

This document is an unofficial consolidation of all amendments to Manitoba Securities Commission Rule 14-501 *Definitions*, effective as of October 10, 2008. This document is for reference purposes only. The unofficial consolidation of the Instrument is not an official statement of the law. This consolidation includes MSC Rule 2007-4 and 2008-22.

**THE MANITOBA SECURITIES COMMISSION MSC**  
**Rule No. 2000-12**  
(Section 149.1, *The Securities Act*)

**Local Rule 14-501 – Definitions**

PART 1 – DEFINITIONS AND INTERPRETATION

**Definitions and interpretation**

**1.1** The definitions set out in

- (a) subsection 1(1) of the Act; and
- (b) section 1.3 of National Instrument 14-101 [definitions]; and
- (c) section 1.2 of this rule;

apply to every rule made by the commission under section 149.1 of the Act and every policy statement, direction, decision, order and ruling of the commission, unless the context otherwise requires.

**1.2** In this Rule,

"**Act**" means *The Securities Act*;

"**commission**" means The Manitoba Securities Commission;

"**Offering Memorandum**" means a document describing the business and affairs of an issuer that has been prepared primarily for delivery to and review by purchasers to assist them in making investment decisions in connection with a trade in securities under section 90 of the Securities Regulation M.R. 491/88R or one of the following sections of MSC Rule No. 2005-16:

- a. section 2.3 – Accredited investor
- b. section 2.5 – Family, friends and business associates
- c. section 2.9 – Offering memorandum
- d. section 2.10 – Minimum amount investment
- e. section 2.12 – Asset acquisition
- f. section 2.13 – Petroleum, natural gas and mining properties
- g. section 2.19 – Additional investment in investment funds
- h. section 2.30 – Isolated trade by issuer
- i. section 5.2 – TSX Venture Exchange offering

**Part XVIII civil liability for secondary market disclosure**

**1.3.1** For the purposes of Part XVIII of the Act:

- (a) "**equity security**" means any security of an issuer that carries the residual right to participate:
- (i) in earnings of the issuer; and
  - (ii) In its assets on liquidation or winding up;
- (b) "**market capitalization**" means, in respect of an issuer, the amount determined as follows:
- (i) for each class of equity securities for which there is a published market, determine the sum of the number of outstanding securities of the class at the close of trading on each of the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
  - (ii) divide the sum determined under subclause (i) by 10;
  - (iii) multiply the quotient determined under subclause (ii) for each class by the trading price of the securities of the class on the principal market for the securities for the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
  - (iv) add the amounts determined under subclause (iii) for each class of equity securities for which there is a published market;
  - (v) for each class of equity securities not traded on a published market, determine the fair market value of the outstanding securities of that class as of the day on which the misrepresentation was made or the failure to make timely disclosure first occurred;
  - (vi) add the amounts determined under subclause (v) for each class of equity securities not traded on a public market;
  - (vii) add the amount determined under subclause (iv) to the amount determined under subclause (vi) to determine the market capitalization of the issuer;
- (c) "**principal market**" means, in respect of a class of securities of a responsible issuer:
- (i) the published market in Canada on which the greatest volume of trading in securities of that class occurred during the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred; or
  - (ii) the published market on which the greatest volume of trading in securities of that class occurred during the 10 trading days before the day on which the misrepresentation was made or the failure to make timely disclosure first occurred, if securities of that class are not traded during those 10 days on a published market in Canada;
- (d) "**trading price**" means, in respect of a security of a class of securities for which there is a published market, the amount determined under the following provisions:
- (i) subject to subclauses (ii) and (iii), the trading price of the security is the volume weighted average price of securities of that class on the published market during the period for which the trading price is to be determined;

(ii) subject to subclause (iii), if there was trading in the securities of that class in the published market on fewer than half of the trading days during the period for which the trading price of the securities is to be determined, the trading price of the security is determined as follows:

(A) calculate the sum of the average of the highest bid and lowest ask prices for each trading day in the period on which there were no trades in securities of that class in the published market;

(B) divide the amount determined under paragraph (A) by the number of trading days on which there were no trades in securities of that class in the published market;

(C) add to the amount determined under paragraph (B) the volume weighted average price of securities of that class on the published market for those trading days on which securities of that class were traded;

(D) divide by two the amount determined under paragraph (C);

(iii) if there were no trades of securities of that class in the published market during the period for which the trading price is to be determined, the trading price of the security is the fair market value of the security.

#### **Application of Part XVIII of the Act**

**1.3.2.1** For the purposes of clause 175(b) of the Act, Part XVIII of the Act applies to the acquisition of an issuer's security pursuant to the exemption from section 37 of the Act provided by section 2.8 of National Instrument 45-102 Resale of Securities.

**1.3.2.2** For the purposes of clause 175(c) of the Act, Part XVIII of the Act applies to the acquisition or disposition of an issuer's security in connection with or pursuant to:

(a) a take-over bid that is described in section 4.1 or 4.5 of Multilateral Instrument 62-104 Take-over Bids and Issuer Bids; or

(b) issuer bid that is described in subsection 4.8(2) or (3) or section 4.11 of Multilateral Instrument 62-104 Take-over Bids and Issuer Bids.

## **PART 2 – CITATION AND EFFECTIVE DATE**

### **Citation**

**2.1** This rule may be cited as MSC Rule 2000-12 or Local Rule 14-501.

### **Effective date**

**2.2** This rule comes into force effective December 13, 2000.