

NOVA SCOTIA SECURITIES COMMISSION

**RULE 55-104
INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS**

-AND-

**CONSEQUENTIAL AMENDMENTS
TO RULES 11-102, 14-101 AND 62-103**

-AND-

**AMENDMENTS TO MULTILATERAL INSTRUMENT 11-102 *PASSPORT SYSTEM*,
NATIONAL INSTRUMENT 14-101 *DEFINITIONS* AND NATIONAL INSTRUMENT 62-
103 *THE EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND
INSIDER REPORTING ISSUES***

WHEREAS:

1. Pursuant to section 150 of the Securities Act, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Amending Instrument for Multilateral Instrument 11-102 *Passport System*, Amending Instrument for National Instrument 14-101 *Definitions* and Amendment Instrument for National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (the Rule Amendments), copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
3. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule Amendments and makes the same a rule of the Commission; and
- (b) declares that the Rule Amendments approved and made pursuant to clause (a) shall take effect on **April 30, 2010**, unless the Minister disapproves the Rule Amendments or returns them to the Commission in accordance with subsection 150A(3) of the Act in which event the Rule Amendments shall not be effective until the Rule Amendments are approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and Vice-Chair of the Commission, being the members of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 12 day of February, 2010.

"H. Leslie O'Brien"
H. Leslie O'Brien, Q.C.

"R. Daren Baxter"
R. Daren Baxter

Attachments

**Amending Instrument for
Multilateral Instrument 11-102 Passport System**

1. Multilateral Instrument 11-102 Passport System is amended by this Instrument.

2. Appendix D is amended by:

- a. deleting all of the rows that refer to MI 55-103 Insider Reporting for Certain Derivative Transactions (Equity Monetization);**
- b. inserting the following two rows (see non-shaded rows below) immediately under the row containing the words “System for electronic disclosure by insiders (SEDI)”;** **and**

Provision	BC	AB	SK	MB	Que	NS	NB	PEI	NL	YK	NWT	Nun	ON
Insider reporting requirements	NI 55-104 (except as noted below)												NI 55-104 (except as noted below)
Primary insider reporting requirement	Part 3 of NI 55-104												s.107

- c. deleting all of the rows under the subheading “Insider Reporting” and substituting the following new row (see non-shaded rows below) immediately under that subheading.**

Provision	BC	AB	SK	MB	Que	NS	NB	PEI	NL	YK	NWT	Nun	ON
Insider Reporting													
Insider reporting requirements	s. 87	s. 182	s. 116	s. 109	s. 89.3	s. 113	s. 135	s. 1 of Local Rule 55-501	s. 108	s. 1 of Local Rule 55-501	s. 2 of Local Rule 55-501	s.1 of Local Rule 55-501	s. 107

3. This Instrument comes into force on April 30, 2010.

**Amending Instrument for
National Instrument 14-101 *Definitions***

1. *National Instrument 14-101 Definitions is amended by this Instrument.*
2. *Subsection 1.1(3) is amended by striking out the definition of “insider reporting requirement” and substituting the following:*

“insider reporting requirement” means

- (a) a requirement to file insider reports under Parts 3 and 4 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;
 - (b) a requirement to file insider reports under any provisions of Canadian securities legislation substantially similar to Parts 3 and 4 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*; and
 - (c) a requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*.
3. *This Instrument comes into force on April 30, 2010.*

**Amendment Instrument for
National Instrument 62-103**

The Early Warning System and Related Take-Over Bid and Insider Reporting Issues

1. ***National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.***
2. ***Subsection 1.1(1) is amended by***
 - (a) ***after the definition of “news release” adding the following definition:***

“NI 55-104” means National Instrument 55-104 Insider Reporting Requirements and Exemptions;
 - (b) ***after the definition of “private mutual fund” adding the following definition:***

“related financial instrument” has the meaning ascribed to that term in NI 55-104;
 - (c) ***after the definition of “securityholding percentage” adding the following definition:***

“significant change in a related financial instrument position” means, in relation to an entity and a related financial instrument that involves, directly or indirectly, a security of a reporting issuer, any change in the entity’s interest in, or rights or obligations associated with, the related financial instrument if the change has a similar economic effect to an increase or decrease in the entity’s securityholding percentage in a class of voting or equity securities of the reporting issuer by 2.5 percent or more;
3. ***Section 9.1 is amended by***
 - (a) ***in subsection (1),***
 - (i) ***striking out “Subject to subsections (3) and (4),” and substituting “Subject to subsections (3), (3.1) and (4),”; and***
 - (ii) ***after paragraph (a) adding the following paragraph:***
 - (a.1) the report referred to in paragraph (a) discloses, in addition to any other required disclosure,

- (i) the eligible institutional investor’s interest in any related financial instrument involving a security of the reporting issuer that is not otherwise reflected in the current securityholding percentage of the eligible institutional investor; and
- (ii) the material terms of the related financial instrument;

(b) after subsection (3) adding the following subsection:

(3.1) Despite subsection (1), an eligible institutional investor that is filing reports under the early warning requirements or Part 4 for a reporting issuer may rely upon the exemption contained in subsection (1) only if the eligible institutional investor treats a significant change in a related financial instrument position as a change in a material fact for the purposes of securities legislation pertaining to the early warning requirements or section 4.6 of this Instrument.

4. Appendix A is amended by

(a) adding the following row immediately under the row that begins with “NEWFOUNDLAND”:

NORTHWEST TERRITORIES	Paragraph (c) of the definition of “distribution” contained in subsection 1(1) of the <i>Securities Act</i> (Northwest Territories),
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(b) striking out “Clause 1(b.1)(iii) of the *Securities Act* (Prince Edward Island)” and substituting “Subclause (iii) of the definition of “distribution” contained in clause 1(k) of the *Securities Act* (Prince Edward Island)”, and

(c) adding the following row immediately under the row that begins with “SASKATCHEWAN”:

YUKON TERRITORY	Paragraph (c) of the definition of “distribution” contained in subsection 1(1) of the <i>Securities Act</i> (Yukon Territory).
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5. Appendix D is amended by

- (a) ***opposite*** “NORTHWEST TERRITORIES”, ***striking out*** “Sections 1.8 and 1.9 of MI 62-104” ***and substituting*** “Section 11 of the *Securities Act* (Northwest Territories) and sections 1.8 and 1.9 of MI 62-104”,
 - (b) ***opposite*** “PRINCE EDWARD ISLAND”, ***striking out*** “Sections 1.8 and 1.9 of MI 62-104” ***and substituting*** “Section 11 of the *Securities Act* (Prince Edward Island) and sections 1.8 and 1.9 of MI 62-104”, ***and***
 - (c) ***opposite*** “YUKON TERRITORY”, ***striking out*** “Sections 1.8 and 1.9 of MI 62-104” ***and substituting*** “Section 11 of the *Securities Act* (Yukon Territory) and sections 1.8 and 1.9 of MI 62-104”.
6. ***This Instrument comes into force on April 30, 2010.***