

CANADIAN SECURITIES ADMINISTRATORS**NOTICE AND REQUEST FOR COMMENT 11-404****CONSULTATION DRAFTS OF THE UNIFORM SECURITIES ACT AND
THE MODEL ADMINISTRATION ACT**

The Canadian Securities Administrators (the “CSA” or “we”) are publishing for comment drafts of the Uniform Securities Act (the “USA”) and the Model Administration Act (the “MAA”) (collectively the “Consultation Drafts”) developed under the Uniform Securities Legislation Project (the “USL Project”). The USA reflects the CSA’s consensus on the fundamental principles of securities regulation and establishes a common platform on which future regulatory initiatives can be based. The MAA is a model statute that contains the procedural aspects of securities laws. It is drafted based on current Alberta laws.

We are also publishing a commentary that contains background information on the USL Project, provides an overview of the Consultation Drafts, and discusses significant variances from the concept proposal that we published in January, 2003, *Blueprint for Uniform Securities Laws for Canada*.

Publication of the Consultation Drafts marks a major milestone in the USL Project. The Consultation Drafts are, however, legislative proposals of the CSA. They have not been approved by any provincial or territorial government.

The USL Project is a harmonization initiative. The Consultation Drafts are based primarily on existing legislative provisions. However, we have taken advantage of opportunities to streamline and simplify securities laws, and we have also included some reform proposals that are based on well-advanced and debated reform initiatives. Some of these proposals are:

- The USA is “platform” legislation. It sets out the core, fundamental principles of securities law, but the detailed requirements that overlay these principles will be contained in rules made under the USA;
- The USA contains legal mechanisms to enable “one stop” regulation for issuers and registrants;
- The requirement to be registered will arise when a person carries on the business of trading or advising in securities;
- Rights of action for misrepresentations in continuous disclosure documents;
- Definitions of “material change” and “material fact” that are based on a reasonable investor standard of materiality;
- Enhanced enforcement powers;
- An expanded and updated front-running prohibition; and
- Common heads of rule-making authority to facilitate the “platform” structure of the USA.

NEXT STEPS

These Consultation Drafts provide a detailed proposal for uniform legislation for Canada. In 2004, we will turn our attention to making the amendments and additions to our existing body of national and multilateral instruments that will be necessary to achieve the platform structure that we are proposing.

We will also

- review and respond to comments on the Consultation Drafts;
- prepare draft legislation based on the comments; and
- seek governmental approvals from each province and territory.

We expect to have draft legislation ready for tabling in the legislatures in 2005.

REQUEST FOR COMMENTS

Interested parties are invited to make written submissions on the Consultation Drafts. We will consider submissions received by March 16, 2004. Please address your submissions to the USL Steering Committee, care of Jane Brindle, Legal Counsel, Alberta Securities Commission, at

Jane Brindle
Legal Counsel
Alberta Securities Commission
4th Floor, 300 - 5th Avenue S.W.
Calgary AB T2P 3C4
jane.brindle@seccom.ab.ca

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