

The Manitoba Securities Commission  
1130 – 405 Broadway Avenue  
Winnipeg, MB R3K 1X6

Attention: R. B. Bouchard, C.A.  
Director – Corporate Finance

**Date of Notice**

June 27, 2001